

The position regarding deferred maintenance was again considered this year, and a further sum of £125,000 was credited to the General Reserve for this work. The total amount now allocated for this purpose totals £781,000.

The final result was a loss on current operations of £264,213, and the full difference between gross revenue and gross expenditure, plus interest charges, amounted to £3,257,113. As mentioned in last year's Statement, it was considered that, in the interests of stabilization, rates and fares should not be increased, and therefore the deficit of £264,213 has been met from vote, "Economic Stabilization."

INCREASED COSTS

I cannot too strongly emphasize the fact that the result of the year's operations is due to increased costs without a corresponding increase in rates and fares and not in any way to a falling off in the efficiency of railway operation. The revenue figures would undoubtedly have been improved with a greater supply of coal and a larger stock of wagons, and the increased traffic would have been handled without an equivalent increase in costs.

Nevertheless, the present position is due almost entirely to rising costs. The detailed statistics of operation show that efficiency figures have been maintained in almost every phase, and in some cases bettered. The average loading of wagons has increased, the ton mileage handled per wagon has increased, train loads have increased, and so on.

As an indication of the increase in costs, it may be pointed out that in the last pre-war year, 1938-39, the average hourly rate of all salaries and wages was 31·21d. Last year the average rate was 43·83d., an increase of over 1s. per hour in the averages.

On the materials side there are a thousand and one small items upon which heavy increases in price have occurred and which in the aggregate add up to a considerable sum. Taking, however, a few items which were used in considerable quantity during last year and comparing the cost of those items with the cost of purchasing a similar quantity in 1939, we find that the quantity of canvas used for tarpaulins cost £57,000 more than it would have in 1939. Similar increases on other items are motor-tires, £43,000; lubricating-oils, £28,000; rails and fastenings, £28,000; hardwood sleepers, £64,000; timber, £36,000; steel tires, £17,000; uniforms, £11,000.

These figures show clearly the changes in prices which have taken place since 1939, when the last increase in rates and fares was made.

COAL POSITION

As already indicated, coal difficulties continued to embarrass the railways. Consequent upon extreme shortage of supplies, passenger-train services were drastically curtailed in the North Island between 21st June and 30th November, 1946, the cut in train mileage amounting to almost one-third. Further, all special trains during the 1947 Easter vacation were cancelled and the greater part of the receipts from advance bookings made prior to 31st March had to be refunded.