

Leaving out of account the subsidy on developmental branch lines which operated between 1926 and 1929, the year 1943 was the only one in which interest charges were paid in full since the reorganization of accounts in 1926. Having regard to the history of the construction of the railways and their developmental nature, it was considered that, so long as operating-costs were paid, stabilization considerations governed the situation and that the excess of interest charges over net revenue should be met from the Consolidated Fund, as has been the case for many years past.

An operating loss raises, however, other considerations, including that of the possible effect upon the morale of the service and its efficiency.

In all the circumstances, it is considered that an endeavour should be made to meet operating-expenses from revenue, and accordingly fares will be increased by 15 per cent. and freights by 20 per cent.

As this increase will date from 14th September, 1947, it is estimated that the sum of £544,000 will be required from the vote, "Economic Stabilization," for the year ending 31st March, 1948, but it is estimated that the increases should be sufficient to avoid the need for a subsidy during the following year.

CONCLUSION

In conclusion, I should like to express my appreciation of the able assistance afforded to me by the General Manager and his staff.

I also take pleasure in expressing appreciation of the unstinted efforts of the whole staff to give service to the public and to maintain the place which the railways hold in the economic life of this Dominion.
