

LOCOMOTIVE FUEL

Difficulties associated with the coal shortage have continued to cause much worry and concern and only the bare maintenance of the coal-saving time-table has been possible. The total quantity of coal consumed by locomotives decreased from 593,831 tons to 567,978 tons, but the actual quantity of New Zealand coal consumed decreased by 81,320 tons. In order to maintain reasonable services, 90,812 tons of American coal (55,467 more than last year) were used, plus 24,266 tons of fuel oil.

It is conservatively estimated that the cost of using this imported coal was at least £635,000 more than the cost of an equivalent quantity of New Zealand hard coal. This amount is almost equal to the loss on the year's working. It should be noted that the Railways Department is carrying the whole burden of the higher-priced imported coal. In the years before the war considerable quantities of coal were imported from Australia for use in various industries, particularly gasworks. These industries now have the advantage of the use of the New Zealand coal, particularly hard coal, at New Zealand prices. To illustrate the price rise in imported coal I may mention that during the years 1941 to 1943 Australian coal cost the New Zealand Railways approximately £2 7s. 6d. per ton, whereas the average cost per ton of coal imported during the financial year ended 31st March, 1948, was over £10. By way of contrast, the average cost for the year of New Zealand hard coal delivered in the North Island was £2 13s. 9d. per ton. Normally this additional cost of present-day imported coal would have been borne by all industries previously using imported coal, but as a State Department the Railways Department is carrying the whole burden. When financial comparisons are made, therefore, this factor must be borne in mind.

In addition, there is the cost of fuel oil which increased considerably during the year. While the use of fuel oil is more economical than the use of American coal, the extra cost over and above that of a supply of New Zealand hard coal with an equivalent fuel value was approximately £140,000.

Good progress has been made with the conversion of locomotives to oil-burning, and at the end of the year a total of 34 oil-burning locomotives were in service. At the end of the year it was understood that the allocation of fuel oil would be limited to a quantity sufficient for only 35 oil-burning locomotives, but since then an increased allocation has been obtained and the Department is proceeding with further conversions.

PUBLIC INTEREST IN THE RAILWAYS

The experience of the war and the extensive railway developments taking place overseas emphasizes the part that our railways must play in the future economic and social development of the Dominion, and I cannot overemphasize their significance as the basis of our present transportation system. This is borne out by the year's statistics of 26,000,000 passenger journeys and 9,500,000 tons of goods carried. These transportation figures, together with the level of fares and freights, show the important part railway transportation plays in the cost structure of the country, apart from the social service provided. It is essential, therefore, to pay full regard to the railways as a stabilizing factor in the Dominion's economy, and the country may rest assured that