

The gross expenditure for the year totalled £19,700,594, an increase of £1,989,697, or 11·23 per cent. The increase in wage costs amounted to £1,121,833. Increased man-hours incurred in handling the increased traffic caused a rise in expenditure of £226,198, while the increased wages and concessions granted by the Railways Industrial Tribunal during the year had a substantial effect upon all avenues of expenditure. The remainder of the increase in expenditure is spread over a number of miscellaneous items, particularly fuel, stores and material, depreciation, and deferred maintenance.

The net loss on working was £1,102,866, which was recovered from the vote "Economic Stabilization."

The extra cost of imported fuel oil and imported coal, as compared with the cost of New Zealand coal of equivalent fuel value, was £793,654. It is necessary to make it clear that the Railways Account has carried an increased cost, and the use by the Department of this higher-priced imported oil and coal has released the lower-priced New Zealand coal for industry and domestic purposes. It is not unreasonable to claim, therefore, that the Railways Account, in effect, has carried an extra burden which could have been shared by the rest of the community.

The following table shows the quantities of imported fuel used during the year and the fluctuation in costs compared with the previous year :—

IMPORTED COAL AND OIL

	1949.	1948.	Variation.
Coal (imported) —			
Tons	64,793	90,812	— 16,019
Cost	£581,170	£912,912	— £331,742
Rate per ton	£8 19s. 5d.	£10 1s.	— £1 1s. 7d.
Oil fuel—			
Gallons	12,216,520	5,775,395	+6,441,125
—Tons	51,330	24,266	+ 27,064
Cost	£516,475	£221,683	+ £294,792
Rate per ton	£10 1s. 3d.	£9 2s. 8d.	+ 18s. 7d.

As from 20th August, 1948, the overseas exchange-rate of 25 per cent. was withdrawn and New Zealand currency brought into parity with sterling. In consequence, the price of imported coal decreased. The average issue rate for imported coal was 21s. 7d. per ton less. Although the average cost of fuel oil was higher by 18s. 7d. per ton, this was due to higher prices earlier in the year. At 31st March, 1949, the issue rate for fuel oil was £8 7s. 6d. per ton, compared with an average of £10 1s. 3d. for the whole year.