

PRICE OF COAL.

In common with other commodities the price of coal for locomotive purposes has materially advanced during the year. The increased expenditure for West Coast coal (including steamer freights) delivered at main ports, such as Wellington, on the railway consumption of 150,000 tons per annum, was £30,000; on Newcastle coal it was £36,500; and on lignites it was £7,000.

Assuming that no further advance is made in the price of coal, the increased cost to the New Zealand railways on locomotive coal (lignite, West Coast and Newcastle) for the year ending 31st March, 1919, will be about £200,000 greater than it was at the 31st March, 1914, the cost (including freight) having in the interval risen by 62 per cent.

COAL SHORTAGE.

The difficulty in obtaining coal for locomotive purposes has been most acute throughout the year, and on more than one occasion the Department's stock of coal on hand has been reduced to perilously low dimensions in spite of the restricted time-table. It is a fact that had the train-mileage not been reduced on account of the depleted staff, reduction on similar lines would have been forced upon the Department in order to conserve the available coal stocks.

RAILWAY IMPROVEMENTS.

The amount expended during the year in connection with works authorized by the Railway Improvements Authorization Act, 1914, and charged to capital account was £111,720.

At the outset I regarded the improvements sanctioned in the 1914 programme as urgent, and being a first step towards bringing the railways up to date and into a state of thorough efficiency. It is a matter for regret that the war conditions have precluded the possibility of obtaining sufficient funds to enable a commencement on a comprehensive scale to be made on the scheme. The practical stagnation in progress on the authorized improvements, although doubtless unavoidable on account of the war has been most disappointing to me, and the prospect of a continuation of the stagnation in respect of essential railway-works will certainly be very disconcerting and a source of grave anxiety to those responsible for the future management and working of the railways. I cannot too strongly urge the necessity of pushing on energetically with the 1914 programme at the earliest possible moment. The prosecution of these works on a large scale immediately peace conditions become re-established will open up a profitable avenue of employment to a large number of returned soldiers.

Notwithstanding the acute war conditions the gross annual earnings of the railways have increased by nearly £680,000 in the period that has elapsed since the recommendations were made in 1914. The urgent need of making arrangements to complete the scheme within five years was stressed when the scheme was promulgated, and has been referred to in the Railway Report for each succeeding year.

The five-years programme sanctioned in 1914 would, under normal conditions, now be nearing completion, and the Department and the public now be reaping the advantage of the increased facilities. It was proposed that on the completion of this programme in 1919 it should be immediately succeeded by a second five-years programme (1919-24), a steady and progressive scheme of advancement in operating facilities being necessary to enable the Department to deal adequately and economically with the inevitable development of business in a young country.

The completion of the 1914 programme cannot now be expected earlier than the year 1924. The Department will be greatly in need of the improvements embodied in this scheme as soon as the blighting effect of war has lifted from New Zealand, and unless sanction is granted for a second programme of improvements to run concurrently with the 1914 programme New Zealand Railway facilities will be insufficient to cope with the business offering in the near future. I propose to submit for consideration, on completion of my service with the Government at the termination of the current financial year, a memorandum embodying a list of additional railway-works which should be taken in hand as soon as circumstances will permit, and also dealing with certain questions in connection with railway organization and administration which, in my opinion, should in the general interests of efficiency be brought up for serious review at an early date.

RECLAMATION AT AUCKLAND.

Arrangements have been completed for the purchase of properties disturbed by the Department's scheme, and temporary arrangements made for carrying on the various works. The old engine-depot has also been removed.

The amount expended on the work during the year amounted to £60,765, bringing the total amount expended up to £362,442.

RAILWAYMEN AT THE FRONT.

At the end of last financial year it was found necessary to revise the time-table for the purpose of releasing a thousand additional railwaymen for military service. The Department has continued the practice of sending drafts into camp regularly. The number of men released for military purposes during the year was 1,250. The staff have ably seconded the efforts of the Department to meet public requirements under war conditions. Three hundred and sixty of their comrades have made the supreme sacrifice at the front. Having regard, therefore, to what they have done in the past, I am confident that they will continue to meet their obligations and zealously perform any duties devolving on them as a national service.

As a consequence of the inroads made on the staff the Department is finding it increasingly difficult to provide for the everyday requirements of the business and to do more than carry out repairs to rolling-stock and appliances. No new works of any magnitude can be undertaken, and even repair work is retarded by the difficulty of obtaining sufficient skilled labour and in some cases inability to get material.

I have, &c.,

E. H. HILEY,
General Manager.

The Hon. the Minister of Railways.