

ANNUAL REPORT OF THE BOARD OF MANAGEMENT OF THE NEW ZEALAND GOVERNMENT RAILWAYS.

The Hon. the Minister of Railways.

New Zealand Government Railways,

Head Office, Wellington, 31st July, 1927.

SIR,—

We have the honour to report on the working of the railways for the financial year ended 31st March, 1927.

The gross receipts for the year, exclusive of the subsidy for branch lines, amounted to £7,989,433, as against £8,101,221 for the previous year. It is interesting to note the following revenue figures taken at intervals since 1900 :—

								£
1900	..	..	..	..	..	..	..	1,623,891
1901	..	..	..	..	..	..	..	1,727,236
1906	..	..	..	..	..	..	..	2,349,704
1911	..	..	..	..	..	..	..	3,494,182
1916	..	..	..	..	..	..	..	4,548,356
1921	..	..	..	..	..	..	..	6,908,531
1927	..	..	..	..	..	..	..	7,989,433

For the year just ended the financial results, in round figures, are as follows.—

Revenue—

							£
Actual revenue received	..	..	..	..	..	..	7,990,000
Subsidy for branch lines	..	..	..	..	..	..	445,000
							<u>£8,435,000</u>

Expenditure—

							£
Actual working expenditure (as spent)	..	..	..	..	..	..	6,182,000
Placed in renewals, betterments, and accidents reserves funds							310,000
Interest ..	..	..	..	..	..	..	2,043,000
							<u>£8,535,000</u>

Capital Account.—The capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, on the 31st March, 1927, was £49,183,916, as against £47,608,676 on the 31st March, 1926, representing an addition of £1,575,240 for the year. This amount includes £588,814, construction charges on lines taken over from the Public Works Department during the year; £319,644 expended on new works and charged against Capital Account under Additions to Open Lines; and £666,782 expended under the Railways Improvement Authorization Act, 1914.

Receipts and Expenditure.—The gross receipts for the year amounted to £8,434,654, as against £8,460,762 for the previous year, a decrease of £26,108.

The gross expenditure for the year amounted to £6,490,880, as against £6,468,428 for the previous year, an increase of £22,452.

The net earnings were £1,943,774, equal to 3.99 per cent. on the capital invested in the lines open for traffic, and 3.50 per cent. on the capital invested in the open and unopened lines.

The percentage earned during the last six years on the capital invested in the open lines was—

1921–22	..	1.07 per cent.	1924–25	..	3.55 per cent.
1922–23	..	3.04 per cent.	1925–26	..	4.35 per cent.
1923–24	..	3.83 per cent.	1926–27	..	3.99 per cent.

Under the new financial policy outlined in the Board's report on the working of the railways for the year 1924–25 the rate of interest chargeable to the railways in respect of capital raised under the provision of the Railways Improvement Authorization Act, 1914, was £5 3s. 9d. per cent., and on all other capital money £4 2s. 6d. per cent. Prior to the 1st April, 1925, the Department was expected to meet a policy rate of £3 15s. per cent. The total amount of interest paid during the year under the new arrangement was £2,043,433. The net earnings for the year, however, amounted to £1,943,774 only, leaving a deficit on the year's working of £99,659. Interest charges represent 4s. 10-14d. out of every twenty shillings of revenue earned.

The subsidy paid to the Government Railways Superannuation Fund and charged against expenditure was £170,000. Payments of £12,609 to provide increased pensions for widows and children, and £4,965 for cost-of-living bonus to annuitants, were also made from revenue, making a total of £187,574, as compared with £145,000 the previous year, an increase of £42,574.

The sum of £310,542 has been charged against expenditure and set aside to provide for renewals, insurance, &c.

A short outline of the year's operations as compared with the year 1925–26 is given hereunder.