1928.

NEW ZEALAND.

RAILWAYS STATEMENT

BY THE MINISTER OF RAILWAYS, THE RIGHT HON. J. G. COATES.

MR. SPEAKER,—

In presenting my sixth annual Railways Statement I have the honour to report that the gross revenue from all sources was £8,524,538, an increase of £89,884 on that of the previous year, whilst the expenditure was £6,685,123, an increase of £194,243. The net earnings, therefore, amounted to £1,839,415, or £111,360 better than anticipated in the forecast given in my last year's Statement.

The net revenue amounted to £1,839,415, as compared with £1,943,774 last year, a decrease of £104,359 ; while interest charges increased from £2,043,433 to £2,130,867, or by £87,434.

Included in the gross revenue is the sum of £489,568 credited in respect of developmental lines, a sum which is higher by £44,347 than the corresponding amount for the previous year.

A sum to cover accrued depreciation and provision for renewals, amounting to £615,674, was debited during the year to working-expenses. Against this there was an expenditure of £321,542 for assets written off or renewals effected during the year. The net increase in the Renewals and Depreciation Fund was therefore £294,132, the total amount standing at credit of the fund at the close of the year being £930,870.

Interest charges increased from £2,043,433 to £2,130,867, or by £87,434. Of this increase, new lines taken over during the year accounted for £11,608, while the balance was due to improvement works and the provision of additional rolling-stock. The interest burden on improvement works under construction was particularly high this year, amounting to £75,000. This amount is charged to working-expenses.

The revenue from passenger traffic decreased by £158,884, or by 7 per cent., the principal contributing factors being the heavy bookings incidental to the tour of our Royal visitors, T.R.H. the Duke and Duchess of York, in the previous year, the competition of road motor services, the increase in the number of private motor-cars, and the trade depression through which the country has been passing. Unfortunately, it has not been possible to reduce expenditure on passenger services in keeping with the very heavy shrinkage in revenue, but, on the contrary, it has been necessary to provide more attractive services at higher cost in the endeavour to retain existing business. This is borne out by the fact that the revenue per passenger-train mile decreased by nearly 11 per cent. It is noteworthy that low-rate suburban season-ticket traffic shows an increase of more than 5 per cent., with a corresponding increase in the peak load for which accommodation must be provided. This is an important aspect of the railway business when its financial returns are being considered, and is further commented on later in this Statement.