

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

New Zealand Government Railways,

Head Office, Wellington, 31st May, 1928.

The Hon. the Minister of Railways.

SIR,—

We have the honour to report on the working of the railways for the financial year ended 31st March, 1928.

The gross receipts for the year, exclusive of the subsidy for branch lines, amounted to £8,034,970, as against £7,989,433, for the previous year. Including the subsidy for branch lines, the financial results for the year, in round figures, are as follows:—

<i>Revenue—</i>						£
Actual revenue received	..	..	..	..	..	8,035,000
Subsidy for branch lines	..	..	..	..	..	490,000
						<u>£8,525,000</u>
<i>Expenditure—</i>						£
Actual working expenditure (as spent)	..	..	..	..	..	6,401,000
Placed in renewals, betterments, and accidents reserves funds	..	..	..	..	..	284,000
Interest	..	..	..	..	..	2,131,000
						<u>£8,816,000</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, 1928 was £51,187,376, as against £49,183,916 on the 31st March, 1927, representing an addition of £2,003,460 for the year. This amount includes £322,876, construction charges on lines taken over from the Public Works Department during the year; £197,974 expended on new works and charged against Capital Account under Additions to Open Lines; and £1,482,610 expended under the Railways Improvement Authorization Act, 1914.

Receipts and Expenditure.—The gross receipts for the year amounted to £8,524,538, as against £8,434,654 for the previous year, an increase of £89,884.

The gross expenditure for the year amounted to £6,685,123, as against £6,490,880 for the previous year, an increase of £194,243.

The net earnings were £1,839,415, equal to 3·64 per cent. on the capital invested in the lines open for traffic and 3·18 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—

1922–23	..	3·04 per cent.	1925–26	..	4·35 per cent.
1923–24	..	3·83 per cent.	1926–27	..	3·99 per cent.
1924–25	..	3·55 per cent.	1927–28	..	3·64 per cent.

The total amount of interest paid during the year was £2,130,867. The net earnings for the year, however, amounted to £1,839,415 only, leaving a deficit on the year's working of £291,452. Interest charges represent 4s. 11·99d. 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 £12,380 to provide increased pensions for widows and children, and £4,694 for cost-of-living bonus to annuitants, were also made from revenue, making a total of £187,074, as compared with £187,574 the previous year, a decrease of £500.

The sum of £284,102 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 1926–27 is given hereunder:—

REVENUE.

Gross Revenue.—The revenue for the year from all sources was £8,524,538, as against £8,434,654 for the year 1926–27, an increase of £89,884.

The particulars of the gross revenue are as follows:—

	1927–28.	1926–27.
	£	£
Train-operation	7,343,845	7,423,472
Subsidiary services	691,125	565,961
Branch lines and isolated sections subsidy	489,568*	445,221*
	<u>£8,524,538</u>	<u>£8,434,654</u>

* Payable in respect of developmental lines in terms of the Government Railways Act, 1926.