

EXPENDITURE.

Way and works and signals increased	..	..	..	..	57,973
Maintenance of rolling-stock increased	..	..	..	..	49,042
Transportation expenses decreased	..	..	..	..	16,081
Head Office charges decreased	..	..	..	..	6,941
Subsidiary services increased	..	..	..	..	47,598
Interest charges increased	..	..	..	..	69,977
Total increase	..	..	..	..	£201,568
Total increase in deficiency	..	..	..	..	£261,786

RAILWAY OPERATION.

The operating revenue shows a decrease of £141,304 and the operating expenditure an increase of £83,993.

Details are as under :—

Revenue Decreases.

Passengers	..	..	..	..	..	£	163,617
Parcels and luggage	..	..	..	..	..	..	9,570
Goods	..	..	..	..	..	..	38,573 Inc.
Miscellaneous	..	..	..	..	..	..	6,690
							£141,304

Expenditure Increases or Decreases.

Maintenance of way and works	...	..	..	..	..	£	54,400 Inc.
Maintenance of signals	..	..	..	..	..	..	3,573 Inc.
Maintenance of rolling-stock	..	..	..	..	..	..	49,042 Inc.
Locomotive transportation	..	..	..	..	..	..	10,328 Inc.
Traffic transportation	..	..	..	..	..	..	5,753 Dec.
Head Office	..	..	..	..	..	..	6,941 Dec.
							£83,993

REVENUE.

No improvement is shown in the latest four-weekly returns—increase in goods-traffic receipts being considerably more than counterbalanced by the decrease in passenger-traffic takings—despite the introduction by the Department of special-feature excursions. The Royal visit last year is doubtless a contributing cause to the drop of 100,000 passenger journeys during the period ended 3rd March.

The goods receipts were adversely affected through the inclusion in last year's March returns of £9,000 paid by the Department of Agriculture for the carriage of artificial manures, as against £6,900 this year.

EXPENDITURE.

The chief increases in expenditure occur in maintenance of way and works and maintenance of rolling-stock. In the former the additional cost is due mainly to increased track-maintenance and extra ballasting, together with such additional items as the relining of the Karangahake Tunnel, and extra staff employed due to the opening of the Opunake and Waihi-Tahawai Branches.

The increase in maintenance of rolling-stock expenditure is brought about by additional contributions to Renewals Fund and an increase in repairs to locomotives and wagons.

Another factor which has operated against economical working is the unemployment situation. The Department is carrying a staff considerably in excess of requirements, the additional cost of which I place at about £100,000 for the year.

The following is the position in regard to the subsidiary services :—

Service.	Revenue.	Expenditure.	Profit or Loss.
	£	£	£
Lake Wakatipu	472 Dec.	106 Dec.	366 more loss.
Refreshment	7,889 Dec.	2,394 Dec.	5,495 less profit.
Advertising	3,263 Inc.	5,894 Inc.	2,631 less profit.
Housing	9,582 Inc.	23,638 Inc.	14,056 more loss.
Road motors	19,399 Inc.	19,964 Inc.	565 loss.
Refreshment rooms	40 Dec.	602 Inc.	642 less profit.
	23,843 Inc.	47,598 Inc.	23,755