

The loss of £23,755, as compared with last year, is mostly due to the increased loss on departmental dwellings, the expenditure on which rose from £126,205 to £149,843.

The rentals received from a large number of our houses are too low, and the matter should be adjusted as recommended in the Board's memorandum of the 18th May, 1927. This would materially assist the position.

The Refreshment Branch has also been a substantial loser, consequent on the falling-off in passenger traffic, a good portion of which, however, is due to the Exhibition traffic in 1927.

The Advertising Service is not enjoying quite as profitable a period as last year, but is nevertheless continuing to show a good margin of profit.

The difference between the figures for this year and last in the case of the other three services is not great.

CAPITAL COST.

The total capital liability at the end of February, 1928, reached £51,415,538, while at the same period last year it was £49,487,402, an increase of £1,928,136, accounted for as follows:—

Expenditure from		
Public Works Fund—		£
Railway-construction Waihi-Tahawai (new line)		306,836
Additional expenditure on lines previously opened		13,492
Additions to open lines		335,926
		656,254
Railway Improvement Authorization Account		1,271,882
		£1,928,136

INTEREST.

The total interest bill payable by the Department to the Consolidated Fund is now available—viz., £2,130,867. This is possible owing to the fact that the interest for each subsequent month is computed on the capital expenditure shown in the Treasury accounts at the end of the previous month. The interest charges for 1926–27 amounted to £2,043,433, so that there is an increase of £87,434.

The average capital on which interest was computed amounted to £50,607,304, made up as follows:—

	£
£46,530,540 at £4 2s. 6d. per cent.	 1,919,385
£4,076,764 at £5 3s. 9d. per cent.	 211,482
	£2,130,867

RESULTS OF WORKING.

The following is a summary of the results of working for the period from 1st April, 1927, to 3rd March, 1928, as compared with the corresponding period in 1927:—

Particulars.	1928.	1927.
Total miles open for traffic	3,180	3,164
Average miles open for period	3,178.54	3,156.60
Total capital cost of open lines	£50,685,041	£48,930,525
Capital cost per mile of line	£15,939	£15,465
Gross earnings, including subsidy	£7,702,402	£7,762,620
Working-expenses	£6,151,977	£6,020,386
Net earnings	£1,550,425	£1,742,234
Interest charges	£1,967,850	£1,897,873
Deficit	£417,425	£155,639
Percentage of total working-expenses to gross earnings	79.46	77.56
Railway-operating earnings	£6,693,268	£6,834,572
Railway-operating expenses	£5,803,320	£5,719,327
Net railway-operating earnings	£889,948	£1,115,245
Percentage of railway-operating expenses to earnings	86.70	83.68
Operating earnings per average mile open	£2,106	£2,165
Operating expenses per average mile open	£1,826	£1,812
Net operating earnings	£280	£353
	d.	d.
Operating earnings per train-mile	161.50	165.92
Operating expenses per train-mile	140.02	138.85
Net operating earnings per train-mile	21.48	27.07

OPERATIONS OF THE BOARD DURING THE TIME IT HAS HELD OFFICE.

The Board took office in December, 1924, and commenced with a reorganization of methods of control by changing over from the departmental system to the divisional system, the object being to give more flexibility to the operating side of the business. A Divisional Superintendent was appointed to each Island, who controls the whole of the operating in that Island.