

LAKE WAKATIPU STEAMERS.

					1929. £	1928. £	Variation. £	Per Cent.
Revenue	..	..	..	..	10,941	9,885	+1,056	10·68
Expenditure	..	..	..	..	17,425	15,627	+1,798	11·51
Net loss	..	..	..	..	<u>£6,484</u>	<u>£5,742</u>	<u>+ £742</u>	<u>12·92</u>

The revenue from the lake steamers shows a substantial increase, due to the good year experienced in tourist traffic, and in traffic in motor-cars, merchandise, and timber. Live-stock shows a slight decrease. Large quantities of pipes for irrigation works at Arrowtown were carried in the closing months of the year. The increase is made up as follows :—

	£
Passengers	234
Parcels, luggage, and mails .. .	22
Goods	763
Miscellaneous	37
	<u>£1,056</u>

The cost of repairs to steamers for the year was £3,850, as against £2,197 last year—increase £1,653—this item being mainly responsible for the large increase in expenditure and for the increase in net loss on the year's operations. The steamer "Ben Lomond" was completely refitted during the year.

The mileage run for the year was 24,225, as compared with 23,928 for the previous year, an increase of 297 miles.

The Lake Wakatipu steamer service has been a losing proposition to the Department for some years. The service being self-contained there is no real justification for this, and the matter seems to be resolving itself into the position that the charges for the services rendered are too low.

I have had the matter very carefully gone into with a view to seeing whether any material savings can be effected, but it does not appear that much can be done in this direction if the services are to be maintained at their present standard. On the contrary, I conclude that the time has now arrived when we have to give consideration to the question of supplementing the fleet on the lake by a new vessel if the standard of the service is to be kept up, or any improvement in that respect is to be made. It would, however, be difficult to justify the expenditure on a new vessel unless there is some reasonable prospect that an increase in revenue can be obtained not only to meet the present loss, but also to balance the additional charge that would be involved by the provision of a new vessel.

The fleet at present consists of the "Earnslaw," the "Ben Lomond," and the "Mountaineer." The "Earnslaw" is in quite good condition, and is the mainstay of the service. The "Ben Lomond" has just been reconditioned, but it is a very small vessel, and cannot be regarded as any other than an emergency unit in the fleet. The other vessel, the "Mountaineer," is a paddle steamer of obsolete type. It is slow and not of a standard generally that would enable it to give a satisfactory service comparable to that of the "Earnslaw." Whenever the present service cannot be maintained with one vessel it is necessary that the "Mountaineer" be used, and this gives rise to public dissatisfaction. The "Mountaineer" is due for complete overhaul and refitting this year. It is difficult to estimate what the cost of refitting will be, as many defects are not disclosed until dismantling is commenced. On such an examination of the vessel as is now possible it appears doubtful whether the vessel will be worth repairing for this service. For the purpose of the following calculations, however, I have assumed that the boat might be given another ten years' life by an expenditure of £3,000. I have gone into the question of the provision of a new boat, and in the following table a comparison is made of the annual capital charges on the assumption that the cost of refitting the two old boats is capitalized and the whole amount written off in an estimated remaining life of ten years, while the rate of 3 per cent. written off the "Earnslaw" since 1926 remains unaltered, and the new boat is written off at 2½ per cent. on the original cost (forty-years life). Interest is computed at 4½ per cent. The ships will have little or no residual value.

	"Ben Lomond."	"Mountaineer."	"Earnslaw."	New Boat.
	£	£	£	£
Original cost	2,567	7,433	22,678	25,000
Less depreciation (four years) .. .	309	891	2,720	..
Present book value	2,258	6,542	19,958	25,000
Cost of refitting, add	1,800	3,000	..	..
	<u>£4,058</u>	<u>£9,542</u>	<u>£19,958</u>	<u>£25,000</u>
	£	£	£	£
Annual depreciation over remaining life .. .	406	954	690	625
Interest	183	429	898	1,125
Annual capital charge	<u>£589</u>	<u>£1,383</u>	<u>£1,588</u>	<u>£1,750</u>