

ANNUAL REPORT OF THE GENERAL MANAGER OF THE NEW ZEALAND GOVERNMENT RAILWAYS.

The Hon. the Minister of Railways.

New Zealand Government Railways,
Head Office, Wellington,

10th August, 1931.

SIR,—

I have the honour to report on the working of the railways for the financial year 1930-31.

FINANCIAL.

On the 31st March, 1931, the capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, was £60,545,154, as compared with £57,787,671 on the 31st March, 1930, an increase of £2,757,483.

The total route mileage increased from 3,287 to 3,322, an increase of 35 miles. The new lines taken over from the Public Works Department were Eskdale to Putorino, 26 miles 74 chains, on 6th October, 1930, and Auckland to Westfield, 9 miles 40 chains, on 16th November, 1930. A portion of the Fernhill Branch in the Dunedin district, 1 mile 39 chains, was taken up during the year. The principal items in the capital expenditure during the year were £855,154, cost of Eskdale-Putorino extension; £1,044,433 expended under the Government Railways Authorization Act, 1914; and £559,012 under "Additions to Open Lines."

	Year ended 31st March, 1931.	Year ended 31st March, 1930.	Variation.
	£	£	£
Gross revenue	7,571,537	8,288,116	-716,579
Gross expenditure	6,882,810	7,358,859	-476,049
Net revenue	688,727	929,257	+240,530
Credit for developmental lines	..	Dr. 8,202	..
Interest charges	2,255,345	2,132,324	+123,021
Deficit	1,566,618	1,211,269	+355,349

The gross earnings for the year were £7,571,537, a decrease of 8·7 per cent. compared with the previous year. The gross expenditure totalled £6,882,810, a decrease of 6·5 per cent.

The interest charges, which show an increase of £123,021, due to the increase in capital, have been computed on the total sum expended on the railways, less £8,100,000. This is in terms of the Finance Act, 1929, section 20, which provided that the interest charges were to be computed on the capital moneys expended in respect to railways reduced by the sum mentioned above.

In my report for the year ended 31st March, 1930, I referred to the fact that our cash resources had been exhausted by the payments which had required to be made to the Consolidated Fund to meet interest. An amendment to the financial arrangements was embodied in section 14 of the Finance Act, 1930 (No. 2), which authorizes the Minister of Finance to reduce the interest charges should the annual accounts of the railways disclose that the full amount of interest cannot be paid out of the Working Railways Account. The sum actually paid for interest during the year under review was £685,000, being approximately the amount of the net revenue.

Until August the revenue was slightly in excess of the figures for the previous year, but from the August period to the end of the financial year the decrease in revenue increased month by month until at the end of the year a total decrease of £716,579 resulted.

Prior to the decrease in revenue setting in the Department had put in hand a comprehensive review of the train services of the Dominion, and the reduced train services which were made effective enabled substantial economies to be made in operation. Close attention was paid to expenditure in all branches, and from the analysis made in this report it will be seen that the expenditure in all branches of the Department's activities was reduced.

The operation of branch lines and isolated sections resulted in a loss, including interest charges, of £780,299 for the year as compared with a loss of £761,091 in the previous year. The working of these lines continues to be a burden on the Department's financial position, and a fuller review of this matter is given in a subsequent portion of this report.