

The substantial decrease in revenue is due to the reductions in rentals consequent upon the agreement reached between the Department and the tenants in the matter of a claim for reductions under the National Expenditure Adjustment Act, 1932. The agreement provided, subject to minor adjustments, for a reduction of 10 per cent. in the rentals paid for the years 1932-33 and 1933-34, and a 7-per-cent. reduction thereafter, the decrease in the reduction being due to the 5-per-cent. increase in wages operating from 1st April, 1934. The adjustments amounted to £12,166 for the year 1932-33, £12,138 for the year 1933-34, and £8,506 for the year 1934-35, so that this year's accounts were adversely affected to the extent of £32,810.

The increased expenditure is due to additional repair work and painting carried out during the year.

SICK BENEFIT FUND.

The New Zealand Government Railways Employees' Sick Benefit Fund shows a surplus of £2,451, compared with £5,306 for the previous year, a decrease of £2,855 (53·81 per cent.).

The receipts totalled £26,221, which includes the departmental subsidy of £8,000, as compared with £24,921 for the previous year, an increase of £1,300 (5·22 per cent.), while the expenditure increased from £19,615 to £23,770, an increase of £4,155 (21·88 per cent.).

The reduced surplus is due to payments during the severe epidemic of influenza throughout the winter and spring of 1934.

The accumulated funds now stand at £28,970, of which £28,046 is represented by investments.

SUGGESTIONS AND INVENTIONS COMMITTEE.

The Suggestions and Inventions Committee dealt with 563 suggestions and inventions during the year, compared with 813 for the previous year. The number recommended for adoption in whole or in part was 45; 157 were referred to heads of branches, were already in operation, or related to matters of policy; 313 were not recommended for adoption; while 48 were under trial or investigation at the end of the financial year.

The suggestions recommended for adoption included 20 in connection with improvements to rolling-stock, 5 connected with workshop equipment, 5 connected with Way and Works Branches, and 13 connected with traffic working.

A number of suggestions and inventions were also dealt with in connection with the reciprocal arrangements made between the New Zealand committee and the committees of the Australian States. One New Zealand suggestion adopted by the South Australian Railways was duly rewarded.

STORES BRANCH.

An analysis of the amount expended in connection with the purchases of stores during the year is as under:—

	£	s.	d.
To merchants, manufacturers, and others in New Zealand ..	424,810	14	1
Through Trade Commissioner in Australia	100,886	13	1
Through High Commissioner in London	353,043	2	8
Material manufactured in Railway Workshops	184,774	2	1
Coal and coke	464,857	7	11
Manufactured and used material recovered from other branches, &c. ..	87,353	10	9
Timber from railway sawmill and stores used	30,782	14	8
	<u>£1,646,508</u>	<u>5</u>	<u>3</u>

The net increase in this year's expenditure compared with the previous year was £234,795 2s. 4d. The principal increases were—To merchants, manufacturers, and others in New Zealand, £77,590 9s. 2d.; through Trade Commissioner in Australia, £63,025 14s. 3d.; through High Commissioner in London, £193,940 4s. 1d.; material manufactured in Railway Workshops, £56,475 1s. 9d.

The increase is due chiefly to the requirements to meet building programmes, and to extra stocks of native and hardwood timber and imported material.

The total issues of stores to all branches for the year amounted to £1,615,488 11s. 4d., compared with £1,433,287 16s. 3d. for the previous year, an increase of £182,200 15s. 1d.

A summary for six years showing the value of purchases and issues of stores (exclusive of coal), together with stocks on hand at the close of each year, is as under:—

Year.	Purchases.	Issues.	Stocks on Hand.		
			Stores.	Coal.	Total.
	£	£	£	£	£
1930	1,764,987	1,802,366	676,739	154,357	831,096
1931	1,716,452	1,743,416	647,627	110,602	758,229
1932	852,044	1,018,616	481,056	181,073	662,129
1933	755,100	875,285	360,871	165,576	526,447
1934	1,059,879	969,067	451,683	157,637	609,320
1935	1,269,171	1,136,243	584,611	160,177	744,788

The value of stores held at 31st March, 1935, was £744,788, compared with £609,320 at the close of the previous year, an increase of £135,468. The following items show increases: Native timber, £22,437; imported hardwood timber, £15,933; permanent-way material and sleepers, £57,168; imported and general stores, £37,390; and coal, £2,540.