

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, 22nd August, 1936.

SIR,—

I have the honour to report on the working of the railways for the financial year 1935-36.

The accounts for the year again show an increase in gross revenue in comparison with the previous year. The total revenue actually exceeded the estimate made in the report for the previous year by £258,032.

The revenue for the year was £7,004,316, as compared with £6,627,928 in the previous year, an increase of £376,388 (5·68 per cent.).

The net revenue was £1,051,477, as compared with £1,087,491 for the previous year, a decrease of £36,014. During the year an increase of 7½ per cent. in salaries and wages was granted to the staff, and this involved an additional expenditure of £161,555. When allowance is made for this expenditure it will be seen that the results of the year's operations are very satisfactory.

Further comments on the finances of the Department will be made later in this report under appropriate headings.

FINANCIAL.

On the 31st March, 1936, the capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, was £54,253,059, as compared with £54,089,190 on the 31st March, 1935, an increase of £163,869.

The principal additions to capital during the year were on account of the following major works: Wellington new station and yard, £226,523; Wellington-Tawa Flat deviation, £39,994; Wellington-Paekakariki Electrification, £34,409. On the other hand, land transferred to the Post and Telegraph Department resulted in a credit to Railway Capital Account of £134,485.

The financial results of the operations for the year ended 31st March, 1936, were as follow:—

	Year ended 31st March, 1936. £	Year ended 31st March, 1935. £	Variation. £
Gross revenue	7,004,316	6,627,928	+376,388
Gross expenditure	5,952,839	5,540,437	+412,402
Net revenue	1,051,477	1,087,491	— 36,014
Interest charges	2,300,051	2,330,886	— 30,835
Excess of interest charges (at 4½ per cent.) over net revenue	1,248,574	1,243,395	+ 5,179

The gross earnings for the year were £7,004,316, an increase of £376,388 (5·68 per cent.) compared with the previous year.

The gross expenditure totalled £5,952,839, an increase of £412,402 (7·44 per cent.).

Interest charges totalled £2,300,051, a decrease of £30,835 compared with the previous year. Up to the 31st March, 1935, capital moneys provided out of the Railways Improvement Authorization Account were kept separate from the remainder of the capital. A variable rate of interest was charged on the former, whereas the rate on the latter has for some time past remained unaltered at 4½ per cent. As from 1st April, 1935, the R.I.A. capital (approximately one-fifth of the total) was merged into the General Capital Fund, and as the rate on the former was £4 13s. 3d. per cent. in 1935 the consequent reduction to £4 5s. per cent. resulted in a slight fall in the total interest charge.

RENEWALS, DEPRECIATION, AND EQUALIZATION RESERVE ACCOUNTS.

During the year the sum of £204,730 was charged against revenue for renewals, and the amount expended from this account for track renewals was £188,396. The credit balance at 31st March, 1936, was £748,010.

The sum of £589,288 was charged against revenue on account of depreciation.