

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, 31st August, 1937.

SIR,—

I have the honour to report on the working of the railways for the financial year 1936–37 and in this connection have pleasure in drawing attention to the fact that 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 £94,951.

The revenue for the year was £7,790,651, as compared with £7,004,316 in the previous year, an increase of £786,335 (11·23 per cent.).

The net revenue was £903,858, as compared with £1,051,477 for the previous year, a decrease of £147,619. From 1st July, 1936, all salaries and wages were restored to the 1931 level, while the introduction of the forty-hour week as from 1st September, 1936, increased the expenditure still further. The expenditure under these headings amounted to £431,198. When allowance is made for this additional expenditure and for the fact that the infantile-paralysis epidemic which broke out in the South Island early in December, 1936, adversely affected the passenger revenue to an extent of not less than £100,000, it will be seen that the results of the year's operations must be regarded as 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, 1937, the capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, was £54,696,437, as compared with £54,253,059 on the 31st March, 1936, an increase of £443,378.

The principal additions to capital during the year were on account of the following major works: Papakura–Horotiu duplication, £19,749; Turakina–Okoia grade easement, £32,346; Wellington new station and yard, £218,752; Wellington–Paekakariki electrification, £73,542; and Wellington–Johnsonville electrification, £27,172.

The financial results of the operations for the year ended 31st March, 1937, were as follow:—

	Year ended 31st March, 1937. £	Year ended 31st March, 1936. £	Variation. £
Gross revenue	7,790,651	7,004,316	+786,335
Gross expenditure	6,886,793	5,952,839	+933,954
Net revenue	903,858	1,051,477	—147,619
Interest charges	2,309,754	2,300,051	+ 9,703
Excess of interest charges (at 4½ per cent.) over net revenue	1,405,896	1,248,574	+157,322

RENEWALS, DEPRECIATION, AND EQUALIZATION RESERVE ACCOUNTS.

During the year the sum of £204,412 was charged against revenue for renewals, and the amount expended from this account for track renewals was £206,480. The credit balance at 31st March, 1937, was £748,467.

The sum of £615,125 was charged against revenue on account of depreciation.

The position with regard to the Equalization Accounts is as under:—

Account.	Credit Balance brought forward from 1936.	Contributions, 1936–37.	Expenditure, 1936–37.	Credit Balance at 31st March, 1937.
	£	£	£	£
Slips, Floods, and Accidents	102,753	19,800	68,406	54,147
Workers' Compensation	45,217	39,997	40,997	44,217
Insurance	93,198	11,177	5,916	98,459
	241,168	70,974	115,319	196,823