

Both revenue and expenditure were also adversely affected during the final six weeks as a result of the heavy floods experienced in February. Despite these setbacks, the financial result of railway operations for the year was distinctly satisfactory in that the net revenue reached to within £11,000 of the Budget estimate of £1,200,000.

Something approaching a maximum use of the Department's facilities helped to make possible the 69½-per-cent. increase in net revenue from £701,063 in the financial year 1938-39 to £1,189,031 in 1939-40. There was some assistance, also, from the 10-per-cent. increase in railway charges, an increase which, in 1938-39, operated only during the last four months; but this benefit was largely counteracted by the increased cost of stores and some readjustment in wages. The result is a vindication of the Government's general transportation policy, which, recognizing the railways as the most vital of the country's means of internal transport, has made them more serviceable to the public, protected them against uneconomic competition, and improved the standing and usefulness of related auxiliary services.

PASSENGER TRAFFIC.

The passenger revenue for the year amounted to £2,119,335, an increase of £333,689 over that for the previous year. Factors assisting this substantial increase were the heavy traffic in connection with the Centennial celebrations and the Centennial Exhibition at Wellington, the transport of soldiers, the restrictions on the use of petrol, and the fact that there were two Easter holiday periods during the financial year.

Making full allowance for the special features of Centennial year, it is still clear that there has been a general upward movement of passenger traffic for several years past, particularly during the last five, indicating the increasing popularity of rail travel.

GOODS TRAFFIC.

Goods revenue amounted to £6,312,278, an increase of £427,035 over that for 1938-39. In 1933 the goods revenue amounted to £3,847,957. The goods revenue for the year just ended is therefore £2,464,321 (or 64 per cent.) in excess of 1933. These figures indicate the very heavy increase in business handled by the railways following the emergence of the Dominion from the depression period.

The increase in the General Scale of Charges operated for the full financial year 1939-40 and for the latter portion (sixteen weeks) of the year 1938-39. This had an important bearing on the increased revenue from goods traffic in 1940 as compared with 1939; nevertheless the volume of business has been very well maintained, despite a heavy decrease of 433,512 in the number of sheep carried.

RAILWAYS IMPROVEMENT PROGRAMME.

I am pleased to be able to state that the improvement programme of the Working Railways, undertaken when the present Government came into office, is now approaching completion. The depression years prior to 1935 and the railways policy then operating interfered with the general progressive development of the railways, and this leeway had to be made up before the system could be brought to the stage where it could give that modern quality of service which changing times demanded. While the war is with us, the task remaining, and it is no small one, is to conserve the Department's resources and use its services to the utmost extent, and at the same time to maintain existing standards as far as the inevitable restrictions of this difficult period permit. I feel sure that in these efforts I can count upon the co-operation of staff and public alike.

ROLLING-STOCK POSITION.

The rolling-stock position continued to show a marked improvement during the year. Seven electric locomotives, 56 steam locomotives (including 40 imported from Britain), 56 carriages, 1 rail car, and 1,779 wagons were placed in commission. Apart from the imported locomotives, the above figures represent the largest output of rolling-stock from the Dominion's railway workshops since their reorganization was completed in 1929.