

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

New Zealand Government Railways Department,
Head Office, Wellington, 28th June, 1940.

The Hon. THE MINISTER OF RAILWAYS.

SIR,—

I have the honour to submit my report on the working of the New Zealand Railways for the financial year ended 31st March, 1940.

WORKING RESULT (Whole Undertaking).

	Estimate, 1940.	Actual.		Variation 1940 with 1939.	
		1940.	1939.		Per Cent.
Revenue	£10,214,700	£10,199,070	£9,345,387	+£853,683	9.13
Expenditure	£8,964,659	£9,010,039	£8,644,324	+£365,715	4.23
Net revenue	£1,250,041	£1,189,031	£701,063	+£487,968	69.60
Return on capital, per cent. .. .. .	..	1.96	1.23	+ 0.73	37.24
Interest charges .. .. .	..	£2,575,196	£2,418,116	+£157,080	6.50
Excess of interest charges (at 4½ per cent.) over net revenue .. .. .	..	£1,386,165	£1,717,053	—£330,888	19.27

Revenue.—The net revenue for the year amounted to £1,189,031, compared with £701,063 last year, an increase of £487,968 (69.60 per cent.). Operating revenue was adversely affected by the slips, floods, and washouts which occurred on various sections of the system in February, 1940, and by the severe snowstorms experienced in the South Island in July, 1939. But for the disruption of services and consequent loss of traffic resulting from these occurrences and to the fact that the trading operations of the Department were overshadowed, and as a result somewhat curtailed, by the war with Germany during the last seven months of the financial year, there appears little doubt that the estimate of a net revenue figure of £1,250,041 would have been fully realized.

The gross revenue earned, £10,199,070, was a record and exceeded the previous record figure established only last year by no less a sum than £853,683. Factors contributing to the substantial increase in revenue were the stimulating effect on passenger traffic of the Centennial Exhibition at Wellington, the diversion of traffic from road to rail arising from the restrictions imposed on road-users in the matter of the use of petrol, and the falling of two Easter holiday periods in the financial year just closed. A full year's operations of the 10-per-cent. increase in fares and freights, which became operative as from 11th December, 1938, was also an important factor bearing on the increased revenue.

Expenditure.—The expenditure for the year amounted to £9,010,039, and exceeded last year's figure by £365,715. Increased wages-costs, amounting in all to £241,637, was the principal cause of the heavier expenditure. Of this sum £84,576 represents the cost of concessions granted to the staff, while the remainder, £157,061 was absorbed in connection with the handling of increased traffic, additional maintenance expenditure, and expansion of subsidiary services. Other major items of increased expenditure were the increased amount expended on materials due to the extension of subsidiary services and in connection with the heavier volume of traffic handled, £65,527; increased cost and consumption of coal, £32,152; and miscellaneous expenditure, £26,399.

Detailed comment on the variations in revenue and expenditure will be made in this report under appropriate headings.

MILEAGE OF LINES OPEN FOR TRAFFIC.

The mileage of lines open for traffic at 31st March, 1940, was 3,389 miles 74 chains, being an increase of 71 miles 16 chains over the figure for the preceding year. The increased mileage is due to the Working Railways Department taking over completed portions of the Napier-Gisborne and South Island Main Trunk Railways. Details of the additions and adjustments made during 1939-40 are shown hereunder:—

Mileage of track open for traffic, 31st March, 1939	M. ch.	3,318 58
Mileage opened for traffic during 1939-40—	M. ch.	
Putorino-Raupunga .. .. .	.. .. .	13 17
Raupunga-Waikokopu .. .. .	.. .. .	44 18
Parnassus-Hundalee .. .. .	.. .. .	11 68
		69 23
Less mileage Egmont Branch line lifted .. .. .	.. .. .	1 36
		67 67
Adjustments: Wellington Yard and Eyreton Branch Railways .. .. .	.. .. .	3 29
Mileage of line open for traffic as at 31st March, 1940 .. .. .	.. .. .	3,389 74