

## BRANCH LINES.

The operating revenue from branch lines amounted to £407,920, as against £379,911 last year, an increase of £28,009 (7·37 per cent.). Goods revenue shows a substantial increase of £26,161, compared with 1938-39, whilst passenger revenue increased also to the extent of £1,670. The increase in revenue from passenger and goods traffic is primarily due to the 10-per-cent. increase in fares and rates.

Compared with the preceding year operating expenditure increased by £17,468 (3·13 per cent.), the total expenditure for the year amounting to £575,282. Increased costs in connection with the maintenance of way and works, and locomotive-running were the main factors responsible for the increase in expenditure.

After allowing for the main line "feeder value" of branch-line traffic, the operating loss on branch lines was £103,802. Interest charges amounted to £387,026, making a total loss of £490,828, as against a loss of £541,405 for the previous year, a decrease of £50,577.

Of the total revenue of £407,920, the South Island branches earned £273,818, or 67·13 per cent. The increase over the previous year in the South Island was £12,839, or 4·92 per cent., while the improvement in the North Island amounted to £15,170 (12·76 per cent.).

## ISOLATED SECTIONS.

The results of operations of isolated sections were as follow :—

*Kaihu*.—Revenue amounted to £3,127, a decrease of £867 compared with 1938-39. Expenditure decreased by £2,851, making the operating loss on the section for the year £6,788, as against £8,772 last year. Goods traffic shows a sharp decrease of £1,068, due to a decline in log traffic. Other classes of traffic show small increases.

*Gisborne*.—Revenue amounted to £28,037 and expenditure to £32,527. These figures show a decrease of £2,913 and £1,046 respectively compared with the previous year. Reduced metal traffic, also reduced receipts from passenger and parcels traffic, were the main causes of the decreased revenue. The decrease in expenditure was brought about by lower locomotive transportation charges.

The operating loss on the section for the year was £4,490, as compared with £2,623 last year.

*Nelson*.—Revenue amounted to £10,015, as against £11,143 last year. Expenditure increased by £1,244 to £23,517. The decrease in revenue was brought about by the less quantity of wool carried, while the increase in expenditure was primarily due to heavier way and works maintenance charges.

The operating loss on the section for the year was £13,502, compared with £11,130 last year.

*Picton*.—Revenue amounted to £43,040, an increase of £6,374 (17·67 per cent.). Expenditure totalled £49,029, an increase of £4,776 compared with 1938-39. With the exception of parcels, all classes of traffic contributed to the increase in revenue. The principal increases in expenditure were in respect of locomotive and traffic transportation charges.

The operating loss on the section was £5,989, as compared with a loss of £7,587 in 1938-39.

*Westport*.—Revenue amounted to £97,098 and expenditure to £81,822. These figures show an increase of £2,870 and £2,593 respectively compared with the previous year. Improved coal and timber traffic was responsible for an increase of £2,116 in goods traffic. Miscellaneous revenue also shows an increase. An increase in way and works maintenance charges was the main item responsible for the increased expenditure.

The operating profit on the Westport Section for the year was £15,276, compared with £14,999 in the previous year, an increase of £277.

## STORES BRANCH.

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

	Value of Purchases made, Year 1940.			Variation, 1940 with 1939.		
	£	s.	d.	£	s.	d.
To merchants, manufacturers, and others in New Zealand ..	1,056,529	6	9	—207,497	17	11
Through Trade Commissioner in Australia .. ..	93,938	14	6	— 85,904	9	7
Through High Commissioner in London .. ..	1,211,419	12	11	—609,218	1	2
Material manufactured in Railway Workshops .. ..	397,252	11	9	— 2,957	14	1
Coal and coke .. .. ..	721,827	17	10	— 15,631	19	6
Manufactured and used material received from other branches, &c.	114,518	19	0	+ 45,741	14	8
Timber from railway sawmill and stores used .. ..	51,806	8	2	+ 2,676	10	0
Totals .. .. ..	£3,647,293	10	11	—£872,791	17	7*

\* Net decrease.

The decreases enumerated above are chiefly due to a diminution in the quantities of materials purchased for use in connection with construction programmes. The main reductions are in respect of purchases made within the Dominion and in imported materials from the United Kingdom and Australia.