

Increased maintenance and transportation charges brought about by the heavier volume of traffic handled were the principal causes of the higher expenditure. Other items of increased expenditure were the payment of the cost-of-living bonus for a full year, as against seven months in the preceding twelve months, £97,000; E.P.S. expenditure, £33,354; and increased cost and consumption of coal, £11,805.

SUBSIDIARY SERVICES.

The following table shows the variations in revenue and expenditure for the year as compared with 1940-41 :—

Subsidiary Services.	Revenue.			Expenditure.		
	Amount, 1942.	Variation, 1942 with 1941.		Amount, 1942.	Variation, 1942 with 1941.	
	£	£	Per Cent.	£	£	Per Cent.
Lake Wakatipu steamers ..	7,153	+ 44	0.62	11,351	+ 453	4.16
Refreshment service ..	251,043	+ 29,619	13.38	228,277	+ 20,069	9.64
Bookstall service ..	140,864	+ 17,184	13.89	132,160	+ 15,086	12.89
Advertising service ..	27,742	— 3,467	11.11	24,914	— 3,331	11.79
Dwellings ..	147,389	+ 2,211	1.52	220,404	+ 25,239	12.93
Other buildings ..	38,533	+ 2,801	7.84	27,913	+ 177	0.64
Road motor services ..	551,153	+ 47,849	9.51	508,423	+ 36,965	7.84
Miscellaneous revenue (non-operating)	390,581	— 7,811	1.96
	1,554,458	+ 88,430	5.69	1,153,442	+ 94,658	8.21

The variations in subsidiary services revenue and expenditure, as indicated in the foregoing summary, may be attributed, in the main, to factors arising from the war and to which reference has been made earlier in this report.

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 1942.	Variation, 1942 with 1941.
	£	£
To merchants, manufacturers, and others in New Zealand ..	986,296	+106,194
Through Trade Commissioner in Australia ..	193,153	+146,075
Through High Commissioner in London ..	410,901	+ 69,090
Material manufactured in Railway Workshops ..	325,903	+ 25,220
Coal and coke ..	843,400	— 45,548
Manufactured and used material received from other branches, &c. ..	112,797	+ 10,457
Timber from railway sawmill and stores used ..	41,372	+ 5,364
Totals ..	2,913,822	+316,852*

* Net increase.

The increases in payments are due to the receipt of heavy shipments of munition materials and also to increased importations of sleepers and hardwood timbers from Australia.

The total issues to all Branches (including coal) for the year amounted to £3,120,190 3s. 5d., as against £3,014,015 5s. 7d. for the previous year, an increase of £106,174 17s. 10d.

PUBLICITY ACTIVITIES.

Although a regular flow of railway publicity to the press was maintained throughout the year, influences arising from the war have restricted activities considerably. As in past years, however, adequate publicity has been given, as required, to the travel and other facilities made available by the Department and to railway operations generally.

Continuing a practice of many years standing, a friendly liaison has been maintained between the Department and the press generally, and I desire to express my appreciation of the kindly consideration and assistance extended to the Department in this regard.

RAILWAYS AND THE WAR.

Last year's report gave an indication of some of the special activities which have been undertaken by the Department and its staff in connection with the prosecution of the national war effort. In the twelve months under review these activities have been enlarged and are being energetically pursued. Large quantities of war munitions covering a wide range of vehicles and other equipment and materials have been manufactured in the railway workshops during the year, nearly one thousand members of the workshops staff of skilled artisans and technicians being exclusively engaged on this special work.

Twelve divisions of the Railways Emergency Precautions Service, which was established as a separate branch of the Emergency Reserve Corps on 11th February, 1942, are now functioning at main railway centres throughout the Dominion. The total membership is approaching the 15,000 mark.