

For the reason that comparison with some earlier Railways Statements may tend to create a *prima facie* impression that this year's net revenue has previously been exceeded, I should explain that prior to 1st April, 1925, the railway accounts were kept on a purely cash basis, no provision being made for depreciation or reserves, which were then, as now, fundamental to financial stability. In the year 1917, for instance, when net revenue was recorded as £1,873,946, proper and systematic deductions for depreciation charges and reserves were not made. If that procedure were followed to-day, the net revenue for the year 1940-41 would have been shown at approximately £2,792,000.

#### PASSENGER TRAFFIC.

The train passenger revenue for 1940-41 was £2,345,718. This was the highest amount collected in any year since 1926 (the year of the Dunedin Exhibition). Passenger revenue exceeded that of the previous year (£2,119,335) by 10·68 per cent.

The number of rail passenger journeys reached the satisfactory total of 26,276,923, which was 1,822,909 in excess of the previous year's figures, when there was heavy Centennial Exhibition traffic for five months. On the other hand, troop movements and petrol restrictions have contributed substantially towards the figures for 1940-41.

#### FREIGHT TRAFFIC.

During the year new records were set in respect of goods and live-stock tonnage and their freight value to the Department. In both cases new million marks were reached, gross tonnage 8,426,182 tons, and gross freight revenue £7,030,653, eclipsing the previous year's totals by 752,232 tons and £718,375 respectively. An important factor in the general goods increase was the augmented output from New Zealand industries, particularly in coal, manure, lime, and products of agriculture. I regard this result as very gratifying, in that it was achieved notwithstanding the trade disturbance created by the pronounced shortage of shipping.

The net ton-miles covered in the transport of this traffic were also the greatest in the annals of our railways, the figures for the year being 659,724,000 ton-miles, an increase of 13·59 per cent. compared with 1939-40. The aggregate capacity of the goods wagons employed was 309,038 tons, representing an increase of 3·62 per cent. on the 1939-40 figures.

#### WAGES AND OTHER EXPENSES.

The expenditure for the year under review reached a record total of £9,465,574, which exceeded the 1939-40 total by £455,535. The higher expenditure was due primarily to the increased cost of handling the heavier passenger and freight traffic, and to the payment of the cost-of-living allowance granted in common with other Government employees to members of the lower grades.

#### RAILWAY ROAD SERVICES.

Gratifying results attended the operation of the Department's road services during the year, the number of passenger journeys being 7,730,678, an increase of 15·97 per cent. on the preceding year's figures. This, again, is a record, and demonstrates that the Department's enterprise in road transport has met with public appreciation. The net revenue from road passenger and goods services combined was £31,846 this year, compared with £9,260 in 1939-40. Ten road passenger services and eleven road goods services were acquired. The goods services being discontinued after acquisition, a substantial saving of petrol for urgent national requirements was effected. The fleet controlled by the Department at 31st March, 1941, comprised 391 vehicles of various types. Nineteen of these have been fitted with gas-producer units, which have given satisfactory results and effected a considerable saving of petrol. It is intended to similarly equip additional vehicles during the current year.