

Passenger revenue from road operations increased substantially, due to the reinstatement of services curtailed for war reasons and the establishment of new services.

In the case of goods traffic there was a substantial decline in military freight, but this was more than offset by other increases, and both the goods revenue and tonnage constituted new records.

The handling of a record goods tonnage and a number of passenger journeys well above the pre-war years must be considered an outstanding performance when regard is had to the various operating difficulties beyond the control of the Department.

Expenditure for the twelve months amounted to £14,384,844, an increase of £1,124,567, or 8·48 per cent., over last year's figure. The increase is due in the main to two factors: firstly the cost of implementing the decisions of the Government Railways Industrial Tribunal, and secondly to the provision of reserves for deferred maintenance and track renewals. As to the first, the decisions of the Tribunal are estimated to have increased expenditure by £304,500 for the twelve months under review.

As to the second, the position regarding deferred maintenance was that a sum of £410,500 was set aside in the year 1943–44. At the end of the year 1944–45 the position was considered, and it was found that arrears of maintenance overtaken had been balanced by other work deferred. The matter was again considered this year, and it was found that it had been impossible to overtake arrears, and that further maintenance work which would ordinarily have been carried out during the year had been deferred. Provision of a further sum of £246,000 was made to meet this position. This amount is credited to the General Reserve.

A further item of increase in expenditure is the increased contribution to the reserve for track renewals of £241,989. The rate of annual contribution to this reserve had remained unchanged since 1931, and increased provision was necessary to meet the rising level of wages and materials, the provision of heavier rails, and the additional mileage of track now operated.

The net revenue of £1,060,003 shows a decrease of £139,470, or 11·63 per cent., compared with 1944–45, the net return on average capital being 1·47 per cent., compared with 1·69 per cent.

### COAL POSITION

The coal-supply has continued to be a source of constant difficulty throughout the year, and restrictions on passenger services have had to be maintained. The total quantity of coal consumed increased from 576,926 tons to 610,086 tons, although over 80 per cent. of the increase was in soft coal.

Arising out of the difficult position regarding coal-supplies, investigation has been made into the possibilities of the use of oil fuel for locomotives. From the operating viewpoint there is no doubt that the present fuel cost per locomotive mile of an oil-burning locomotive would be in excess of that for a coal-burning locomotive. However, arrangements have been made for two locomotives to be converted for test purposes, and these should be ready for operation at about the end of the year.