

It will be observed that the accumulated fund is only £34,219 in excess of the aggregate amount of the total State subsidy, £550,000. The liability of the fund to its contributors in respect of contributions received amounts to £917,154, so that the accumulated fund is £332,935 short of the amount of members' contributions. At the 31st March, 1923, the amount of liability in respect of beneficiaries already on the fund was £163,387, while the annual contributions from members amounted to £128,937, leaving a deficit of £34,450. This deficit is (as shown above) met by absorbing fines and donations, £577; interest on investments, £26,175; and £7,698 of the annual Government subsidy.

It will therefore be seen that the fund is not in a position to bear any additional liabilities, and every demand having for its object the increasing of the benefits already provided for by Act of Parliament must be subjected to most careful scrutiny, the stability of the fund being of paramount importance to every contributor and beneficiary.

MOTOR TRAINS.

The Department has conducted experiments with two types of motor carriages, but neither proved suitable for the work required of it. Experiments in other countries have been carefully watched, and evidence is now available which indicates that a vehicle which may prove satisfactory for our work has been evolved in Australia. The Department is in communication with the Australian Railway authorities regarding the matter, and it is proposed, if the information received is sufficiently encouraging, to obtain one or more of the motor-trucks and try them out on the New Zealand lines.

GENERAL.

Allowing for interest at the policy rate of $3\frac{3}{4}$ per cent. the years operations resulted in a deficit of £284,385. This represents a material improvement on the results for the year ended 31st March, 1922, which showed a deficiency of £1,021,156.

The improved position is the direct result of the close adherence to the policy of rigid economy brought into operation in July, 1921, from which satisfactory results have been obtained, as evidenced by the reduction of £735,230 in the working-costs for the year.

Without taking interest charges into consideration the working expenditure for the year on the Whangarei Section exceeded the total revenue by £18,622, on the Nelson Section by £6,952, and the Lake Wakatipu service by £4,749; while the net returns from the Kaihu, Gisborne, South Island main line and branches, Westland and Picton Sections fell short of the amounts required to pay interest charges on the capital invested.

Allowing for interest at the policy rate of $3\frac{3}{4}$ per cent. the loss on the Whangarei Section was £52,311; Kaihu, £3,496; Gisborne, £21,696; South Island main lines, £350,495; Westland, £67,936; Nelson, £23,633; Picton, £24,109; Lake Wakatipu steamers, £6,410. The North Island main line and branches and the Westport Section yielded a profit of £270,515 over the policy rate: the difference between this sum and the losses on the other Sections, together with interest on stores and materials on hand, represents the total deficit of £284,385 for the year.

The following is a statement showing the results of operating a number of the branch lines in the North and South Islands respectively:—

Branch.	Revenue.	Loss on Working.	Loss Including Interest.
	£	£	£
Waiuku .. .. .	..	743	6,931
Waitara .. .. .	..	2,398	3,334
Toko .. .. .	..	4,399	31,051
Foxton	119	..	1,168
Greytown .. .. .	..	2,200	2,577
Cheviot	5	..	13,086
Oxford-Eyreton .. .. .	..	4,442	10,123
Little River .. .. .	..	18,890	22,985
Whitecliffs .. .. .	..	3,267	4,203
Methven	1,486	..	1,322
Mount Somers .. .. .	..	1,442	3,756
Waimate .. .. .	..	4,611	6,509
Kurow .. .. .	..	11,399	16,456
Ngapara .. .. .	..	2,135	8,388
Waihemo .. .. .	..	1,431	2,679
Otago Central	6,223	..	47,584
Lawrence .. .. .	..	5,805	17,219
Tapanui .. .. .	..	4,936	9,590
Waikaka .. .. .	..	1,082	3,643
Switzers .. .. .	..	2,135	4,137
Glenham .. .. .	..	4,531	7,612
Seaward Bush	1,463	..	5,479
Forest Hill .. .. .	..	2,234	3,105
Mararoa .. .. .	..	610	1,635
Totals	£9,296	£78,690	£234,572