

1925.

NEW ZEALAND.

RAILWAYS STATEMENT

BY THE MINISTER OF RAILWAYS, HON. J. G. COATES.

MR. SPEAKER,—

I have pleasure in presenting the Railways Statement for the year ended 31st March, 1925.

The net revenue amounted to £1,567,108, equal to 3·55 per cent. on the capital invested in lines opened for traffic. Taking into consideration the extraordinary circumstances that prevailed, and the exceptional demands that had to be met during the financial year, the results are, in my opinion, very satisfactory. The complete cessation of operations for eight days, as the result of the disagreement with one section of the railway employees, resulted in a loss estimated at £150,000. Increased contributions to the Government Railways Superannuation Fund amounted to £80,000. The infantile-paralysis epidemic adversely affected the Department's revenue during the summer months, and was responsible for a loss of about £100,000. It will be observed, however, that the returns from goods traffic showed much improvement over the previous year. I have dealt more fully with that aspect in my remarks in connection with the Commercial Branch.

RAILWAY FINANCES AND ACCOUNTING.

The most important changes in policy given effect to were the creation of a special Railway Fund, and the general reorganization of the Department's financial and accounting systems. These changes were outlined in my previous Statement, and were brought into operation as from the 1st April, 1925. Every possible care was taken to ensure successful and smooth working in their inauguration. The best expert advice was obtained from officers of the Treasury, Public Service Commissioner's, and Railway Departments. The policy adopted was the result of their unanimous approval, and was subsequently confirmed by the Royal Commissioners—Sir Sam Fay and Sir Vincent Raven—who thoroughly investigated the operations of the New Zealand Railways towards the end of last year.

Under this policy the Department will have full control of its own funds. It will be called upon to pay the average interest on capital expenditure, make provision for depreciation, renewals fund, insurance, and charges for repairing slips and flood damage. The Department will have also to pay the Government annual contributions to the Railway Superannuation Fund, and generally meet all its obligations, but, on the other hand, will be recouped for services rendered as far as may be practicable. The steps taken will not lessen the present parliamentary control.

The policy will be to manage the railways so that the receipts will be sufficient to meet working-expenses, interest on capital, reserves and sinking funds. Surpluses will be devoted to improving services, reducing freights, &c., and deficits will be met by taking steps to improve the financial results in the directions indicated by the statistical data compiled.