

# ANNUAL REPORT OF THE BOARD OF MANAGEMENT OF THE NEW ZEALAND GOVERNMENT RAILWAYS.

The Hon. the Minister of Railways.

New Zealand Government Railways,  
Head Office, Wellington, 31st July, 1926.

SIR,—

We have the honour to report on the working of the railways for the financial year ended 31st March, 1926.

The gross receipts for the year exclusive of the subsidy for branch lines amounted to £8,101,221 as against £7,276,761 for the previous year. It is interesting to note that since 1900 the revenue has increased fivefold, the figures at five year intervals being as follows:—

								£
1900	..	..	..	..	..	..	..	1,623,891
1901	..	..	..	..	..	..	..	1,727,236
1906	..	..	..	..	..	..	..	2,349,704
1911	..	..	..	..	..	..	..	3,494,182
1916	..	..	..	..	..	..	..	4,548,356
1921	..	..	..	..	..	..	..	6,908,531
1926	..	..	..	..	..	..	..	8,101,221

For the year just ended the financial results in round figures are as follows:—

<i>Revenue</i> —								£
Actual revenue received	..	..	..	..	..	..	..	8,100,000
Subsidy for branch lines	..	..	..	..	..	..	..	360,000
								<u>£8,460,000</u>
<i>Expenditure</i> —								£
Actual working expenditure (as spent)	..	..	..	..	..	..	..	6,151,000
Placed in renewals, betterments, and accidents reserves funds	..	..	..	..	..	..	..	375,000
Interest ..	..	..	..	..	..	..	..	1,913,000
Surplus ..	..	..	..	..	..	..	..	21,000
								<u>£8,460,000</u>

*Capital Account.*—The capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services on the 31st March, 1926, was £47,608,676, as against £44,570,746 for the previous year, an increase of £3,037,930. This amount includes £1,631,089, construction charges on lines already taken over from the Public Works Department; £845,984 on new works charged against Capital Account under additions to open lines; and £560,857 expended under the Railways Improvement Authorization Act, 1914.

*Receipts and Expenditure.*—The gross receipts for the year amounted to £8,460,762, as against £7,276,761 for the previous year, an increase of £1,184,001.

The gross expenditure for the year amounted to £6,468,428, as against £5,709,652 for the previous year, an increase of £758,776.

The net earnings were £1,992,334, equal to 4·35 per cent. on the capital invested in the lines open for traffic and 3·84 per cent. on the capital invested in the opened and unopened lines.

The percentage earned during the last six years on the capital invested in the opened lines was—

1920–21	..	3·42 per cent.	1923–24	..	3·83 per cent.
1921–22	..	1·07 per cent.	1924–25	..	3·55 per cent.
1922–23	..	3·04 per cent.	1925–26	..	4·35 per cent.

Under the new financial policy outlined in the Board's report on the working of the railways for the year 1924–25 the rate of interest chargeable to the Railways in respect of capital raised under the provision of the Railways Improvement Authorization Act, 1914, was £5 3s. 9d. per cent. and on all other capital money £4 2s. 6d. per cent. Hitherto the Department was expected to meet a policy rate of £3 15s. per cent.

The total amount of interest paid during the year under the new arrangements was £1,913,311. After deducting this amount from the net earnings the year's working shows a surplus of £79,023. Of this sum £58,000 has been placed in the Betterments Fund, leaving a net surplus of £21,023. Interest charges represent a deduction of 4s. 6·27d. from every twenty shillings earned.

The subsidy paid to the Government Railways Superannuation Fund and charged against expenditure was £145,000, as compared with £80,000 the previous year, an increase of £65,000.

The sum of £317,143 has been charged against expenditure and set aside to provide for renewals, insurance, &c.

A short outline of the result of the year's operations as compared with those for the year 1924–25 is shown hereunder.

In comparing results with previous years allowance has to be made for the altered system of accounting. As far as possible the figures for the year 1924–25 have been adjusted to make comparisons, but the details are in many cases only approximately correct.