

Coming to the non-operating aspect of the figures, we find that the net income was equal to 3·45 per cent. on the capital invested in lines open for traffic. The interest charges for the past year totalled £2,331,335, an increase of £200,468 as compared with the figures for the previous year.

The sum charged against revenue for depreciation and provision for renewals was £655,986, and the amount expended from the Depreciation and Renewals Fund was £258,836 for assets written off or renewals effected during the year. The accumulated credit balance in this fund at the 31st March, 1929, was £1,328,020, an increase of £397,150 over the balance at the 31st March, 1928.

The position in regard to the undermentioned equalization funds is as follows :—

—		Credit Balance brought for- ward from 1928.	Contributions, 1928-29.	Expenditure, 1928-29.	Credit Balance at 31st March, 1929.
		£	£	£	£
Slips, Floods, and Accidents Fund	..	26,600	21,504	21,202	26,902
Workers' compensation	.. ..	18,260	44,582	44,344	18,498
Insurance	.. ..	18,129	15,642	8,952	24,819
		62,989	81,728	74,498	70,219

The extension of the railway from Miller's Flat to Roxburgh, which was taken over on the 18th April, 1928, resulted in an increased loss on the total section from Clarkesville to Roxburgh of £10,093. This is included in the credit received on account of developmental lines.

No credit was received in respect of the Waiotira-Kirikopuni and Tahawai-Taneatua lines, which were taken over during the year, and the loss on these two sections was £40,428 and £90,547 respectively, including interest for the period for which the lines were under the control of the Railway Department.

COMPARISONS WITH THE RESULTS OF PREVIOUS YEARS.

The extent to which the accounting and financial reorganization brought into operation on the 1st April, 1925, has affected the annual statement of results and the financial position of the Department is not generally recognized.

If the differentiating factors are not allowed for, erroneous deductions and misleading comparisons may easily be made. This remark applies more particularly to the expenditure shown in the accounts in respect of maintenance of the permanent-way and works and the rolling-stock and equipment.

Under the old system there was no provision for setting aside reserves to meet accrued depreciation or obsolescence, or for equalizing the widely fluctuating expenditure resulting from fire, flood, or accident. The railway accounts were not charged with the cost of subsidies to the Superannuation Fund, and interest was computed at a policy rate, which, at least in later years, was considerably below the actual rate.

The following summary makes a comparison of some of the main items charged against expenses during the four years ended 31st March, 1925, and 31st March, 1929, respectively :—

		Four Years ended 31st March,	
		1929.	1925.
		£	£
Reserves accumulated for renewals and depreciation..	.. ..	1,328,020	..
Reserves against fire, flood, and accident .. ..	.. ..	70,219	..
Old and obsolete rolling-stock and equipment written off	.. ..	415,596	89,435
Superannuation Fund subsidies .. ..	.. ..	706,477	80,000
		<u>£2,520,312</u>	<u>£169,435</u>

In addition to these items the higher rate of interest now payable on capital increased the interest bill by £910,995 in the four years ended in 1929.

The total amount of credit received in respect of the working of non-paying lines in the same period was £1,793,266, or little more than sufficient to meet the additional cost of interest and Superannuation Fund subsidies.

I regard the foregoing as important, as already some public writers have been led to make false deductions regarding the railway situation as a result of their failure to take account of the circumstances mentioned.

EARNINGS.

The income in respect of railway operation under the main headings, and the percentage under each heading to total income, compared with the two previous years is as follows :—

—	1928-29.	Per Cent. of Operating Revenue.	1927-28.	Per Cent. of Operating Revenue.	1926-27.	Per Cent. of Operating Revenue.
	£		£		£	
Passengers, ordinary ..	1,868,048	24·82	1,886,833	25·69	2,045,348	27·56
Season tickets ..	256,699	3·41	258,463	3·52	258,832	3·49
Parcels, luggage, and mails	378,141	5·03	379,933	5·17	377,367	5·08
Goods ..	4,846,125	64·40	4,680,135	63·73	4,596,166	61·91
Labour, demurrage, &c. ..	175,851	2·34	138,481	1·89	145,759	1·96
	<u>7,524,864</u>	<u>100·00</u>	<u>7,343,845</u>	<u>100·00</u>	<u>7,423,472</u>	<u>100·00</u>