

ANNUAL REPORT OF THE GENERAL MANAGER OF THE NEW ZEALAND GOVERNMENT RAILWAYS.

The Hon. the Minister of Railways.

New Zealand Government Railways,
Head Office, Wellington,

SIR,—

9th August, 1930.

I have the honour to report on the working of the railways for the financial year 1929–30.

FINANCIAL.

On the 31st March, 1930, the capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, was £57,787,671, as compared with £56,568,598 on the 31st March, 1929, an increase of £1,219,073.

During the year a material alteration was made in the financial structure of the Department. The Finance Act, 1929, section 20, provides that interest will be charged on the total amount of capital-moneys expended in respect of railways, reduced by the sum of £8,100,000. In terms of this amendment the capital account has not been reduced, but the interest charges have been computed on the total amount less £8,100,000. The credit in respect to the losses incurred in the operation of certain branch lines and isolated sections, which has been allowed since 1925 in calculating the payment to be made to the Railway Account from the Consolidated Fund, was cancelled as from 1st April, 1929, inclusive. The rate of interest on the capital-moneys (other than moneys raised under the Railway Improvement Authorization Act) was increased from $4\frac{1}{2}$ to $4\frac{1}{4}$ per cent. from the 1st April, 1929. An alteration was also made in respect to the Department's liability in connection with the concession rates on agricultural lime and fertilizers, it being decided that the Department should bear half the cost of the railrage charges on agricultural lime up to 100 miles and half the cost of the difference between the rates in force for artificial manures prior to 1926, when the rates on fertilizers were reduced by 40 per cent., and the present rates. Previously the Agricultural Department had reimbursed the Railways Department for the railrage on agricultural lime up to 100 miles, and also for the difference in the cost of the reduction made in 1926 on artificial manures, less £25,000, which was borne by the Railways Department.

	Year ended 31st March, 1930.	Year ended 31st March, 1929.	Increase or Decrease.
Gross revenue	8,288,116	8,249,038	+ 39,078
Gross expenditure	7,358,859	6,849,383	+509,476
Net revenue	929,257	1,399,655	—470,398
Credit for developmental lines	Dr. 8,202	498,937	—507,139
Interest charges	2,132,324	2,331,335	—199,011
Deficit	1,211,269	432,743	+778,526

The effect of the altered financial arrangements has been as follows:—

	1930. £	1929. £
Unrecovered losses on developmental lines	735,993	130,975*
Railways Department's proportion of cost of concession on fertilizers and lime	84,469	25,000
Additional interest due to higher rates (other than interest on moneys expended on developmental lines which is included in the first item above)	36,004	..
Total	856,466	155,975
Deduct interest at $4\frac{1}{4}$ per cent. on £8,100,000	344,250	..
Increase of deficiency as a result of altered financial policy	£512,216	£155,975

The gross earnings for the year were £8,288,116, as against £8,249,038 for the previous year, an increase of £39,078. The gross expenditure totalled £7,358,859, an increase of £509,476, or 7.44 per cent. on the figures for the previous year, while the interest charges were £2,132,324, leaving a deficiency on the year's operations of £1,203,067, to which must be added the sum of £8,202, an adjustment of the branch-line debit for 1929, making a total deficit for the year of £1,211,269.

It will be seen that the factors covered by the statement set out above account for an increase of deficit on account of revenue and expenditure of £356,241 as compared with last year, leaving the sum of £422,285 to be accounted for by other factors.

* Loss on account of East Coast Railway and Kirikopuni line for which credit was not received.