

The decrease in expenditure was principally under the following headings :—

	£
Wages and expenses .. .. .	336
Fuel .. .. .	208
Stores .. .. .	232
Repairs, steamers .. .. .	2,259
Repairs, wharves .. .. .	975

The steamer mileage decreased from 27,810 in 1930 to 26,124 in 1931.

In my previous two reports I have dealt fully with the position regarding this service, and from the results obtained during the past year it is evident that any increase in capital by way of purchasing a new steamer to replace the "Mountaineer" and "Ben Lomond" would only result in increased loss.

The Royal Commission on Railways, which investigated this service, considered that, provided the road from Kingston to Queenstown was not further proceeded with, the purchase of a new steamer would be justified.

Prior to the review by the Royal Commission the Department had reviewed this service and submitted proposals for an adjustment of rates with a view to reducing the loss. Discussions took place with representatives of local interests and the matter became complicated by the question of the completion of the road between Kingston and Queenstown which was commenced, as I understand, as an unemployed-relief work. Eventually the matter of the Queenstown Borough Council taking over the services came into the discussions, but up to the present finality has not been reached.

There is no doubt that the business offering cannot support two systems of transport—indeed it can scarcely support one on an economic basis—and, as reports indicate that local interests intend to agitate strenuously for the completion of the road, it can certainly not be expected that further capital expenditure should be incurred on the Lake steamer service.

#### DEPARTMENTAL DWELLINGS.

	1931.	1930.	Variation.	
	£	£	Amount.	Per Cent.
Revenue .. .. .	116,256	109,649	+6,607	6·03
Expenditure .. .. .	178,410	187,816	—9,406	5·01
Net loss .. .. .	<u>£62,154</u>	<u>£78,167</u>	<u>—£16,013</u>	<u>20·49</u>

#### REVENUE.

The carrying-out of the recommendation of the Royal Commission to increase rentals, which took effect from 1st February, increased the revenue by approximately £6,000. The remainder of the increase is due to a small increase in the number of houses.

The average rental per dwelling per annum for the past two years was—1931, £32 1s. 3d. ; 1930, £30 6s. 6d.

#### EXPENDITURE.

The following is an analysis of the dwellings expenditure :—

	1931.		1930.		Total Variation.	Variation per Dwelling.
	Total.	Per Dwelling.	Total.	Per Dwelling.		
	£	£ s. d.	£	£ s. d.	£	£ s. d.
Maintenance ..	47,647	13 2 10	62,376	17 5 1	—14,729	—4 2 3
Depreciation ..	37,340	10 5 11	36,434	10 1 6	+ 906	+0 4 5
Interest ..	88,522	24 8 3	84,224	23 5 10	+ 4,298	+1 2 5
Insurance ..	4,901	1 7 0	4,782	1 6 5	+ 119	+0 0 7
	<u>178,410</u>	<u>49 4 0</u>	<u>187,816</u>	<u>51 18 10</u>	<u>— 9,406</u>	<u>—2 14 10</u>

Maintenance-costs were cut to the lowest possible figure, owing to the need for economy, and the reduction under this heading totalled £14,729.

Interest charges increased by £4,298, due to the raising of the rate from £4 2s. 6d. to £4 5s. per cent.

#### SICK BENEFIT FUND.

The operations of the New Zealand Government Railway Employees' Sick Benefit Fund for the past year shows a surplus of £4,545, as compared with a loss of £644 last year, when the influenza epidemic in the winter of 1929 threw a heavy strain on the fund. The receipts totalled £29,566, including the annual subsidy of £8,000, and sick-benefit payments amounted to £25,021. The total membership on 31st March, 1931, was 12,230, as compared with 13,290 on 31st March, 1930, a decrease of 1,060, which decrease is due to reductions in the number of staff employed.