

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

New Zealand Government Railways Department,
Head Office, Wellington, 31st July, 1939.

The Hon. the MINISTER OF RAILWAYS.

SIR,—

I have the honour to submit my report on the working of the New Zealand Railways for the financial year ended 31st March, 1939.

WORKING RESULT (Whole Undertaking).

	Budget Estimate, 1939.	Actual.		Variation 1939 with 1938.	
		1939.	1938.		
Revenue	£9,211,605	£9,345,387	£8,634,186	+£711,201	8·24
Expenditure	£8,706,207	£8,644,324	£8,001,389	+£642,935	8·04
Net revenue	£505,398	£701,063	£632,797	+£68,266	10·79
Return on capital, per cent. .. .	..	1·23	1·15	+ 0·08	6·96
Interest charges .. .. .	..	£2,418,116	£2,335,808	+£82,607	3·54
Excess of interest charges (at 4½ per cent.) over net revenue .. .	..	£1,717,053	£1,703,011	+£14,042	0·82

The net revenue for the year amounted to £701,063, compared with £632,797 last year, an increase of £68,266 (10·79 per cent.).

Revenue.—The gross revenue reached a new high level of £9,345,387, eclipsing the previous record figure established last year by no less a sum than £711,201 (8·24 per cent.) and maintaining the progressive gain in earnings which has been so marked a feature of railway working since 1935.

As from 11th December, 1938, a general 10-per-cent. increase in passenger-fares and freight rates was imposed in order to offset rising wages and other costs, and the revenue during the last four periods of the financial year benefited as a result. No allowance was made in the Budget estimate shown above for an increase in rates and fares, the additional revenue from this source amounting to approximately £220,000.

Expenditure.—The expenditure for the year amounted to £8,644,324, an increase of £642,935, or 8·04 per cent., when compared with the year 1937–38. Of the increase, wages-costs accounted for £352,625, of which sum £160,000 represents the cost of concessions granted to the staff, while the remainder, £192,625, is due to the increased wages-cost of handling increased traffic, expansion of subsidiary services, and additional maintenance expenditure. No major alteration to wage rates was made during the year. Other items of increased expenditure were—coal, £42,977; other materials, £153,356; increase in subsidiary service expenditure due to expansion of facilities (other than wages and material), £70,473; and miscellaneous expenditure, £23,504.

Detailed comment on the variations in revenue and expenditure will be made later in this report under appropriate headings.

CAPITAL ACCOUNT.

On the 31st March, 1939, the capital invested in the lines open for traffic, including the steamers and plant on Lake Wakatipu and other subsidiary services, was £58,676,608. This represents an increase of £2,611,421 as compared with the previous year.

The principal additions to capital during the year were on account of the following major works:—

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Improvements and additions to rolling-stock	1,330,077
Improvements to stations and miscellaneous works	29,474
Extensions and improvements to station yards	26,420
Additions to workshops buildings	98,015
Additions to workshops and locomotive depot machinery and plant	84,962
Construction, purchase, and improvements to dwellings	144,239
Stratford-Okahukura automatic and power signalling	25,315
Wellington new station and yard	64,630
Christchurch new station and yard	41,180
Purchase of road services	197,205
Papakura-Horotiu duplication	138,817
Plimmerton-Paekakariki duplication	25,535
Wellington-Paekakariki electrification	39,476
Turakina-Okoia deviation	119,396
Palmerston North deviation	36,922
St. Leonards-Sawyers Bay duplication	34,657
Miscellaneous grade easements	20,472
Elimination of level crossings	22,170
Road services, garages, and depots	76,348