

The total quantity of coal consumed decreased from 610,086 tons to 593,831 tons. During the year, 35,498 tons of coal were imported from United States of America and Canada to supplement local supplies. Although the cost of this coal was considerably higher per ton than that of New Zealand coal, the importations were necessary to keep the traffic moving.

Following successful trials, two oil-burning locomotives were put into service late in 1946 and have been running between Paekakariki and Taumarunui mainly on express passenger and goods trains. The actual operation of these oil-burning locomotives has proved entirely satisfactory, and while the fuel running-costs are a good deal higher than for New Zealand coal operation, they are considerably lower than when using American coal.

The work of conversion to oil-burners is being proceeded with, and by the end of March, 1948, it is anticipated that twenty-eight should be in traffic.

ROAD SERVICES

One of the outstanding features of operations during recent years has been the phenomenal growth of the railway road services. During the war the petrol and tire restrictions retarded progress, and even more recently the difficult vehicle position has prevented the operation of extended and new services.

Despite these limitations on vehicle mileage, passenger journeys have continued to grow steadily until this year they reached the record figure of 20,364,278. This figure may be compared with the figure of 28,869,135 for all rail passenger journeys. While the rail figures are, of course, affected by the coal position and the road figures contain far more short-distance traffic, nevertheless the comparison indicates the growth of road passenger transport under the Department's operation.

A comparison of last year's figures for road goods and passengers with those for 1939 is illuminating. In 1939 the total revenue was £505,612, while in 1947 it was £1,555,686 ; in 1939 the vehicle mileage totalled 8,632,807, while in 1947 the figure is 17,144,390 ; and in 1939 the number of passenger journeys was 5,732,282, and in 1947, 20,364,278.

With new vehicles and bodies now coming to hand more rapidly, further expansions in this important branch of the service can be confidently forecast.

PROSPECTS

Following upon a review of the results for the year and of the prospects for the coming year, the question of whether or not rates and fares should be increased was given serious consideration.

Estimates of probable income and expenditure for the year ending 31st March, 1948, indicate that without any increase in rates and fares there would be an operating loss of £1,800,000.

The question is whether this loss should be made good from the Consolidated Fund or whether it should be recovered in the form of increases in rates and fares, having regard all the while to the interests of stabilization.