

I would like to point out here that, in assessing the effectiveness of the administration of the railways and their use-value, it is necessary to remember that it is a great public utility, and the usual tests of commercial efficiency therefore do not wholly apply. In other words, it is necessary to ascertain the quantum of service in relation to real expenditure, and to measure whether there has been a prudent use of the man-power, rolling-stock, and raw materials that are involved in producing the service. There are a number of statistical measures by which this can be ascertained. We can compare the number of staff employed, the wages paid, and the man-hours worked in relation to the volume of traffic. This enables a fairly accurate estimate to be made of the real factors affecting efficiency. We can compare in each year the over-all total man-hours with the total gross ton-miles (all trains), when a statistical unit, a gross ton-mile per hour figure for all trains, is obtained. The efficiency test on this basis is as follows :--

1939.	1940.	1941.	1942.	1943.	1944.	1945.	1946.	1947.	1948.	1949.
53	52	60	62	70	68	63	60	58	60	61

Although this table leaves something to be desired from the statistical point of view, it nevertheless does give a fairly reliable estimate of the physical factors involved. The higher average figures from 1941 to 1945 are due to the carriage of peak military traffic with a reduced staff working longer hours.

Further efficiency factors are shown in the percentage of the net to gross ton-miles (wagons only), which shows a steady increase over the last ten years from 37.2 in 1939 to 39.8 in 1949. Similarly, gross ton-miles per goods train - hour rose from 2,936 in 1939 to 3,612 in 1949. The speed of both passenger and goods trains, an important factor in assessing efficiency, has been steadily maintained, while a slight increase has been recorded in 1949 as compared with 1939. It will be accepted, therefore, that, as far as statistics can reveal, the general measure of efficiency of New Zealand's railways has been well maintained over the years.

In presenting this statement regarding the revenue-expenditure position of the railways, I am not unmindful of the vexed question of "making the railways pay." Transport costs enter largely into the cost structure of the whole of the Dominion. Taking into consideration the high volume of traffic carried by the railways, any alterations in fares and freights would have far-reaching effects. It would take a very exhaustive economic survey to reach final conclusions on this point, but I am satisfied that any disturbance of this stabilizing factor in general costs would not be in the public interest and it would tend to nullify the apparent good effect of the exchange-rate adjustment. On account of the social nature of the railways, and the major part they play in providing transport services, they must be the basis of transport co-ordination throughout the country, and steps are being taken to bring about a rationalization of