

Railway operating expenditure decreased by £6,287, notwithstanding increases in wages and better conditions (estimated to cost £30,000) granted to the staff, and an increase of 4 per cent. made in train-mileage in order to provide improved services for the public.

Costs per train-mile were 137·82d. as compared with 143·37d. last year, and decreased costs were also recorded under all other headings, excepting general charges, where an increase of 0·56d. per mile, due to superannuation subsidies, is shown. The loss on the year's working was £99,659. This, after deducting the unappropriated surplus of £21,023 from last year, leaves the deficit at £78,636.

I think it opportune here to draw attention to the fact that the old method of assessing progress by making year-to-year comparisons, whilst suiting fairly well when there was no vital railway change occurring either in system or outlook, cannot be applied with any accurate effect in the midst of a comprehensive reorganization period. We must look for results and apply analysis over a longer term. The recommendations made by the Fay-Raven Commission and adopted by the Government took account of the railway building and improvement programme contained in my special statement on the subject presented in 1924. Generally speaking, the putting into effect of that programme and of those recommendations is well advanced. The opinion of the Commissioners was that by 1934-35—about seven years from now—the capital investments in railways would have advanced to £70,000,000, and (through the reduction in operating expenditure made possible by the improvements, and the natural increase of traffic) an annual interest return of 4·59 per cent. could thereafter be earned.

Taking into account the progress already made and the benefits to accrue from the completion of works now under way, I believe that the results anticipated will be achieved.

THE ROYAL VISIT.

Their Royal Highnesses the Duke and Duchess of York arrived at Auckland on the 22nd February, and travelled extensively by rail throughout their tour of New Zealand. The itinerary involved approximately 1,700 miles of railway travelling and 400 miles by motor-car. Their Royal Highnesses rejoined the "Renown" at Bluff on the 22nd March, and before leaving New Zealand His Royal Highness expressed appreciation of the services rendered by all members of the Service. The running of the Royal train and other services in connection therewith entailed much thought and preparation, and the success of the tour reflected much credit upon the officers and members of the staff concerned.

IMPRESSIONS FROM ABROAD.

Although time for railway investigation was strictly limited during my visit to England last year to attend the Imperial Conference, I took the opportunities offered to glean information with regard to the systems I passed over in the United States of America, the great national system of Canada, and the leading railways of Great Britain. In all these countries the effect of competition, in some form or other, is exercising the minds of the management, and probably their most difficult problem is to cope with the ever-increasing motor transport. It would, of course, be idle to say that there is nothing to learn from the railways of other countries. To go fully into the ramifications of a huge railway concern, employing staffs in some cases of over a quarter of a million, provides unending opportunity of appreciating what sound organization and business ability can achieve. The general organization of these large systems provides one with guidance regarding the best method to adopt in a young and rapidly developing country like New Zealand, and the impressions gained from personal inquiry in Canada and the United States leave no doubt in my mind that the system of executive management and divisional control, contemplated as the outcome of the recommendations of the Fay-Raven Royal Commission, will be just as successful in New Zealand as in those countries that have been able definitely to prove its value.

When it is remembered that the system was, of necessity, superimposed on the old order until such time as the essential changes could be brought gradually into effect, there is no doubt that very good work has been done. The initial steps have