

of traffic sufficient to cover direct operating-expenses, but insufficient to cover the fixed charges for maintenance of the tracks and interest on capital, the latter item being responsible for 75 per cent. of the loss.

The railway accounts, as now published, give a complete statement of the position, showing the total capital investment, the capital liability and the sources from which the money was obtained, the total railway earnings, the total railway expenses including the provision made for depreciation, and the amount by which the railways are credited for developmental services, and the lines in respect of which the credit is allowed.

Similar information is published in respect of all subsidiary undertakings controlled by the railway management.

Complete statistical and cost data are also published, enabling comparisons to be made with the railways of other countries. In respect both of its published accounts and internal accounting and costing systems, I believe the New Zealand railways now compare favourably with any railway system in the world.

TARIFF.

The question of railway rates and fares was one very intimately concerning the general re-organization of the service.

In view of the financial position of the Department in 1924, it was clear that there was no margin for a general reduction in rates. An amended tariff was therefore framed without making any material alteration to the classified rates and fares. It was, however, decided to remove anomalies wherever possible, to cancel concessions no longer required, and to make certain adjustments in rates where it was found that a more equitable distribution of the cost of transport was possible. No comprehensive revision of the tariff had been made since 1913, and, in order to cultivate a closer understanding between the Department and its clients, I arranged for the proposed changes to be submitted to, and freely discussed with, Chambers of Commerce and other interested bodies before submitting the proposals to Cabinet for final consideration. This policy had not been adopted on any previous occasion, and I am pleased to say it brought about a closer relationship and fuller appreciation from every viewpoint. Moreover, it enabled the many intricate questions to be amicably settled.

To combat the severe road competition which has developed since the issue of the tariff in 1925, local rates have been provided (in areas where opposition services were making substantial inroads on the Department's revenue) in order to hold or regain the traffic to rail transport.

Attention is now being devoted to effecting a greater degree of co-ordination between road and rail. This matter is dealt with more fully elsewhere in this report.

TRAIN SERVICES.

During my term as Minister of Railways the whole of the train services in the Dominion have been reorganized and many new features introduced. Among the many improvements the following may be touched on :—

Night Expresses.—Night limited expresses between Wellington and Auckland, with provision of sleeping-accommodation much in advance of the previous standard, were introduced. These proved such an unqualified success that a system of night expresses was introduced last June in the South Island. These night expresses have proved an inestimable boon to the business community.

Acceleration of Passenger-trains.—With the object of improving communication with the main centres and making long-distance journeys more attractive, special attention was given to district trains connecting country districts with business centres. Where practicable to do so, "mixed" trains were replaced by "passenger" trains. Particular instances are: Wanganui—New Plymouth, Wanganui—Marton (to connect with the Auckland—Wellington expresses), Palmerston North—Napier, Rotorua—Auckland, Frankton—Auckland, Ashburton—Christchurch, Ashburton—Timaru, and Christchurch—Parnassus.

In addition there was a general acceleration of express, mail, and mixed services.

Night Express Goods-trains between the Main Centres.—Express goods trains between Wellington and Auckland, and between Christchurch—Dunedin and Invercargill, were provided, and the large measure of support afforded to these trains by the various business interests is an indication of their popularity.

Accelerated Transit of Live-stock to Freezing-works, &c.—Night stock-trains have been introduced in many areas to provide expeditious and cool transit for live-stock. Notable examples of these are the night stock-trains provided in the Wanganui—New Plymouth and the Whangarei—Auckland districts.

Increased Train Services for the Travelling Public.—Better service to the travelling public and improved operation are indicated by the following figures: The train-miles run have increased from 8,300,000 in 1923 to 10,800,000 in 1928; in 1923 the operating-cost was 13s. 2s. per train-mile, whereas to-day the cost is only 11s. 8d. per train-mile.

Locomotive Operating Efficiency.—Locomotive operating methods have been thoroughly overhauled with satisfactory results. The annual engine-mileage averaged 22,294 per engine for the last financial year, as compared with 20,528 in 1926.

Train-control.—A higher degree of operating efficiency has been obtained by introducing train-control methods in the congested areas in New Zealand, covering 300 miles at present, and with a further extension in view in the near future. The economic and operating benefits obtained have fully justified the innovation.

Statistical Information.—A statistical system covering a very wide field, and reflecting at a glance the position of practically every phase of the Department's operations, has been developed, thus enabling the administrative officers of the Department to keep in close touch with the various activities and to detect immediately the necessity for the application of remedial measures.