

have not arrived at the time for which loading was made. The difficulties associated with shipping are felt in New Zealand to a degree not generally experienced in other countries. This is due to the relatively large number of ports dotted along our coast, and the high proportion of the total quantity of rolling-stock that is engaged in connection with shipping traffic.

Such occurrences as bad weather, delay in working of ships in ports, also retard the turnover of wagons.

All these shocks, however, the Department is expected to absorb, and does so to the best of its ability. In times of stress we do not hesitate to put on special train services at short notice to facilitate the transfer of rolling-stock to points where it is most needed, while in mapping out our rolling-stock programme from year to year we are constantly aiming to improve the supply of vehicles of the types most required. As I have remarked elsewhere, our ability to augment our stock is almost invariably limited by the amount of finance that can be made available to us.

It will be seen, therefore, that the conditions which give rise to difficulties regarding the supply of rolling-stock during periods of shortage are almost wholly beyond the control of the Department. I feel sure that, having regard to the circumstances, more particularly the violent variation in the traffic as indicated in the graph, the business is carried on with a minimum of inconvenience that on an impartial review of the situation may well be claimed to be creditable to the Department.

### REGULATION OF TRANSPORT.

As I have already indicated in this report, we find ourselves, in connection with the increasing of our business to make good the present financial deficiencies, faced with serious difficulties, the chief of which is, of course, the unregulated competition of road motor-vehicles. These services start with the great advantage of having a road provided for them, a circumstance which has no counterpart in connection with railways. Large sums of money are being spent on the improvement of roads paralleling the railway, thus making increasingly possible the competition of road services with the railways. To the extent that this is being done the country is duplicating, and in some cases (as when sea transport also exists) triplicating, the means of transport. More especially in a country such as New Zealand, where the railways are the property of the community, this raises a definite question as to whether it is in the interests of the community that this should continue. If the community by the expenditure of money on a new facility depreciates an existing one, then on any adequate review of the situation such depreciation should be taken into account and provided for. True, the community may prefer road transport to rail transport even at the expense of duplication; but the money invested in the railways has to be provided for, and the two services have inevitably to be paid for though only one is used. The difficulty arises largely from the fact that the responsibility is communal, while the advantage is largely individual. Individuals desirous of running, or taking advantage of, motor services clamour for improved roads to be provided by the community, while the benefit is reaped by comparatively few. It must be remembered that the railways are still an indispensable factor in our transport system. It would not only be a physical impossibility for road services to cope with the whole of the traffic, either passenger or goods, but it would be an economic impossibility also. This will be quite clear from a consideration of the fact that the average revenue per ton-mile necessary to have covered all railway charges last year would have been only 2·86d. (without the necessity even for a credit on account of developmental lines). Obviously road services could not produce the necessary transport at that price. As the figures show, the competition by road services is confined to the more highly rated commodities. The net result of this is to weaken the position of the railways from the point of view both of service and price, and the community as a whole suffers. Nor is the competition of road services on a basis of equity or economic soundness. As already mentioned, the road hauliers start with a road already provided; they skim the cream of the traffic, having a scope for choice of what they will transport that is incomparably wider than that which exists in the case of the railways; and they have a power of differential treatment that has an immense influence on their power to secure traffic by bargaining, and which is almost entirely absent in the case of the railways.

There is no doubt that much of the motor competition with the railways is not on an economic basis. We are repeatedly coming across cases where prices are quoted by motor-lorry owners that cannot possibly be remunerative if all costs are taken into account. There are a large number of owner-drivers operating on our roads who have had no business training whatever, and it is not surprising, therefore, to find that their operations show little evidence of capacity to see ahead and calculate in a businesslike way what prices they can afford to charge. It may be replied that these people will inevitably drop out. So they do; but not only does the supply seem to be inexhaustible, but during the course of their career they do an infinite amount of harm, and they enable the individuals who make use of their services to get an advantage at the expense of the community, which not only pays through the expenditure on road repairs and deficiencies on the railways, but has also in the long-run to bear the losses arising out of insolvency of individual enterprises (a factor too apt to be overlooked).

It was inevitable that the rapid development of road motor traction that has taken place should have a very disturbing effect on the transport industry. As in the case of every new thing of this kind, it was nurtured in its infancy by propaganda. Its principal competitor, the railways, was depreciated to an exaggerated degree, and the "infant" was just as extravagantly and undeservedly extolled. Railways were talked of as a thing of the past, an assertion which even a cursory examination of the facts would have shown to be quite unjustifiable. The result was confusion of thought, and an unfortunate degree of competition where a friendly spirit of "get together" would have produced benefits to all concerned of a more real and lasting character. There are not wanting signs that improvement is taking place in both these aspects, but the process of stabilization by "natural forces" is likely to be a long and painful one.