

I deal with the question of passenger traffic in relation to competition again later in this report.

Over against the decrease of £130,000 in passenger business must be set an increase in the goods business amounting to £58,000. While the goods increase was insufficient to offset the passenger decrease I think it must be regarded as satisfactory, especially in view of the record in goods business that was established in the previous year. More particularly is this statement justified by reason of the fact that there were special factors operating against our showing an increase in goods business for the past year. Among these factors may be mentioned—

- (1) An abnormally late season for live-stock.
- (2) The drop in wool-prices causing much of the clip to be withheld by the growers.
- (3) The late distribution of fertilizers in the North Island in 1930, as compared with the previous year.
- (4) The loss of revenue on fertilizers and lime traffic owing to the reduction in the proportion of the rebate recovered from the Department of Agriculture as previously mentioned.

With regard to (1)—namely, the late season for live-stock—it is interesting to note that for the first two periods of the year 1930–31 there has been an increase in the sheep carried in the North Island of no less than 123,000 head, and in the South Island 53,000 head, as compared with the previous year. This fully bears out the statement that the live-stock traffic was later in 1930 than in the previous year, and has had the effect of lessening the revenue from this class of traffic for the year under review—namely, 1929–30.

With regard to (2)—namely, the wool traffic—it has been estimated that there are no less than 150,000 bales of wool belonging to the 1930 wool-clip that have not yet been sold. We had a decrease in our wool traffic of approximately 80,000 bales as compared with the previous year, so that had the price factor not entered into the wool business we could confidently have looked for an increase rather than a decrease in this traffic for the year.

With regard to (3)—namely, the distribution of fertilizers—this was, I believe, caused principally by the fact that in the previous year fertilizer companies in the North Island gave a special rebate to farmers who took early delivery of their requirements for autumn sowing. During the year 1929–30 this arrangement did not operate, and this threw deliveries later in the subsequent year. The decrease for the three four-weekly periods ended 1st March, 1930, as compared with the corresponding three periods in the previous year was no less than 54,933 tons in the North Island. Fertilizer traffic is little affected by competition, and I think this fluctuation must be largely ascribed to the reason I have mentioned—namely, to the encouragement that was given to the farmers in the previous year to take early delivery, while no doubt the drop in the price of farm products may have had an adverse effect on the purchasing-power of the farmers.

With regard to (4)—namely, the loss of revenue on the rebate recovered from the Department of Agriculture on account of concession in rates on fertilizers and lime—requires no further comment. It was simply decided that a higher proportion of the debit of this account should be borne by the Railways Department.

Additionally to the above-mentioned factors, I think it may be assumed that the Department could hardly fail to be adversely affected by the general depression that set in during the year. It is, of course, impossible to state in terms of money the extent of this effect, but it can scarcely be doubted that it existed.

EXPENDITURE.

The total expenditure for the year ended 31st March, 1930, was £7,358,859, an increase of £509,476 as compared with the previous year's figures.

	1929–30.	1928–29.	1927–28.
	£	£	£
Expenditure on train operation ..	6,848,026	6,374,579	6,302,119
Subsidiary services ..	510,833	474,804	383,004
	<u>£7,358,859</u>	<u>£6,849,383</u>	<u>£6,685,123</u>

Operating Expenditure.

	1929–30.	Per Cent. of Operating Revenue.	1928–29.	Per Cent. of Operating Revenue.	1927–28.	Per Cent. of Operating Revenue.
	£		£		£	
Maintenance—Way and works	1,146,014	15·33	1,111,229	14·77	1,147,067	15·62
Maintenance—Signals ..	117,577	1·57	112,206	1·49	102,871	1·40
Maintenance—Rolling-stock ..	1,680,919	22·49	1,424,165	18·93	1,380,726	18·80
Examination, lubrication, and lighting of vehicles	82,711	1·11	67,023	0·89	62,512	0·85
Transportation—Locomotive	1,672,498	22·38	1,583,770	21·05	1,599,562	21·78
Transportation—Traffic ..	1,883,918	25·21	1,825,965	24·26	1,760,459	23·97
Head Office and general charges	96,466	1·29	80,943	1·07	75,048	1·02
Superannuation subsidy ..	167,923	2·25	169,278	2·25	173,874	2·37
	<u>6,848,026</u>	<u>91·63</u>	<u>6,374,579</u>	<u>84·71</u>	<u>6,302,119</u>	<u>85·81</u>