

*Traffic Transportation.*

Included under this heading was an increase of £57,953 in expenditure. The principal items going to make up this increase are as follow :—

General superintendence (£7,487) : Included in this item is advertising. We engaged in a fairly extensive advertising campaign last year. We were also involved in additional advertising-expense in connection with the running of many special excursion trains during the year. (I deal with these trains later in this report, and the figures show that they proved quite a remunerative venture to us. The increased expenditure under this heading was therefore amply justified.)

The station expenses show an increase of £44,495. The principal factors contributing to this increase were the introduction of night expresses in the South Island, the opening of the Tauranga Section, the opening of Central Booking-offices in the cities, regrading of positions in the First Division, scale increments due to the staff, more shipping traffic and a greater volume of goods traffic handled, and the running of week-end excursions.

Train expenses show an increase of £8,658, equal to 3·23 per cent. This is more than accounted for by the increase in train-mileage which was 5·61 per cent.

*General Charges.*

There was an increase under this heading of £14,168, equal to 5·66 per cent. The principal items making up this increase are as follow :—

Head Office (increase, £4,452). This was due principally to the fact that the Land Office staff, which was previously attached to the Maintenance Branch, was brought under the Head Office. This does not represent an increase in the total expenditure of the Department, but simply transfers the Land Office expenses from the Maintenance Branch to the Head Office.

Sick-benefit subsidy accounts for an increase of £5,899. The sick-benefit scheme was in operation for only part of the year 1928–29. During the year 1929–30 it was in operation the whole of the year, and the full subsidy for the year was paid. This item calls for no further explanation.

Other charges accounted for an increase of £3,198. This item is generally a reflection of training-school expenses, there being more cadets in training this year than the previous year. There was also some further expense incurred in connection with the installation of additional equipment in the school.

*Subsidiary Services.*

*Subsidiary Service Revenue.*—The revenue from subsidiary services amounted to £814,123, as compared with £724,175 for the previous year, and an analysis of the figures is as follows :—

	1929–30.	1928–29.	1927–28.
	£	£	£
Lake Wakatipu steamers.. ..	11,447	10,941	9,885
Refreshment service .. ..	132,301	123,382	122,220
Advertising service .. ..	53,532	53,984	52,600
Departmental dwellings .. ..	109,649	105,897	93,643
Leases book-stalls, &c. .. ..	21,405	19,455	20,542
Road-motor services .. ..	105,702	102,385	32,487
Miscellaneous .. ..	380,087	308,131	359,748
	<u>£814,123</u>	<u>£724,175</u>	<u>£691,125</u>

*Subsidiary Services Expenditure.*—The particulars of the expenditure in connection with subsidiary services are as follow :—

	1929–30.	1928–29.	1927–28.
	£	£	£
Lake Wakatipu steamers.. ..	18,374	17,425	15,627
Refreshment service .. ..	125,230	116,391	114,644
Advertising service .. ..	53,151	50,720	48,921
Departmental dwellings .. ..	187,816	170,073	162,263
Leases book-stalls, &c. .. ..	9,144	8,483	8,828
Road-motor services .. ..	117,118	111,712	32,721
	<u>£510,833</u>	<u>£474,804</u>	<u>£383,004</u>

The principal variation under this heading was in connection with departmental dwellings, which show an increase in expenditure of £17,743, and an increase in revenue of £3,752, giving an increased net loss of £13,991.

There was an increase in the maintenance charges of £7,705½. This was due partly to more ordinary maintenance work having been necessary during the year and partly to the cost of reconditioning the houses after the earthquake on the west coast of the South Island.

Fixed charges accounted for an increase of £10,038, due to additional dwellings having been taken over or constructed during the year.

The road-motor services accounted for an increase in the expenditure of £5,405, with an increase in revenue of £3,317. The excess of the increase in expenditure over the increase in revenue was £2,088. The position on the Napier–Hastings services is the principal cause of this position. As I mentioned in my last annual report, “pirate” services are being carried on by certain taxi-owners in