responsibility for the maintenance and repairs of locomotives and rolling-stock is taken from the Chief Mechanical Engineer and transferred to the District Divisional Superintendent. We consider that it is essential in any control that the Chief Engineer should be responsible for the upkeep and maintenance of the track and all structures, and the Chief Mechanical Engineer for the maintenance of the locomotives and rolling-stock. This could be obtained by having Inspecting Engineers in each Island, attached to the Chief Engineer's office, and reporting direct to him on all matters concerning his department, and similarly Locomotive Inspecting Engineers reporting direct to the Chief Mechanical Engineer.

Your Commission recommends that full district divisional control be established.

(2) Whether the scale of passenger fares is such as to produce the best results, having regard to other competitive forms of transport and all other relevant considerations.

Regulation 2 (Passenger Fares).—There has been a heavy fall in the revenue received from ordinary passenger traffic for the past eight years. For the year 1925–26 the number of ordinary passenger journeys made was 5,318,189 and the revenue £1,511,156, while for 1929–30 only 3,418,775 passenger journeys were made and the revenue was £1,113,802, a decrease of no less than 1,899,414 passenger journeys and £397,354 in revenue. The decrease is caused to a certain extent by the increasing use of private cars. The mobility of both private and service motor-cars, combined with the better services they give in picking up and setting down passengers, puts them in a very advantageous position compared with the railways, although for long-distance travel the railways still holds its own.

In view of the great improvement that has been made and is being made in the roads throughout the Dominion, particularly on the main highways, it is apparent that the diversion of traffic from the railways to the road will continue.

Every endeavour has been made by the Department to avert the fall in passenger traffic by increasing the train services, with a consequent increase in the train-mileage, but without apparent success. Graphs showing the passenger revenue and the passenger train-mileage between 1923 and 1930 are shown on page 71, from which the position can be readily seen.

The following comparative statement shows that the scale of ordinary passenger fares in New Zealand is low in comparison with that in operation elsewhere :—

	First Class, per Mile. d.	Second Class, per Mile. d.	Third Class, per Mile. d.
New Zealand ..	1·85	1·25	..
Britain ..	2·50	2·00	1·50
South Africa ..	2·25	1·50	..
Victoria ..	2·40	1·60	..
New South Wales	2·60	1·75	..
Queensland ..	2·25	1·45	..

Your Commission does not think that any decrease in the existing fares would appreciably improve the short-distance passenger traffic, but we are of opinion that a slight increase might be made in ordinary fares, which would affect individual passengers to a very small extent, but which in the aggregate would substantially increase the revenue obtained from long-distance passenger traffic. We therefore recommend an increase in the ordinary passenger fares of ½d. in the shilling or part of a shilling. It is estimated that this increase would produce additional revenue amounting to £45,000 per annum.

Regulation 4 (Sleeping-berths).—Statement showing earning-capacity of ordinary and sleeping cars, for a journey, say, from Wellington to Auckland :—

	£	s.	d.	£	s.	d.
Ordinary car, capacity thirty-two passengers at £3 5s. 4d. each ..				104	10	8
"Special" sleeping-car, capacity sixteen passengers at £3 5s. 4d. each	52	5	4			
Sixteen passengers at £1 (sleeping-berth fee)	16	0	0			
				68	5	4
"Ordinary" sleeping-car, capacity eighteen passengers at £3 5s. 4d. each	58	16	0			
Eighteen passengers at 12s. 6d. (sleeping-berth fee) ..	11	5	0			
				70	1	0