

However, your Commission is of the opinion that it is essential that motor transport, particularly that engaged in freight service, be licensed, regulated, and controlled by a properly constituted authority, which would require to take all factors into consideration before licenses are granted. The effect of existing competition between railway and road is to increase the cost of transporting primary products and the lower-class goods, which usually are not carried by motor transport, and to reduce the costs on higher-rated goods and on general merchandise. The average railway rate on goods carried last year was 2.32d. per ton per mile. This is much lower than is possible by motor transport.

Owing to the loss in railway revenue from goods and passenger traffic, the average rate on goods carried will have to be increased, and, as the great bulk of the traffic is primary products and low-rated commodities, the increase will fall on them. The diversion of passenger traffic from the railway to the motor-vehicle has caused a large and continued decrease in passenger revenue, and will have the effect of materially increasing the goods rates, if losses are to be arrested.

It is uneconomic and most inadvisable that the cost of transporting primary products or of materials necessary for their production should be forced upwards, and is against the interests of the Dominion; but if motor transport is permitted full scope in all districts, without restriction, the effect will be to increase the total cost of transport and cause economic loss.

Under some conditions it is apparent that motor transport on all classes of goods will be more economical than railway transport, and should be permitted and encouraged; but in view of the fact that trunk railways are necessary for connecting distant centres and for the carriage of passengers and all classes of goods between them, as well as for the development of the Dominion, the folly of allowing unrestricted motor transport along these routes, which is, on the whole, more economically given by the railways must be apparent, and should, in our opinion, be permitted only in cases where it can be shown to be warranted.

For the purpose of co-ordinating rail and motor services it will be necessary to introduce legislation to provide for the establishment of a suitable authority to make regulations for the license, control, and regulation of motor transport throughout the Dominion. We recommend that consideration be given to the question of enacting the necessary legislation.

(19) Generally to review the administration and financial position of the Government Railways Department and to recommend what, if any, steps might be taken to secure a proper balance of economy, efficiency, and satisfactory service.

Administration.—The present administration of the Department is under the Government Railways Act, 1926, and amendments, and by the Legislature of the Dominion, and more especially by the Government in power, with the Minister of Railways as the executive officer of the Legislature, whilst the General Manager of Railways acts under the direction of the Minister.

For the purposes of this report, in so far as it deals with the administration of the railways and covers recommendations to secure a proper balance of economy, efficiency, and satisfactory service, it will be sufficient to consider the Hon. the Minister of Railways as the Ministerial head of the Department.

The position, then, is that the Minister of Railways has vested in him the control of the Department, and not only directs the general policy but takes an active part in the management.

The general administration of the Department is so dependent on the many phases of operation and control that it is deemed advisable to discuss and deal with the position under different headings.

Construction of New Lines.—The construction of new lines of railway is decided by the policy of the Legislature, and the Department is not usually consulted or called upon to advise as to whether or not a line should be constructed, or, if constructed, whether the line can be profitably and economically worked. It has been stated in evidence before your Commission that, having regard to the high cost of construction and also to the question of revenue resulting from the construction of new lines, that during the past fifteen years, with the exception of short