

*Revenue.*—An analysis of receipts discloses the following variations :—

|                     | 1932.   | 1931.    | Variation. |           |
|---------------------|---------|----------|------------|-----------|
|                     |         |          | Amount.    | Per Cent. |
|                     | £       | £        | £          |           |
| Dining-rooms .. ..  | 13,267  | 20,865   | — 7,598    | 36·42     |
| Counter-rooms .. .. | 66,497  | 93,225   | — 26,728   | 28·67     |
| Miscellaneous .. .. | 2,470   | 2,575    | — 105      | 4·08      |
| Totals .. ..        | £82,234 | £116,665 | —£34,431   | 29·51     |

The decrease in revenue is a reflection of the decline in passenger traffic. The number of meals served in dining-rooms decreased from 170,122 in 1931 to 115,660 in 1932.

In view of the decline in receipts, every effort was made to reduce expenditure during the year, and it is satisfactory to note that a reduction of 28·92 per cent. was made under this heading.

The expenditure figures for this Branch include the amount debited for rent of rooms, railage on stores, and interest on capital employed in the business, which totals £13,806.

The total financial benefit which accrued to the Department from the operations of the Refreshment Branch totalled £15,487.

The number of cushions hired during the year totalled 81,797, compared with 109,626 in the previous year. The decrease is due to the decline in passenger traffic.

The Board made a careful investigation into the working of this Branch both from the point of view of necessary or desirable service to railway travellers and from the point of view of financial results. The Board found that, generally speaking, the provision of set meals did not afford a remunerative return to the Department. Prior to the Board's taking control the price of set meals had been reduced from 2s. 6d. to 2s., the Board understanding that one of the objects underlying that action was to test out the possibility of increasing the patronage of the dining-rooms at least to an extent that would recoup the Department for the loss of revenue that would be involved in the reduction of price. The Board continued this experiment for what it considered to be a time sufficient to enable a sound judgment to be made, and, on very carefully reviewing the results, it felt bound to come to the conclusion that the object as above mentioned had not been achieved, and that the reduction in price was resulting in a depletion of the Department's revenue without any additional service to the public. The Board therefore reluctantly decided that, in view of the principles which must govern its administration as set out in the statute, it could do no other than reinstate the former price. At a number of the dining-rooms the results are still not very satisfactory from a financial point of view, but the necessities of a reasonable standard of service render it, in the opinion of the Board, impossible to close the rooms. The Board concluded, however, that in the case of the Maungaturoto dining-room the quantum of service that was being given through that room did not justify the loss that was being incurred in keeping it in operation, and the service for set meals at that station was therefore discontinued.

The Board also reviewed the price charged for refreshments at the counter-rooms. It commenced with the definite objective of reducing the charges if that could justifiably be done. As the figures in this statement show, the Branch does not by any means return an excessive profit, and this in itself shows that, unless any reduction in prices would result in a stimulation of business that would more than balance the loss of revenue that would result from that reduction, such a reduction could not be made without jeopardy to the financial return from the Refreshment service. A factor very largely affecting the position was the incidents associated with the service which the Department has to give. Almost the whole of the business is done under conditions which require a very rapid service. Trains can be held at stations for only limited periods, and all the people who desire refreshments are anxious to be served so as to enable them to partake of refreshments with a reasonable amount of comfort during the period of time available to them. If there is any delay in attending to the requirements of the people complaints immediately arise. An adequate staff has, therefore, to be maintained to enable these comparatively short rush periods to be dealt with. This necessarily involves a fair amount of loss for idle time which, under the conditions as existing in connection with this business, is unavoidable. This is a rather important differentiation of the railway business from an ordinary refreshment-room business, and must have an inevitable effect on the position of the branch in relation to price. The Board is emphatic that the standard of service, both as to quality of provisions and otherwise, must be maintained at a high point, and the Board is satisfied that this is being done. It also has felt bound to conclude, as already mentioned, that this standard of service cannot be maintained under present conditions at a lower range of prices than that now operating if a financial loss is to be avoided.

#### ROAD MOTOR SERVICES.

The year's operations resulted in a loss of £2,951, as compared with a loss of £5,842 in the previous year. Details of the loss and fluctuations in revenue and expenditure are set out hereunder :—

|                   | 1931-32. | 1930-31. | Decrease. |
|-------------------|----------|----------|-----------|
|                   | £        | £        | £         |
| Revenue .. ..     | 72,740   | 103,348  | 30,608    |
| Expenditure .. .. | 75,690   | 109,190  | 33,499    |
| Variation .. ..   | —£2,950  | —£5,842  | £2,891    |

It is to be noted that the loss as above tabulated is calculated *after* interest has been debited on the capital invested in the services.