

When the Act came into force in 1932 the stream of fresh and usually unfinancial and unstable entrants was checked, and the positions of those already in the business were examined. With the elimination of some services at the hands of the Licensing Authorities, concurrently with the abandonment of other services as a result of unprofitable operation accentuated by the economic depression, the industry was reduced to something approaching reasonable proportions. Co-ordination of time-tables by the surviving operators, sometimes of their own volition, but usually at the instance of the Licensing Authorities, became effective. The net result was that at 31st March, 1933, after the Act had had its effect on the passenger industry, the number of services had been reduced by 310, and the annual vehicle mileage had been decreased by about 10,000,000 miles. Financially, the industry was in a relatively low state, as is evidenced by the fact that the total profits exceeded the total losses by only £5,159.

During the following year a number of overlapping services were eliminated, while at the same time a number of pioneer services were commenced in the rural areas. These factors were reflected in the figures for the year ended 31st March, 1934. During that year there was an increase in the number of vehicle journeys and passengers carried, but a decrease in the vehicle mileage. The total revenue fell considerably, but this was more than offset by the mileage saved and by the drop in unit-operating costs; largely as a result of some degree of unification of management, together with improvement of road conditions, elimination of competitive expenses and adherence to reasonable speed limits, operating-costs per mile fell from 9·22d. to 8·87d. This drop in unit costs was not effected at the expense of wages or drawings in lieu thereof, which had increased from 2·31d. to 2·38d. per mile—an equivalent of £186 per vehicle—nor was it due to any reduction in the size of the vehicles as a whole; the average seating-capacity per vehicle had increased from 13·4 to 13·5.

The year's operations resulted in a net profit of £38,246. Concurrently, there had been a considerable scaling-down of the over-capitalization of the industry. Before the Act came into force the total capital employed was estimated at £1,500,000. By March, 1933, this had been reduced to approximately £1,350,000, and by March, 1934, to £980,000. The profit for that year represented a return of 3·9 per cent. on the total capital employed. Of the £980,000, approximately £680,000 was represented by the proprietors' capital and reserves, and £300,000 by other liabilities. As interest on the outside liabilities was already provided for, a more appropriate figure would have been the return on the proprietors' capital and reserves, which was 5·6 per cent.

During that year there were a number of fare reductions, but in most cases the Licensing Authorities did not consider it expedient to reduce very materially the fares which they had fixed at the previous hearings. The aggregate return on capital was hardly adequate, and it was considered that the public interests would be better served by ensuring financially healthy services.

Year ended 31st March, 1935.—It has been found impossible to obtain and assemble the figures for the South Island during the year ended on 31st March, 1935, in time for inclusion in this report. The figures for the North Island are available, however, and these give a reasonably accurate picture of the state of the industry for the country as a whole. These figures are set out in detail in Tables Nos. 8 to 17 of the Appendix. In order to make the figures more informative they have been classified according to—(a) Fleets comprising vehicles having seats for more than nine passengers; (b) fleets comprising vehicles having seats for nine or less than nine passengers; and (c) fleets containing both classes of vehicles, and also fleets the operators of which run both passenger and goods services.

During the year, practically all the accounts and records of passenger-service operators in the North Island were inspected by departmental officers. One of the purposes of this inspection was to ensure that the accounts and records kept were adequate in each case, and to assist in drawing up better systems where those in use were not considered satisfactory.

The discrepancies disclosed by the inspection were not of sufficient magnitude to vitiate comparison between the figures for 1934–35 and previous years.

(i) Traffic.

There has been a slight all-round shrinkage of the traffic as compared with the previous year, the following figures showing the general tendency :—

Traffic Figures for North Island.

				1933.	1934.	1935.
Vehicle journeys	..	..	Number	1,452,472	1,556,087	1,382,839
Vehicle-miles	..	..	Miles	16,541,668	15,475,980	14,905,708
Empty trips	..	..	Number	42,810	46,175	38,316
Percentage of empty to total journeys	..	..	..	2·95	2·97	2·77
Passengers carried	..	..	Number	13,311,746	13,901,571	13,053,489
Passengers per journey	..	..	Number	9·2	8·9	9·4
Passengers per 100 vehicle-miles	..	..	Number	80·5	89·8	87·6
Average length of vehicle journey	..	..	Miles	..	9·94	10·77