

have, in the main, been operated on much the same lines as formerly, the Department's present plans provide for a complete reorganization of the whole of its road goods establishment, and when this is complete it is confidently expected that a highly efficient service, closely co-ordinated within itself and to the rail, will become available.

One of the results of Government control of road services previously operated by private interests has been the substantial savings in transport costs which have already been effected following the diversion to rail of traffic which, in other circumstances, would have gone forward to destination by road. This practice will be continued as and when opportunity arises, care, of course, being taken to see that no deterioration in the standard of service offered to the clients of the Department is caused thereby. Economies in railway operation and reductions in train-mileage have also been effected as a result of the co-ordination of Government-controlled road-passenger services with rail services in various areas.

A detailed analysis of the result of the year's working in respect of the operation of road passenger and road goods services appears hereunder :—

ROAD PASSENGER SERVICES.						
		1939.	1938.	Variation.		
		£	£	£		Per Cent.
Revenue .. ..	..	320,158	260,533	+59,625		22·89
Expenditure .. ..	..	297,958	236,103	+61,855		26·20
Net revenue .. ..	..	<u>£22,200</u>	<u>£24,430</u>	<u>—£2,230</u>		<u>9·13</u>
Passenger journeys ..	..	5,732,282	5,446,339	+ 285,943		5·25
Mileage .. ..	..	5,828,545	4,630,938	+1,197,607		25·86

After providing for interest on capital and for writing down capital by way of depreciation the operations of this service show a net revenue of £22,200 compared with £24,430 last year, a decrease of £2,230.

The very pleasing increase in revenue of £59,625 (22·89 per cent.) can be attributed to the inclusion of additional services taken over, the very marked improvement in the receipts from the Hutt Valley services, and the general buoyancy of traffic in all districts this year. Each service has, on the year's working, shown an excess of revenue over expenditure. This feature must be considered very satisfactory in view of the rising tendency in expenditure and the absence of any outstanding attraction such as took place in the previous year, when the South African Rugby Football Team toured New Zealand. The transference of traffic from road to rail as a result of the inauguration of the electric multiple services between Wellington and Johnsonville and the withdrawal of practically the whole of the bus service serving this district was also a substantial factor affecting the position. The absence of Easter traffic from the 1938 accounts and the inclusion of similar traffic in this year's accounts helped towards the improvement shown. The number of passenger journeys increased by 285,943 (5·25 per cent.) but, had there been no transfer to rail as a result of the change-over between Wellington and Johnsonville, the increase would have been approximately 800,000. Mileage run increased by 1,197,607 (25·86 per cent.). The 10-per-cent. increase in railway fares effective from 11th December, 1938, was not applicable to railway road passenger fares.

As compared with last year, expenditure increased by £61,855 (26·20 per cent.). Increases of wages to drivers and repair staff, higher cost of repair materials, expenditure of a non-recurring nature incidental to the taking-over of additional services, and additional costs as a result of increased mileage run were the principal items making up the increase in expenditure. During the year eighteen new service cars and two new tourist cars were placed in service.

The road passenger services were further expanded during the year when the following services were taken over by the Department :—

Service taken over.	Route.	Date taken over.
Listers Motors, Ltd. ..	Christchurch—Timaru .. ..	} 1st May, 1938.
	Temuka—Fairlie—St. Andrews .. ..	
Dalziels Motors, Ltd. ..	Masons Flat—Waikari—Christchurch .. ..	8th May, 1938.
Mocketts Motors, Ltd. ..	Christchurch—Waiau—Hanmer .. ..	8th May, 1938.
Edwards Motors, Ltd. ..	Auckland Tourist License .. ..	29th September, 1938.
Crests Motors .. ..	Hastings—Haumoana (license only) .. ..	1st December, 1938.
Kelly, D. G. .. ..	Auckland—Cambridge .. ..	6th March, 1939.
Harcourt, G. M. .. ..	Hokitika—Okarito .. ..	30th August, 1938.

The running of the following services was discontinued during the year.

N.Z.R. .. ..	Christchurch—Arthur's Pass ..	23rd April, 1938.
N.Z.R. (originally Reid and Smith) ..	Dunedin—Invercargill ..	10th September, 1938