

increased by as little as 0.15d. per ton-mile the deficit on the year's working would have been met, while an average charge of 2.91d. would have placed the railways in a position to dispense with the credit received from the Consolidated Fund for the loss incurred on branch-lines and isolated sections.

The question of ton-mile costs by any other method of transportation must be kept ever in view. To illustrate my point, I may say it is estimated that to carry existing railway freight by road—even assuming the roads were in existence and sufficiently strong (which they are not) to carry the freight—its transport would cost no less than 1s. and possibly nearer 1s. 6d. per ton-mile. In other words, the year's goods-freight of 7,366,762 tons, which cost less than £5,000,000 to transport by rail, would have cost at least £23,000,000 to transport by road. The impossibility of economically carrying all freight by road is obvious; one need only mention coal, timber, stock, and fertilizers to give point to this statement. Then there are the many inland industries entirely dependent for their very existence upon cheap transport cost, which the railways alone can supply. It must further be remembered that the more freight is carried by road the less will be the benefit derived by the community from the facilities available for cheap transport by rail. (Some particulars of legislation in other countries upon the road-rail problem are given in an Appendix to this Statement.)

ROAD MOTOR SERVICES.

During the past year the Department's road motor operations have been further extended by the purchase of thirty-eight buses which were operating in the Hutt Valley - Wellington service, and three buses which were furnishing service between Christchurch, Springfield, Whitecliffs, and Kowhai Bush. These vehicles were purchased by the Department in continuance of the policy, instituted in the previous year, of effecting a consolidation of the road and rail services in suitable areas, and the purchase of these fleets from the private owners was successfully carried out by mutual agreement.

The rapid extension of the motor-bus is one of the most interesting and significant features of the development of the Dominion's transport system in recent years. Experience clearly demonstrates that the motor-bus has come to stay, and that for city and suburban passenger transportation it has a definite field of usefulness.

The heavy peak traffic in suburban areas is such that it cannot be handled economically by the motor-bus, and the experience gained in the operation of road-vehicle services in suburban areas indicates that the welfare of the travelling public is best served by a co-ordination of the road and rail services rather than by the general supplanting of the railway by the road vehicle.

The Department now has a fleet of fifty-six motor-buses in operation, and the policy of developing the road vehicle as an auxiliary to the railway will be continued in areas where the circumstances are such as to warrant the introduction of these services.

PASSENGER TRAFFIC.

The decline in passenger traffic that has been experienced since the year 1921 has had a very serious effect on the financial position of the railways. The problem is not peculiar to New Zealand, but is causing grave concern to railway managements in practically all countries. In the seven-year period 1914-21 the number of passengers carried by rail increased from 23,200,000 to 28,800,000, or by 24 per cent., and the revenue from £1,450,000 to £2,658,000, or by 83 per cent. Between 1921 and 1928 the number of passengers has decreased to 25,400,000, or by 12 per cent., and the revenue to £2,150,000, or by 19 per cent.

The decrease is confined to the more profitable ordinary passenger traffic. Season-ticket business has shown a steady increase, which is very marked in the low-rate suburban weekly tickets. A decline of 6,016,483 ordinary passengers has been accompanied by a decrease of £568,351 in revenue, while an increase of 2,574,365 season-ticket passengers was responsible for an increase of only £59,914 in revenue.