

The following table* sets out the position :—

Year.	Number.	Increase or Decrease for Seven-year Period.		Revenue.	Increase or Decrease for Seven-year Period.		Average Revenue per Journey.
<i>Ordinary Passengers.</i>							
		Number.	%	£	£	%	d.
1914	13,355,893	..	..	1,299,929	..	..	23.4
1921	15,315,640	1,959,474 +	15	2,459,362	1,159,433 +	89	38.5
1928	9,299,157	6,016,483 —	39	1,891,011	568,351 —	23	48.8
<i>Season-ticket Passengers.</i>							
1914	9,817,579	..	..	150,550	..	..	3.7
1921	13,506,143	3,688,564 +	38	198,717	48,167 +	32	3.5
1928	16,080,508	2,574,365 +	16	258,631	59,914 +	30	3.9
<i>All Passengers.</i>							
1914	23,173,472	..	..	1,450,479	..	..	15.0
1921	28,821,783	5,648,311 +	24	2,658,079	1,207,600 +	83	22.1
1928	25,379,665	3,442,118 —	12	2,149,642	508,437 —	19	20.3

* For graph, see Appendix.

+ Indicates increase.

— Indicates decrease.

Exclusive of annual season tickets issued to members of the Legislature, which were not included in the returns prior to 1926, the average revenue per season-ticket journey was 3.5d. in 1928 as compared with 3.7d. in 1914.

The number of passengers carried at season-ticket rates was 42 per cent. of the total in 1914, 47 per cent. in 1921, and 63 per cent. in 1928, while the season-ticket revenue for the corresponding years was 10 per cent., 7 per cent., and 12 per cent. respectively of the total passenger revenue.

The decline in revenue has not been followed by a commensurate decrease in expenditure. On the contrary, it has been necessary to provide increased and faster train services, together with improved facilities and rolling-stock, in the endeavour to meet competitive conditions and retain a fair share of the business. The passenger train-mileage increased by 27 per cent.—from 3,082,000 in 1921 to 3,725,000 in 1928; while the revenue per train-mile decreased from 207d. to 131d.—equal to 37 per cent. Every endeavour has been made to reduce costs, but the total running-expenses have increased considerably. Higher train-speeds have resulted in greater expenditure on maintenance of track. Improved standards in the comfort of passenger accommodation have been followed by a constant increase in capital cost, maintenance expenses, and tare weight of carriages, with a reduction in carrying-capacity. In order to encourage traffic, selling and publicity organizations have been built up, improved booking facilities have been provided, and every avenue for exploiting the business has been thoroughly explored. While there is no doubt that this policy has been abundantly justified, it is unquestionable that the cost of carrying a much smaller volume of passenger traffic has increased, both actually and relatively, and the financial position of the railways has been seriously weakened.

Had the normal rate of increase that characterized passenger traffic up to the year 1921 been maintained, the passenger revenue of the Department in 1928 would have been at least £3,200,000, or £1,000,000 in excess of the actual result. The additional net cost of earning the revenue would have been very little in excess of the present cost. The railways would have been able to avoid the necessity that arose in 1925 for increasing the charges on certain classes of goods traffic, and would have had a sufficient margin of profit to enable them to effect substantial improvements in the service.

The position as it now exists is due wholly to the development of the road motor, and must be accepted as a permanent feature of the transportation problem. Up to the present the decline in rail-borne ordinary passenger traffic shows no sign of having been checked, either in New Zealand or abroad. Investigations made in England indicate that 70 per cent. of the road passengers are carried in private cars, and only 30 per cent. in vehicles plying for hire. If the increase in the number of motor-cars per head of population continues, there is every reason to anticipate further losses in railway-passenger traffic.