

RETIRING REPORT OF MR. F. J. JONES, CHAIRMAN OF THE BOARD OF MANAGEMENT.

The Hon. the Minister of Railways.

New Zealand Government Railways,

SIR,—

Head Office, Wellington, 31st March, 1928.

I have to report on the operations for the twelve periods of the year ending 3rd March as follows. The accounts for the full year will, of course, not be available for another month.

The mileage open for traffic at 3rd March, 1928, was 3,180 miles, as compared with 3,164 miles at the corresponding period of last year.

The gross revenue for the period above amounts to—Exclusive of subsidy, £7,257,791; inclusive of subsidy, £7,702,402. The working expenditure amounts to £6,151,977, and interest to £1,967,850, a total of £8,119,827, making a deficit of £417,425, as compared with a deficit of £155,639 for the period ending 5th March, 1927. The position, therefore, is an increased loss of £261,786 this year.

At the 31st March next I anticipate there will be a total deficit of £350,000. The three chief factors responsible for this decline are as follows:—

	£
(1) The falling-off in passenger receipts due to motor competition ..	163,000
(2) The heavy decrease in the carriage of timber owing to the serious slump in this industry throughout the Dominion	65,000
(3) The additional interest paid this year on new capital, the greater part of which produced no extra revenue, some of the works being still in course of construction.	70,000

The decline in passenger receipts is most marked. The position is not peculiar to this country, nearly all railway administrations being faced with the same trouble, and there is every evidence that the decline will continue.

A comparison at seven-year intervals shows that we carried—

Ordinary passenger journeys—

Year.	Passengers.
1914	13,355,893
1921	15,315,640
1928	9,300,000

Season-ticket journeys—

Year.	Passengers.
1914	9,817,579
1921	13,506,143
1928	15,697,000

In ordinary passenger journeys there has been a continuous decline since 1921. No doubt a large portion of this decline is due to motor-bus competition, but a much greater proportion is due to the large increase in the number of private motor-cars. This is borne out by tallies that have been taken at different places. For instance, in February last a tally on the Great South Road between Ngaruahia and Hamilton showed that of 5,165 motor-vehicles 4,274 were private cars; and out of a total of 17,000 persons travelling in these vehicles only 2,500 were carried in heavy motor-buses, service cars, &c. Again, on the Hutt Road a week's tally gave the following figures: Total motor-vehicles, 29,500, of which about 20,000 were motor-cars, 2,500 motor-cycles, and the balance motor-buses or motor-lorries.

While the running of motor-buses as a departmental operation may ease the position a little, it can only ease the railway financial aspect if it enables the Department to save money by cutting out train services. The difficulty in this lies in the fact that our seasonal-ticket traffic (mostly peak-load traffic) does not decline, but the remuneration received from it is not in proportion to the work done. The revenue per passenger journey for season tickets is approximately the same as it was in 1914; to be remunerative, it should be nearly double.

To sum up briefly the financial operations for the twelve periods of this year as compared with last year, the position is as follows:—

	REVENUE.	£
Coaching traffic decreased		173,187
Freight traffic increased		31,883
Subsidiary services increased		23,843
Miscellaneous revenue increased		22,431
Subsidy (Branch lines) increased		34,812
Total decrease		<u>£60,218</u>