

To give some indication of the improvements made to the express services, it is worthy of mention that the journey between Auckland and Opua was shortened by forty minutes. The journeys between Wellington and Auckland, Wellington and New Plymouth, Wellington and Napier, and Invercargill and Christchurch were reduced by over an hour, and a considerable reduction was also made in the Christchurch-Greymouth journey, and, further, a one-day express service was provided from Napier to New Plymouth.

Night limited expresses between Wellington and Auckland were inaugurated about the time the Board assumed office. These trains have proved a boon to travellers generally and to business people in particular.

A daylight express between Wellington and Auckland has also been tested during the summer and holiday periods, but it has failed to obtain the support such a venture should deserve.

Improved facilities for the transit of goods between the terminals in either Island were afforded by the introduction of fast through goods-trains between Wellington and Auckland, and between Christchurch - Dunedin - Invercargill. Fast through night goods services were also arranged in the Wanganui area, and a combined passenger-goods night service in the Auckland-Whangarei area.

The intensive road competition which the Board has had to face during its regime has necessitated heavy reorganization and adjustments to provide increased service to the public, and as a combative measure against road competitors. A sustained analysis of operating-costs has been maintained with a view to economical working.

As giving some indication of the increased services provided to the public, it may be mentioned that the annual train-mileage has increased from 9,000,000 for 1925 to 10,750,000 for the current year. The operating-costs per train-mile, which was 146-19d. per train-mile for year ending 31st March, 1925, have been reduced to 140-02d. for the current year.

During its term of office the Board has gone deeply into an improved system of operating statistics which will reflect the position at sight and will enable district officers to keep a closer check on operations from day to day.

TRAIN-CONTROL.

A commencement has been made with a selective telephone system of train-control. Under this system the running of all trains in a division is controlled throughout their running by a train-controller situated at a central office.

The system in a week or two will be in operation between Thorndon and Marton, 116 miles; Christchurch and Oamaru, 152 miles; Christchurch and Arthur's Pass, 87 miles.

TARIFF.

One of the important matters with which the Railways Department was faced in 1925 was the revision of the tariff. There had been no comprehensive overhaul or revision of the tariff for many years, and with the numerous amendments which were made during the war and post-war years, together with the change in the Department's financial policy which had the effect of placing the railways on a commercial basis, it was necessary that the tariff should be completely reviewed.

The first matter which required settlement in connection with the revision was whether the rates were so excessive as to call for a general reduction therein, and after a careful review of the position it was decided that the indications were a desire for improved service rather than for a reduction in rates.

The financial position of the Department was also a vital factor in considering the question, and in view of the report of the Royal Commission, which pointed out that the experiences in the four years preceding 1925 showed there was no margin for a reduction unless by so doing more traffic could be secured, the Commission urged that any reduction should be made with great care and caution. The Board therefore decided to remove anomalies wherever possible and to cancel concessions which were no longer wanted, and adjustments were made in the various rates where it was found that a more equitable distribution of the cost of transit was possible.

The tariff as issued was favourably received by the business community, which adopted a reasonable attitude towards the Department in its endeavour to put its finances on a satisfactory basis.

Since the issue of the 1925 tariff the railways have been faced with strong road competition, and in areas where the opposition services were securing considerable traffic the Board adopted the policy of providing local rates in order to hold and, wherever possible, regain the traffic to rail transport.

The railway problems arising from the changed conditions in the transport world are such that serious consideration must be given to the financial results which will occur should the railways continue to lose the higher-grade traffic and be left with the conveyance of the lower-grade bulk lines. The primary requirement of the railways is that they shall supply adequate service to the public, for which they are entitled to a reasonable and fair remuneration. Rates should be adequate not only in the sense that they lie within the limits of reason, but also that they will meet the necessary expenses of operation, including wages of employees and fixed charges, and return a reasonable interest on the capital invested in the system.

When the railways are not on a sound financial basis the Department is unable to maintain the system at its current level and enlarge it to meet the growing commercial and agricultural needs of the country, and as a result of this failure the primary and secondary industries of the Dominion will suffer accordingly.

Of the total quantity of goods carried, expressed in ton miles, 54 per cent. is low-grade bulk lines, such as coal, road-metal, lime, manures, firewood, &c., and for this we receive only 32 per cent. of our revenue. The balance is maintained by the extra remuneration obtained from the high-grade