

(A) *As to the Existing Transport System.*—For a brief description of this system we beg leave to refer Your Excellency to that contained in Appendix D hereto. We do not think it necessary to add to that description.

(B) *The History of the Transport System as a Municipal Undertaking.*—The Auckland City Council purchased and took over the tramways from a private company on the 1st July, 1919. The purchase was made in the exercise of an option of purchase obtained some months earlier, and in reliance on a report and valuation made in the meantime by Mr. William Ferguson, M.Inst.C.E., M.Inst.M.E. The purchase price was £1,227,201, and the amount was paid in debentures of the city having a currency of twenty-one years from the 1st July, 1919: £392,800 bearing interest at 5 per cent., and the balance at $5\frac{1}{4}$ per cent. By the purchase the Corporation secured the whole of the electric tramways in the city and suburbs of Auckland, together with all the lands, buildings, works, machinery, material, and plant of the company used by it for the purpose of its tramway undertaking, or in transit to it, at the date of possession, and, further, all assets, contracts, and engagements in connection therewith.

Power for the tramways was supplied from a power-station in Hobson Street, and there was a substation at Green Lane Road, Epsom. In February, 1920, however, the Council gave effect to a proposal to combine the tramway power-station with the electricity-supply system, and to generate the whole of the city and suburbs' requirements from the King's Wharf Power-station. In 1921 a proposal was made for the amalgamation of the city and surrounding bodies into one Power Board, and this culminated in the passing of the Auckland Electric-power Board Act, 1921–22, which provided for the sale of the electrical undertaking of the Auckland City Council to the Auckland Electric-power Board, the date of the transfer being 30th June, 1921; but it was not until the 31st March, 1924, that the tramway system commenced to purchase all its power from the Auckland Electric-power Board.

From the 1st July, 1919, to the 31st March, 1928, the period covered by our inquiry, it is convenient to make a division into two parts—viz., the time before and the time after the advent of the serious bus competition.

The first period opened with six distinct difficulties and problems:—

Firstly, staff and industrial trouble. The present manager, Mr. A. E. Ford (who came on the scene in 1922), referred to this matter in his evidence and he produced for our private and confidential perusal a report that he made immediately on his taking over the reins of office. This report establishes the fact that his management had to commence its tramway administration under the most disadvantageous circumstances in relation to staff control and staff efficiency. As, for obvious reasons, the report must be still treated as confidential, we cannot embody or quote from it here, but we are quite satisfied that it reflects the state of things then existing, and that that state of things had been a gradual development. It is undisputed that the suggestion of purchase by the city arose out of a “go-slow” strike of the employees, which had for a time paralysed the transport services of the city (see page 2 of the Book of Evidence); it is also undisputed that the employees had genuine grievances, which the company was unable to redress; and there is independent evidence that strongly corroborates the report in question. Mr. Cable, manager of the Wellington tramway system, in his evidence refers to the subject (see page 195 of the Book of Evidence) as follows: “It is hardly necessary for me to refer to the laxity on the part of the car staff which prevailed six or more years ago. The carelessness of the conductors in the collection of fares, and the inconsideration shown by the motormen to intending passengers were matters of frequent comment on the part of visitors from the southern systems.”

Secondly, post-war economic and trade difficulties. The conditions that followed the Armistice in 1919 are well and generally known; therefore it should not be necessary to say more than that the City Council took over in July, 1919, to establish the fact that it met difficulties in obtaining the necessary supplies of gear and equipment to maintain and extend the service. These troubles are referred to by Mr. Ford in his evidence, whilst a letter from the Town Clerk, Auckland, on this point dated 7th June, 1926, was read, and its views adopted by Mr. Bloodworth in his evidence (see page 115 of the Book of Evidence). This letter clearly describes