

as a transport production unit enables it to pick up traffic *en route* in a way that is not practicable in the case of the railway, and this is of a special significance so far as the suburban passenger traffic is concerned. The necessity of walking to and from a railway-station is one of the most potent features operating against the railways in connection with this class of traffic.

So far as the hired road-vehicle is concerned, with traffic outside the suburban areas I feel that it is not nearly so serious a competitor as it is in the suburban districts. It has, of course, the advantage of a door-to-door traffic, and in some cases where the rail route between given points is more circuitous and more affected by adverse conditions than the road route the service-car is able to maintain its position against the railway. The service-car also tends to create a traffic for itself by reason of its being able to make journeys for a comparatively small number of passengers, and in cases where people desire to travel at abnormal times the service-car will have a traffic of its own. I feel, however, that service-car competition with the railways is not responsible in any great measure for the continuance of the decline in railway passenger traffic.

In the foregoing brief review I have not hesitated to state what I conceive to be points of weakness in the position of the railways from a competitive point of view. I do not, however, do this in any pessimistic sense (because I think that for many years to come there will continue to be a large field open for railway activity), but because I think that a recognition of these points and the causes underlying them is a necessary preliminary to the devising and applying of proper remedial measures where such are found possible.

Coming to the question of the methods that might be adopted by the railways to meet the position, I would express the opinion that as to the suburban areas the railways will continue to work the great bulk of the workers' traffic, but will not be able to successfully compete for the casual traffic. Even if electrification could be justified by circumstances such as intensity of traffic and the other conditions which form the economic basis of that form of transport, I am doubtful whether the railways in New Zealand could even then maintain their position as regards this latter traffic.

So far as the traffic other than suburban is concerned, I think the railways will continue to hold the long-distance traffic against its road competitors by improved methods of traction combined with development of higher standards of services and facilities. The traffic lying between long-distance traffic and the suburban traffic will continue to feel the effect of motor competition, but I think that it might be possible to meet the position in some measure by the institution of more frequent services by means of rail-cars or road services having a greater measure of elasticity in the matter of stopping-places than is possible in the case of trains.

We still have the third point to deal with—namely, that of creating new traffic. It is obvious that with the high proportion of fixed charges that is inevitable in the railway industry anything that can be done along this line is of special value. In this connection we have been active in the development of touring trains and special point-to-point excursions, and we have already created quite a substantial amount of new business along these lines.

I think also a field of new traffic that might be developed is that of night passenger services. In the South Island we have already made a commencement in that direction, and the results have been sufficiently encouraging to warrant the belief that this matter might be pursued with benefit to the Department both from a financial point of view and from the point of view of service to the public. The latter aspect has a bearing that I regard as important. In the South Island, for instance, although the night passenger-trains have not resulted in a very striking addition to the total number of passengers carried, they are nevertheless giving a degree of service that the reports show to be very much appreciated by the public at large and by the business community in particular.

The great advantage to business men of being able to travel long distances in comparative comfort by night, enabling a full measure of business to be done during the day, is one that is being increasingly appreciated by them. The points between New Plymouth and Wellington, and Napier and Wellington, seem to offer the most attractive prospects at present. It seems certain, however, that for some time to come the traffic is not likely to be large enough to warrant the running of trains, but I feel that it may be possible to develop a rail-unit to suit the traffic, and apart from the general question of the use of rail-units we are prosecuting particular inquiries in regard to this traffic.

I am hopeful that the new traffic which we shall be able to create in the directions I have indicated will do much to counteract the losses we are suffering in passenger traffic in other directions.

PARCELS, LUGGAGE, AND MAILS.

The revenue under this heading totalled £378,141, a decrease of £1,792 as compared with the figures for the previous year.

An analysis of this branch of the Department's revenue is as follows:—

	1929.	1928.	Variation.
	£	£	£
Parcels	200,387	201,462	—1,075
Excess luggage	13,956	14,429	—473
Left-luggage, checks, bicycles, and dogs	47,798	48,532	—734
Mails	116,000	115,510	+490
	<u>£378,141</u>	<u>£379,933</u>	<u>—£1,792</u>

The decrease in parcels revenue is due to motor competition, and the decrease in luggage receipts is in sympathy with the falling-off in passenger traffic.