

RESULTS FROM ADMINISTRATION OF ACT.

The relationship between transport-control and improvement in conditions in the operation of transport facilities is of a direct and striking nature, as the experience in the administration of the Act so far clearly demonstrates. Broadly speaking, public transport by motor-vehicle does not differ in fundamental economic character from railways, tramways, and other public-utility industries, in connection with which it is now axiomatic that competition inevitably gives rise to over-capitalization and unsatisfactory services, which lead in turn to relatively high costs per unit of service. In the long-run the revenue received in transport services must cover operating costs, so that the operating costs per passenger or per ton of freight on routes where there are too many services must always be considerably higher than on routes where the services are not in excess of the economic requirements. The plain fact is that the public, as travellers and as taxpayers, are required to meet the high transport costs due to wasteful competition.

Some idea of the additional burden that unregulated competition in the omnibus and service-car business has imposed upon the public in New Zealand is to be had from the fact that it is estimated that the results of the first year's operation of the Act will result in a saving of no less than 5,829,000 vehicle-miles out of an estimated total of 21,405,000 vehicle-miles. Expressed in operating costs at 9d. per mile, this represents approximately £209,000 per annum; but it is hardly correct to assume that the whole of this amount represents a reduction in actual transport costs, for the reason that where the reductions represent a small proportion only of the total vehicle-mileage there may have been a reduction in running costs (*i.e.*, petrol, lubricants, tires, repairs, and maintenance, and depreciation), but not in standing charges (*i.e.*, wages, license fees, garage fees, overhead, &c.). Running costs represent approximately 5d. per vehicle-mile, so that the total saving in running costs for the year works out at £121,000. The real saving in transport operating costs lies somewhere between the total saving in running costs (£121,000) and the total operating costs (£209,000), and is conservatively estimated at £150,000 for the year. The saving in road-damage is estimated to represent approximately £24,000, and as the special motor taxation would be decreased by approximately £18,000 by the reduction in vehicle-mileage, and as approximately one-third of this £18,000 would actually be spent on the roads, it would appear that £6,000 of the total £24,000 representing saving in road-damage is included in the saving in running costs already referred to.

To sum up the estimated annual savings as a result of the first year's operation of the Act are as follows:—

	£
(a) Vehicle-operating costs	150,000
(b) Road-damage	18,000
Total	<u>£168,000</u>

The incidence of these savings is of considerable interest and importance. The savings in vehicle-operating costs would in the ordinary course of business go into the pockets of the operators, since the elimination of a competitor means that the surviving operator would secure a greater revenue for, generally speaking, the same operating costs, while co-ordination among different services means the same revenue for less operating expenditure. The Department, however, will under the provisions of the Act keep in close touch with the finances of operators, with the object of ensuring that the results of the savings are passed on to the public in the form of reduced fares. It may be a little early to make any reliable prognostication as to fares, but there are indications that at the relicensing period next February there should be substantial reductions throughout the Dominion.

The elimination of unnecessary and wasteful competition between road and rail passenger-services has been brought about in many cases, with beneficial results. The reduced road damage will be reflected in reduced local authorities' rates required for expenditure on roads.

HARDSHIP.

It would be impossible to administer an Act such as the Transport Licensing Act without hardship in individual cases. The conflict between the regulatory provisions of the Act and the conditions of *laissez faire* which existed in the motor passenger-services is so sharp that it would be impossible to bring about co-ordination without inflicting hardship somewhere. Every endeavour has, however, been made by the various Licensing Authorities to minimize hardship in individual cases as much as possible, and, judging by the relatively few complaints that have been made, their efforts have not been without success. The provisions of section 28 providing for the granting of "automatic" licenses where a passenger-service had been operated by the same proprietor since the 1st April, 1931, ensured that many operators secured licenses in cases where it would have been extremely difficult to prove that the service was necessary and desirable in the public interest, and where co-ordination is certainly desirable. As section 28 will not apply at the relicensing period next year, there is little doubt that further steps will then be taken to reduce unnecessary and wasteful competition, and effect further substantial reductions in our national transport overhead.

(b) GOODS SERVICES.

The provisions of Part III of the Act, relating to the licensing of goods services, have not yet been invoked. Draft regulations prescribing the necessary machinery have been prepared and are at present under consideration.