

Any departure from the fundamental principles on which the rating-system is based to meet the present trend would therefore require to be in the direction of reducing the margin between the high and the low rates. Action along such lines, however, would produce repercussions difficult to forecast, inasmuch as many of the commodities essential to production would cease to move or would be transported in restricted quantities if the freight rates were increased.

A disquieting result of the unnecessary duplication of transport services is that a rapidly increasing proportion of the income derived from national production is required to meet the growing cost of transportation. Under existing conditions it must be anticipated that the tendency will be for this margin to expand rather than contract, and the provision of a more effective form of control than has hitherto existed which will enable progress to be made towards the rationalization of the transport industry has therefore become more than ever a matter of vital importance. It is only by such means that the operations of the various forms of transport can be delimited in such a way that each can provide the kind and quality of service for which it is best adapted and so bring about a division of function between the different services based on sound economic principles.

THROUGH BOOKING OF GOODS AND PARCELS TRAFFIC.

Two important additions have been made to our system of through booking of parcels and goods for combined journeys by rail and connecting road services, the areas affected being (1) Auckland and adjacent stations to Taupo and intermediate points, and (2) all stations to Gisborne via Taneatua. Under the arrangements which have been finalized consignments are accepted for conveyance between the points mentioned in a similar manner to that for a journey between two rail-connected stations.

THROUGH BOOKING OF PASSENGERS.

A reciprocal arrangement has been entered into with the operators of the Napier-Gisborne air service for the through booking of passengers travelling by the combined rail and air route to and from Gisborne, also for the checking of their surplus luggage by rail and road for the through journey.

TRUCK RATES.

The special provision which has been made during recent years for the conveyance of general merchandise in truck loads at a flat rate per truck has been extended to the Wellington-Hastings-Napier area. This has resulted in a co-ordination of the service of the principal road operator with the railway under conditions mutually agreed to by both parties.

During the first eight months of the arrangement the tonnage of rail-borne traffic substantially increased, with a resultant benefit to all concerned.

The system has also been extended to the areas Christchurch to Culverden, Balmoral and Pahau, and Christchurch to Waikari and Hawarden, with mutually satisfactory results.

HOUSEHOLD REMOVALS.

Evidence that the facility provided by the special service of house to house removals of furniture and household effects is gaining in popularity lies in the fact that the number of transactions dealt with showed an increase of 35 per cent. over the previous year's figures.

TRAVEL "SAVINGS" STAMPS.

With a view to assisting those who desire to set aside small amounts towards the purchase price of rail tickets, provision has been made for travel "savings" stamps to be available for sale at railway booking offices. The stamps, which are printed in denominations of 1s., 2s., 2s. 6d., and 5s. may be purchased at times convenient to the buyers and held in special folders supplied by the Department until such time as they are handed in as part or full payment for the required ticket.

WHARF BOOKING AND LUGGAGE OFFICES.

The establishment of a wharf railway booking and luggage office to cater for the requirements of overseas passengers disembarking at the port of Wellington has been attended by such a complete measure of success as to encourage the provision of similar facilities at the Auckland wharves. The service given is such that intending travellers may finalize all details of their rail journeys and place their luggage in the charge of the Department immediately the necessary Customs formalities have been observed.

WAY AND WORKS BRANCH.

The following are the principal features connected with the operations of the Way and Works Branch during the year :—

Permanent-way.—The relaying carried out during the year was as follows :—

	M. ch.
Main line and branches, 53 lb., 56 lb., and 70 lb. rails, relaid with new 70 lb. rails ..	32 70
Main line and branches relaid with second-hand 55 lb., 56 lb., and 70 lb. rails ..	5 46
Total	38 36

The main south line is being deviated so as to obviate the use of the Puketeraki Tunnel, and this work is nearing completion.

A start has been made on deviating the main line between Greatford and Kakariki.

Sleepers and Ballast.—During the year 320,136 new sleepers and 179,551 cubic yards of ballast were laid.

Bridges.—A large number of bridges have been either renewed or strengthened. The principal works in hand are the renewal of the Rangitata, Ashburton, Whakatu, and Waitangi Bridges. The foundations of the first two bridges have been completed by the contractors, while the remaining two bridges have their foundations under construction.