In the expenditure provision has been made for interest at $4\frac{1}{4}$ per cent. on capital (including goodwill), depreciation on vehicles and plant, and the establishment of necessary reserve funds.

A comparison of the results obtained on the various services is as follows:—

| | Profit, 1937. | Profit, 1936. | Variation. |
|---|---|---|---|
| | £ | £ | £ |
| Wellington–Wanganui | 1,901 | 400 | +1,501 |
| Napier–Hastings | 3,405 | 1,419 | +1,986 |
| Hutt Valley – Wellington | 9,894 | 5,983 | +3,911 |
| Wellington–Johnsonville, Wellington–Khandallah | 2,567 | .. | +2,567 |
| Christchurch services | 105 | .. | + 105 |
| Dunedin services | 2,026 | 702 | +1,324 |
| Waipahi–Edievale | 78* | 94 | — 172 |
| Queenstown services | 789* | .. | — 789 |
| South Westland services | 2,667 | .. | +2,667 |
| Total | £21,698 | £8,598 | £13,100 |

* Loss.

During the year the fleet covered 3,531,623 miles, in comparison with 1,792,872 miles last year, an increase of 96·99 per cent., while passenger journeys increased from 3,242,469 last year to 4,556,316 (40·52 per cent.). This rapid expansion is accounted for by the fact that during the year the Department purchased several privately-owned motor-services in the Wellington, Christchurch, South Westland, Dunedin, and Invercargill districts, and also instituted a service of its own between Invercargill–Kingston and Queenstown.

The revenue and expenditure per passenger journey were 10·47d. and 9·33d. respectively, as against 7·64d. and 7·01d. last year.

The Department now operates 70 omnibuses, 96 service cars, 18 lorries, and 9 motor-cars, as compared with 56 omnibuses and 10 service cars last year.

The results of operating the various services are shown below:—

WELLINGTON–WANGANUI.

| | 1937. | 1936. | Variation. | Per Cent. |
|---|---|---|---|---|
| | £ | £ | £ | |
| Revenue | 12,174 | 10,448 | + 1,726 | 16·52 |
| Expenditure | 10,273 | 10,048 | + 225 | 2·24 |
| Net revenue | £1,901 | £400 | +£1,501 | 375·25 |
| Passenger journeys | 13,633 | 10,707 | + 2,926 | 27·33 |
| Mileage | 328,659 | 332,071 | — 3,412 | 1·03 |

This service consists of 9 service cars. Revenue was 8·89d. per mile and expenditure 7·50d., compared with 7·67d. and 7·37d. respectively last year.

Ordinary passenger revenue showed a substantial increase. The increase in expenditure was due to the increase in drivers' wages as a result of the restoration and to the introduction of the forty-four-hour week.

NAPIER–HASTINGS.

| | 1937. | 1936. | Variation. | Per Cent. |
|---|---|---|---|---|
| | £ | £ | £ | |
| Revenue | 20,224 | 17,986 | + 2,238 | 12·44 |
| Expenditure | 16,819 | 16,567 | + 252 | 1·52 |
| Net revenue | £3,405 | £1,419 | +£1,986 | 139·96 |
| Passenger journeys | 533,314 | 512,292 | +21,022 | 4·10 |
| Mileage | 343,124 | 321,076 | +22,048 | 6·87 |

All classes of revenue, with the exception of that from school-children's tickets, showed increases Revenue from special trips showed a particularly heavy increase of £624 (73·58 per cent.).

The increase in expenditure was due to the restoration of salaries and wages, the introduction of the shorter working-week, together with the employment of additional staff to cope with the extra traffic.

HUTT VALLEY – WELLINGTON.

| | 1937. | 1936. | Variation. | Per Cent. |
|---|---|---|---|---|
| | £ | £ | £ | |
| Revenue | 73,820 | 65,180 | + 8,640 | 13·26 |
| Expenditure | 63,926 | 59,197 | + 4,729 | 7·99 |
| Net revenue | £9,894 | £5,983 | + £3,911 | 65·37 |
| Passenger journeys | 2,731,492 | 2,437,868 | +293,624 | 12·04 |
| Mileage | 1,044,617 | 958,531 | + 86,086 | 8·98 |