

A direct outcome of this policy of instituting special rates based on what the traffic will bear in a competitive rather than an economic sense is that there is no uniformity in the standard of the rates which different communities or sections of the same business community are required to pay for their transport services.

It has been contended by those opposed to any form of protection being afforded the railways that the introduction of competitive forms of transport has lessened transport costs. Whilst this is true to the extent that individual transport users in competitive areas have benefited by a lowering of the freight standard, the advantage has been gained at the expense of the community as a whole on whom the burden of the increased cost arising from the unnecessary duplication of transport facilities must necessarily fall. An important aspect bearing on the matter is that the railways have the capacity to handle at a relatively small additional expenditure practically the whole of the business now catered for by competitive road services, and it is only by a full utilization of this potential capacity that the system can operate at its greatest economic efficiency.

The ability of road transport to compete successfully with the railways is due fundamentally to the fact that the operators are able to exercise discrimination as to the areas and individuals which they serve and the quantity and nature of the goods for which they cater. Whilst it is undeniable that, subject to these limitations, they do provide a convenient alternative service to the railways, quality of service in a restricted field is an inadequate criterion on which to determine the value of any form of transport in a highly productive country. The requirements of the Dominion call for the existence of a transport organization capable of providing adequate services in all areas for all persons and for all classes of traffic at all seasons in all circumstances. Obviously such a service can only be given by the State-owned railways operating as they do in the public interest and not primarily for profit, which must be the main consideration of competing commercial concerns.

The development of the railways in New Zealand has always been closely related to the social, commercial, and industrial requirements of the people, and in the interests of national development the future trend must be in the direction of an even more general application of this principle. Operated as they are as a public utility service it is inevitable that the railways should be subject to responsibilities as well as limitations which are not imposed on private operators. It follows that the railways are entitled to enjoy a considerable degree of protection by the State if they are to function efficiently and successfully in that capacity. This result is obviously impossible of achievement when, as is now the case in many areas, the supply of transport considerably exceeds requirements. Under such conditions it is natural that transport users by a process of bargaining should seek to exact from the road operators the most favourable terms for the carriage of their goods, and rate-cutting and wasteful expenditure must occur in an endeavour on the part of each of the operators to maintain his place in the field. By obtaining cut rates business men are able to undercut their competitors when quoting prices, thus the insecurity of the transport position tends to unnecessarily complicate the ordinary processes of buying and selling. On the other hand, under a rationalized system of transport so designed as to bring about a division of function between the different services based on sound economic principles, users will be assured of an adequate and efficient service with fixed rates and fares which will not be subject to fluctuation due to the operation of "catch-as-catch-can" methods on the part of road operators. The present insecurity in regard to the basis on which estimates are framed will cease to exist and the costs of production and delivery assessed with confidence.

A matter of special importance from the community viewpoint is that the elimination of the competitive aspect as a major consideration in connection with matters pertaining to the railway rates structure will permit of the formulation of a tariff policy having for its main objective the promotion of social, commercial, and industrial development. As a preliminary step towards the attainment of this ideal a survey of the existing provisions of the scales of charges has been undertaken with a view to the introduction of modifications in respect of rates and classifications to conform to the changed transport conditions.

During the year many matters pertaining to the commercial side of the Department's activities have engaged the attention of the Branch and have been brought to a successful conclusion. Meetings of chambers of commerce and other representative organizations have been attended as opportunity offered, and first-hand information in regard to various matters of railway interest supplied. As a result of this personal representation it has been possible to meet local requirements in many matters affecting transport conditions, and in this way the good-will already in existence has been consolidated to an extent which has been of definite value to the Department.

FARES FOR BLIND PEOPLE.

It has been the practice in the past to allow a blind person following his occupation and an attendant to travel by train on payment of one adult fare. This privilege has been extended so that a blind person travelling alone in any circumstances may now purchase a ticket at half the appropriate fare for the journey. When travelling with an attendant one full fare will meet the requirements of both persons. The concession is one which although having no reference to any business advantage accruing to the railways will confer a marked benefit on those persons so unfortunate as to be afflicted with blindness.

OVERSEAS TOURIST TRAFFIC.

The marked increase in the number of overseas visitors to the Dominion during the year indicates a continuation of the revival in tourist traffic. A factor contributing to this result is the continued operation by the P. and O. and Orient shipping lines of the special summer cruises from Australia successfully inaugurated during the 1934-35 season. During the current year over three thousand persons visited the Dominion as passengers on cruising ships, and special facilities were offered and availed of to enable the tourists to visit the principal scenic resorts during the limited time at their disposal.