

of £2,512,000 been made. The table also sets out for comparative purposes (1) the percentage of working-expenses to gross earnings, (2) the operating-earnings per train mile, (3) the operating-expenses per train mile, and (4) the net operating-earnings per train mile. These figures show the results for 1937 in a most favourable light, and when the further fact of compulsory early retirement, affecting as it did 138 employees, with a further saving of £37,700 per annum, is taken into consideration the position is still more satisfactory :—

Year.				Net Earnings.	Percentage of Working-expenses to Gross Earnings.	Operating-earnings per Train Mile.	Operating-expenses per Train Mile.	Net Operating-earnings per Train Mile.
				£		d.	d.	d.
1932	..	..	..	452,993	93·04	136·63	133·97	2·66
1933	..	..	..	203,544	96·63	130·37	133·41	—3·04 loss
1934	..	..	..	438,558	93·07	132·92	130·05	2·87
1935	..	..	..	590,491	91·09	133·44	127·00	6·44
1936	..	..	..	715,477	89·79	135·60	127·09	8·51
1937	..	..	..	826,858	89·39	139·61	129·70	9·91

THE GOVERNMENT'S RAILWAY POLICY.

The Government's policy in regard to railway development is grounded upon the belief that there is no adjunct of material progress that is so generally important and exercises so vital an influence as the railway system. Probably no country owes more to its railway system than does New Zealand, and certainly no country has made greater use of railways in the furtherance of general development. From the year 1863, when the first lines were opened for traffic, until the present day our railways have been and still are our first line of communication. They constitute, in fact, the economic foundations of our national life.

The benefits accruing to the people of this or any other country through the operations of a great publicly owned and operated utility service such as the railways cannot be fairly measured in the summary of its annual balance-sheets. It will, I feel sure, be freely conceded that the railway system of this Dominion in the first place was constructed as a developmental agency rather than as a profit-making institution. It is beyond question that down through the years the country has reaped very material indirect returns from the existence of the railways by way of what may be termed "social service and betterment." The advance of settlement, the opening-up of new country, and the increase in its productiveness, the provision of employment for large numbers, the cheapening of the means of transport for both goods and passengers, and many other items, must all be reckoned as value obtained for the expenditure in addition to the mere monetary returns earned by the system. These facts should be clearly understood and appreciated if a true and proper interpretation of railway accounts is to be arrived at. In keeping with the opinions, as expressed above, and which coincide with those of the best-informed minds abroad, the Government has reflected its faith in the future of the railways of the Dominion as a means at hand for the further development of the country, and as providing a method of transport which for general purposes, particularly in a country so dependent upon the marketing and transport of its primary produce, has an inherent and very definite economic advantage over other forms of transport.

ROAD TRANSPORT.

There can be no question that the advent of the internal-combustion engine and its application to commercial road motor-vehicles has enlarged the outlook and scope of the transport industry very considerably, and that this development has had the effect of materially adding to the difficulties associated with the administration of railway affairs in this and many overseas countries. Indeed, it can be said that no progressive railway policy could be pursued to-day without due cognizance being taken of the useful and important part now played by the road motor-vehicle in the field of transport and in the sphere of national economics.