

per mile was 10·70d. and the expenditure 10·63d., as against 10·20d. and 9·73d. last year. The main increases in expenditure were due to a higher rate being fixed to cover maintenance, to the increased price of fuel, and to the engagement of additional staff to cope with the improvement in traffic.

WAIPAHI—EDIEVALE.

			1938.	1937.	Variation.	
			£	£	£	Per Cent.
Revenue	..	..	1,102	1,103	— 1	0·09
Expenditure	..	..	1,211	1,181	+ 30	2·54
Loss	..	..	£109	£78	+ £31	39·74
Passenger journeys	..	..	8,570	8,628	— 58	0·67
Mileage	..	..	30,031	29,136	+ 895	3·07

The revenue from this service shows very little variation when compared with last year—ordinary revenue decreased by £8, school increased by £18, while revenue from carriage of mails decreased by £11, the net variation for the year being a decrease of £1. Due to increasing costs, rise in wage-level, and shorter working-hours, expenditure increased by £30 for the year.

INVERCARGILL.

			1938.	1937.	Variation.	
			£	£	£	Per Cent.
Revenue	..	..	13,711	9,703	+ 4,008	41·31
Expenditure	..	..	14,014	10,492	+ 3,522	33·57
Loss	..	..	£303	£789	+ £486	61·60
Passenger journeys	..	..	20,884	15,744	+ 5,140	32·65
Mileage	..	..	283,194	229,291	+ 53,903	23·51

The groups comprising this service are made up as follow :—

			Commenced running.	
Queenstown—Lumsden	..	..	4th May, 1936	(goods).
Queenstown—Kingston	..	..	6th May, 1936	(now running only as required).
Queenstown—Invercargill	..	..	4th May, 1936.	
Garston—Invercargill	..	..	11th May, 1936.	
Lumsden—Eglinton Valley	..	..	9th July, 1936.	
Invercargill—Dunedin	..	..	3rd May, 1936.	

As from 4th October, 1937, the Queenstown—Invercargill service was reorganized and co-ordinated with rail, and a through daily service is now maintained between these points. The rearrangement of services resulted in the discontinuance of the mixed train services between Lumsden and Kingston and the passenger service between Kingston and Queenstown by the Lake steamers except at holiday periods. A substantial saving in running-costs (both road and rail) has been brought about by the reallocation of the network of services operating in this area, together with an improvement in the standard and frequency of the service given.

Revenue increased from 10·16d. per mile in 1937 to 11·62d. this year. Expenditure, which included depreciation on all vehicles, interest on capital, increased cost of fuel, rise in wages, and improvement in working-conditions of staff, increased by 0·90d. per mile, the cost per mile this year being 11·88d. The Garston—Invercargill and the Lumsden—Eglinton Valley Services both show substantial losses on the year's running, and in the case of the former, consideration is being given to the reorganization of this service to obviate overlapping with the Queenstown—Invercargill run. The revenue from the Lumsden—Eglinton Valley service was seriously affected by the cessation of work on the Homer Tunnel during the winter months.

LAKE WAKATIPU STEAMERS.

			1938.	1937.	Variation.	
			£	£	£	Per Cent.
Revenue	..	..	7,624	7,112	+ 512	7·20
Expenditure	..	..	11,144	10,855	+ 289	2·66
Loss	..	..	£3,520	£3,743	— £223	5·96

Passenger traffic shows an improvement as compared with last year, when the restrictions due to the infantile-paralysis epidemic adversely affected the returns. The running of an increased number of special trips and night excursions has also helped to augment the passenger revenue this year. Goods traffic improved by 8·02 per cent. in tonnage and 3·15 per cent. in revenue.

Expenditure increased by £289, due principally to higher running-costs and to the improved working-conditions of staff.