

The total return to the Department in respect of operations of the Advertising Branch for selected years since 1930 is as under :—

—	1930.	1932.	1934.	1935.	1936.	1938.	1939.
Rent—	£	£	£	£	£	£	£
Land and buildings	1,000	1,000	800	797	800	800	1,240
Advertising-sites	10,390	8,741	7,890	7,259	8,325	10,066	10,260
Commission on cash collections ..	1,458	960	786	737	728	901	1,052
Interest	2,335	1,697	1,261	1,017	889	761	697
Railage	323	293	390	357	373	217	231
Net profit	381	2,898	2,548	2,088	2,383	4,770	4,937
	15,887	15,589	13,675	12,255	13,498	17,515	18,417

DEPARTMENTAL DWELLINGS.

	1939.	1938.	Variation.	
	£	£	£	Per Cent.
Revenue	133,945	130,683	+3,262	2·50
Expenditure	187,193	183,182	+4,011	2·19
Loss	<u>£53,248</u>	<u>£52,499</u>	<u>+ £749</u>	<u>1·43</u>

The increase in revenue is due to the additional number of houses in occupation, while the continuation this year of the extensive programme of repairs and painting of dwellings commenced in 1937–38, together with higher wages and other costs, are the factors responsible for the increased expenditure.

During the year 322 dwellings were equipped with hot-water services and 95 with electric lighting, this expenditure being charged to Capital Account. Extensions to existing dwellings by the addition of bathrooms and/or back porches have been carried out as circumstances permitted.

One hundred new houses have been constructed in accordance with the Department's housing programme. Of these, 45 were built by contract and 55 by the Department's staff.

The number constructed in each district is as follow : Auckland, 26 ; Wanganui, 9 ; Wellington, 12 ; Christchurch, 24 ; Dunedin, 11 ; Invercargill, 18.

ROAD PASSENGER AND GOODS SERVICES.

	1939.	1938.	Variation.	
	£	£	£	Per Cent.
Revenue	505,612	276,527	+229,085	82·84
Expenditure	480,075	254,553	+225,522	88·60
Net revenue	<u>£25,537</u>	<u>£21,974</u>	<u>+ £3,563</u>	<u>16·21</u>

Many references, both detailed and otherwise, are contained in past annual reports as to the reasons which in 1926–27 first led the Department to make a definite move towards combating the growing intensity of road competition by means of itself entering the field of road transport as an operator of road services. For this reason the circumstances which have led to the Department becoming a large-scale operator of road services (as is indicated by the figures shown above) requires no elaboration, and for the purposes of this report it will be sufficient to say that the movement begun in 1926–27 and which led to the acquisition by the Department of its first road service, has, under governmental authority, been continued and extended in the intervening years, until to-day the Department may claim to be the largest operator of road services, both passenger and goods, in the Dominion.

One or two road *goods* services, these being of minor importance, were acquired by the Department in 1936, in conjunction with certain road-passenger services taken over in that year, but it was not until 1938 that the Department was placed in the position of being able to take steps to acquire those privately-owned road goods services which were operating in a major way in direct and long-distance competition with rail services. The action taken in this regard was in accordance with the Government's policy of co-ordinating the long distance road and rail units operating over the principal routes throughout the Dominion. Altogether forty-five services comprising some 218 road goods vehicles passed into the control of the Railways Department during the year as a direct result of the carrying into effect of the Government's policy as outlined above, and while in the meantime the services