The division between the groups has had to be made in a somewhat arbitrary manner as there are no hard-and-fast differences between one class of service and another. Thus the conditions of operation of Groups 1 and 2 and of Groups 3, 4, and 5 are similar in a number of respects, but it is considered that there are sufficient differences to justify the grouping adopted, and care has been taken to make the grouping as consistent as possible.

It will be noted that services operated by the New Zealand Railways have been grouped separately. This has been done because separate figures relating to the various routes covered were not available. Services operated by local authorities are all of the same general type as those included in Group 1, but as method of finance and conditions of operation are somewhat different and in some cases the services are operated as feeders to tramway undertakings it has been considered desirable to show them separately.

As the purpose of the classification is to arrive at the most representative figures obtainable a number of returns were included as "unclassified," either because they were obviously not accurate or because the services involved could not be brought within the grouping. These returns have, however, been included in all the tables except No. 17. Contract work where it was shown on a separate return has been included in the "unclassified" group. Where contract work is undertaken by a licensee who also operates a route service and costs and revenue for the former have not been separated the contract figures are included in the classified groupings, together with the figures for the route service.

(*b*) *General Position of the Industry.* (Tables Nos. 13 to 15.)

The general results of operations of the industry are summed up in Table No. 13, where comparative figures for the last six years are given. It will be seen that nearly all the figures show an increase on those for the previous year. The number of passengers carried has risen to a new high level from 21,500,000 in 1936–37 to 23,300,000 in 1937–38, or by 8·4 per cent.; the number of vehicle-miles has increased from 22,800,000 in 1936–37 to 23,500,000 in 1937–38, or by 3 per cent.; revenue advanced from £1,058,000 in 1936–37 to £1,147,212 in 1937–38, an increase of 8·8 per cent., while profits rose from £109,000 to £117,346 in 1937–38, an increase of 6·9 per cent.

As shown by Table No. 14, operating-costs have increased by 0·51d. per mile, but this has been more than offset by an increase of 0·58d. per mile in revenue. It will be seen that passenger revenue has risen by 0·65d. per mile, the other items of revenue, with the exception of that from newspapers, having declined slightly. Profit was equal to 10·23 per cent. of turnover and has remained fairly steady for the last three years, which is an indication that the industry has reached a position of stability in regard to its earning-power.

Financially the road transport (passenger) industry is in a sound position. The relevant details are set out in Tables Nos. 15 and 19. The total investment is over £1,000,000, of which vehicles comprise just over one-half. For the year 1937–38 there has been a considerable increase in the value of vehicles used, 123 new vehicles having been put on the road. Investment in other fixed assets—land and buildings and plant—has also increased. This increased investment in fixed assets has been to some extent offset by a reduction in floating assets—stocks, debtors, and cash on hand—but there has also been a substantial increase in the total investment as compared with the previous year. This has been financed partly by increased borrowing—"outside" liabilities having risen from £241,000 in 1936–37 to £255,000 in 1937–38—but to a greater extent from the industry's own resources. The proportion of capital and reserves to total liabilities for the year under review is 76 per cent. as compared with 71 per cent. for the previous year.

(*c*) *Operations of Particular Types of Services.* (Table No. 16.)

The arrangement of different types of services into groups enables comparisons to be made between one type and another, and also provides typical cost figures which operators may use as a check on their own results.

It will be seen that services operated by the New Zealand Railways and municipal authorities (Groups 6 and 7) earn between them approximately 28 per cent. of the total revenue, account for 24 per cent. of the mileage run, and approximately 36 per cent. of the total passenger-journeys. The balance represents services owned and operated by private enterprise. For further details of services comprised in Group 7 (New Zealand Railway Road Services) the annual report for 1938 of the General Manager of Railways may be consulted. It will be noticed that the figures shown do not agree with those published in that report due to the fact that certain revenue and expenditure items have been adjusted in accordance with the principles outlined above. As pointed out previously, this group includes a number of services of different types, so that results are not directly comparable with those of other groups.

The group showing the best results is that comprising services running from a local centre to surrounding districts (Group 2). This group may be compared with local and suburban services (Group 1). It will be noted that the total operating-costs per vehicle-mile (see Table No. 17) are lower for the former group than for the latter. The individual items are, however, higher in most cases, the main exception being "Wages, and drawings in lieu of wages." This would seem to be due to the fact that with the longer-distance services there is on the average a higher annual mileage per driver employed than there is in the case of local and suburban services which run shorter and more frequent trips and have a greater proportion of standing-time to total time worked.