

*Oamaru-Tokarahi Service.*—Your Commission recommends that the service be continued, but that the fares be adjusted in such a manner as to obviate any loss.

*Hutt Valley Service.*—The evidence before your Commission showed that forty-one buses were purchased from private owners at the inauguration of this service, at a total cost of £53,365. The Railways Department, on taking possession of the buses from the private owners, arranged for a revaluation, with the result that the buses were valued at £36,835, the difference between this figure and the purchase price of £53,365—namely, £16,530—being charged to goodwill.

The original purchase price of the buses, based on the revaluation figure of £36,835, showed that the average cost of these buses was £898 each. At the 31st March, 1930, the original forty-one buses were valued at £9,452—that is, an average value per bus of £230. It was therefore found necessary in a period of two years and following the Department's own valuation made immediately after purchase, to write off a total depreciation of £27,383, or an average depreciation per bus of £668. On a percentage basis these buses were reduced in value by 75 per cent. in a period of two years.

The fact that the Railways Department had to write off such a large percentage of depreciation in a comparatively short period is a clear indication that the purchase price, based on the revaluation figure, was much too high. On account of the high rate of depreciation which has been charged against the revenue, the accounts for the period suffered accordingly. For the year ended 31st March, 1929, the depreciation written off buses and goodwill was £16,994, and for the year ended 31st March, 1930, the amount written off on account of the same items was £17,544. In the 1930 accounts, included in the amount written off for depreciation was a sum of £2,990, covering depreciation on new buses and buses under construction.

The Commission finds that two years after the purchase took place from the private owners only twenty-three of the original forty-one buses were on the road. The accounts for the year ended 31st March, 1929, showed a loss of £7,212, and for the year ended 31st March, 1930, a loss of £815.

Comparing the returns of 1929 and 1930, the revenue received increased by approximately £10,000, and, assuming that no extraordinary expenditure takes place and the management is made efficient; the undertaking should prove to be a success. In addition to the profits that should accrue from the operations of this service, it has been estimated that the saving in the cost of train-mileage on the Wellington-Hutt line amounts to £10,000 per annum.

The Department should give consideration to the revenue-earning possibilities of advertising on the buses and on the passenger tickets.

Important transport undertakings such as the bus service between Wellington and Hutt require the services of an experienced and practical manager, and the fact that such an appointment has not been made has had the effect of decreasing the net revenue from the services. We are strongly of the opinion that it is wrong in principle to appoint a man to a service in which he has had no training, solely by reason of the fact that he is a railway man, and that in appointments such as these only men who are capable and have had experience in the particular line should be placed in charge of undertakings of such magnitude.

Your Commission visited the garage of the Hutt services and came to the conclusion that the control there was not satisfactory and the best results were not being obtained from the labour employed, which appeared to be in excess of requirements. A proper reorganization would result in a substantial saving under this heading. Also the control of benzine supplied to buses, and the reconciliation and the check on same, was not, in the opinion of your Commission, satisfactory.

Your Commission is of opinion that the operation of this service should be continued, and that full consideration be given to the recommendations regarding the management.

*Advertising Branch.*—This Branch was inaugurated by the Railways Department on the 1st January, 1915. Prior to this date contracts were let to outside firms for the sole rights of advertising on certain sections. On the 1st July, 1920, the Advertising Branch opened its own studios for the preparation of advertising matter.

The returns show that the revenue for the past four years was as under: Year ended 31st March, 1927, £47,387; 1928, £52,600; 1929, £53,983; 1930, £53,532. From the above it will be seen that the revenue during the past three years has remained practically stationary.