There has been relatively little change in the numerical strength of the Department's staff throughout the year and the variations shown in the comparison with the previous year's figures are within expected limits. Despite these gratifying features, the past year has been a difficult one from the point of view of staff administration and, like the preceding year, has been characterized by a high turnover of labour and an unsatisfied demand for additional staff. The loss of experienced and highly skilled personnel, even though they may be replaced by an equivalent number of recruits, causes great difficulty in regulating employees' hours of duty, particularly in the branches of the Department associated with the operation of trains. In the workshops, too, the man-power position is being keenly felt, and more so because in the North Island it is retarding the work of repairing and overhauling locomotives.

An energetic policy of staff recruitment has been and is being pursued, but, notwithstanding, it is estimated that an additional 1,282 employees are still required to bring up to full strength for present requirements the staff engaged directly in the running of trains and the handling of traffic. Staff vacancies in the workshops number 838.

During the year new appointments to the permanent staff totalled 783, while 363 members of the permanent staff retired on superannuation, 1,243 resigned, 37 died, and 52 were paid off or dismissed. In addition, a number of temporary employees were appointed to the permanent staff and 104 members of the Second Division were promoted to the First Division.

There has been a steady expansion in staff-training during the year, especially in the technical branches. Apart from the day-to-day instruction in routine duties, known as on-the-job training, correspondence courses are used by some 1,500 students. This instruction is supplemented by lectures and by the use of various types of visual aids, and a school for book-keeping machinists is established in Wellington. The staff-training programme aims at the maintenance of a high level of efficiency and service through the continual improvement in the educational status of the staff and in the establishment of a good working environment.

Rehabilitation has to a great extent been completed, as the majority of the employees who served in the Armed Forces are now settled back in their pre-war occupations and further rehabilitation efforts on their behalf are not necessary.

During the year 82 ex-servicemen completed their trade-training course under the "B" scheme and have been absorbed as tradesmen in the workshops. At the time of this report there are 272 men still in training.

Leave on pay for a stated number of hours each week is granted to ex-servicemen who are attending lectures at Universities and technical colleges.

Sport plays a very prominent part in the life of every railway man, especially among those who live in isolated localities and those who owing to their occupation are unable to participate in regular Saturday sport. Perhaps the most prominent sport played by railway men is Rugby football. There are 59 Railway football clubs throughout the Dominion playing regular Sunday games on a highly-organized basis. Their activities are controlled by 9 district Railway Rugby Unions, who in turn are responsible to the central body the New Zealand Railways Rugby Football Council. Railway Rugby culminates each year with the annual North Island versus South Island match. But Rugby is by no means the only sport played by railway men. Practically every known sport is fostered by railway clubs throughout the Service. Cricket, tennis, bowls, association football, Rugby league, table-tennis, and other sports far too numerous to mention play a prominent part. The female staff is also prominent in railway sporting activites. Many of them belong to the various tennis and table-tennis clubs, while others have formed marching teams and basketball clubs.