

customers I had established a Commercial Branch, which has now become a very important branch of the Department. The work of this branch is twofold in its nature. It requires in the first place that the commercial officers shall go out among the public, establish personal contact with the Department's customers or potential customers, and advocate the cause of the railway, pointing out that the Department has both the will and the means to give good service, that the service is economical as well as efficient, and, more particularly, that the constant care of the Department is the client's interest. The other aspect is that, within the Department itself, it must plead the public point of view. Necessarily its ideas will generally be in advance of the ideas of the transportation side and it will be constantly urging the public demand for extended service. The Commercial Branch must be extraneous to and independent of the transportation side though working constantly in the closest co-operation therewith. The Commercial Branch places itself in the position to value services, and so also provides the foundation for confident and sound decisions in the Rating Department. More particularly, however, does it constantly concern itself with maintaining a point of contact between the Railway staff and the public, ever directing the viewpoint of both so as to ensure an entire harmony between them in all the Department's transactions. I feel satisfied that there has been no more strongly operating factor in bringing about the closer *rapprochement* between the Department and its customers than the operations of the Commercial Branch, and I am equally convinced that there is still much room for good work in this direction, resulting not only in prosperity to the Department, but also satisfaction to its customers.

Good work has been performed during the past twelve months, and much of the business previously lost by competition has been recovered, and a good deal of new business has been secured. In this respect it has been ascertained that revenue to the extent of £133,000 has been directly due to the activities of the Commercial Branch, together with the co-operation of the station staffs. This is very gratifying, and I hope with the keenness displayed by all ranks of the service that even better results will be shown next year.

A further channel through which it is considered that public co-operation might be secured in an active way is by the establishment of District Advisory Boards. These Boards will be representative of the various interests using the railways, as incorporated in Chambers of Commerce, Farmers' Unions, &c., and will operate within defined districts. At the meetings of these Boards discussions will take place on the various problems that will be remitted to them affecting public relations with the Department, and there can be no doubt that the clearer understanding that will arise from these discussions and from the operations of these Boards generally will lead to a closer co-operation between the public and the Railways that will be for the material benefit of both. These Boards will, as their name implies, be advisory in their nature, as must necessarily be the case when as in State-owned railways the final responsibility to Parliament must rest with the Minister. This, however, need not in any way restrict the usefulness of the Boards, for there is undoubtedly a field for their operation which will be ample to justify their constitution. They will act as a means for bringing together the views of the Railway Department and its customers, and will be a step towards ensuring that the Department's decisions shall before being finally settled have at their foundation a proper knowledge of the point of view of the customers. The Boards will work out the solution of the various problems in a way that will be possible under no other method, but, above all, there will be the fact that the decisions when come to will have behind them the weight of opinion of the representatives of the Department's customers. By that method we are not only better assured of the correctness of the decisions arrived at, but we are also assured in advance of the help of the committees and the bodies they represent in bringing about the desired results. The operations of these Boards will be founded on a basis of fair and open dealing, frank discussion, and constructive criticism, all combining together in a healthy co-operation. As this report is being written the constitution of the Boards is being settled, and it is hoped that before next year's Statement is presented we will be in a position to report that they have developed a full measure of activity.