

to be formulated, in classified order of urgency, based on present-day working-conditions, and having regard to the changed circumstances in many phases of our transport system.

As with the workshops reorganization, the whole of the proposals contained in the programme of work set out in the D.-2A statement of 1924 were adopted because of their justification from the point of view of increased efficiency and economy in the Department's working. The Department found itself hampered in the discharge of its functions by inadequate and obsolete facilities not only in the matter of workshops space and equipment, but also in the matter of station arrangements, as set out in the statement to which I have referred.

Particularly in connection with station improvements, the recognition can no longer be postponed of the fact that the standard of the public demand in matters of transport has been considerably raised within recent times, and what in the past was accepted with a reasonable measure of satisfaction by the public is now utterly rejected and made the subject of criticism that has a direct reflex in a tendency to transfer the business to other forms of transport.

With the introduction of new methods of transport, particularly in connection with motors, together with the high development of luxury associated with marine transport, to the extent that we now have what are often referred to as "floating palaces" conveying people between various parts of the world, the psychological atmosphere of the transport industry has undergone a rapid and almost startling change. The railways, if they are to maintain their place in the community, have to face this fact, and the question inevitably arises as to whether the railway transport organizations are willing to rise to the occasion and meet the altered conditions, or whether they prefer to drift and allow their business to be diverted into other channels. More particularly in a State-owned institution, such as the railways in this country, where the final test must be the public satisfaction, the policy of drift is absolutely untenable. This in itself would have justified action along the line of improved facilities such as are embodied in the workshops reorganization and D.-2A of 1924, but when we have added to that the investment factor and the welfare and comfort of the staff, with the reflected higher state of efficiency, the case for the expenditure involved in these programmes becomes unanswerable.

REORGANIZATION OF WORKSHOPS.

PROGRESS TO DATE ON THE WHOLE SCHEME.

As outlined in my D.-2 of 1925, the programme of reorganization of the railway workshops was estimated to take three years. It will be remembered that the Fay-Raven Royal Commission commented very forcibly on the obsolescence of the Department's workshops, which comment was completely supported by the Railway management and the Department's own engineers.

The methods for the new workshops reorganization and the plans of the shops were finally approved in May, 1925, when details of the shops were sent to England for tenders. Tenders for the construction of the new shops were accepted from Sir William Arrol Co., and Dorman, Long, and Co., England. The coal strike in England in 1926 unfortunately delayed the despatch of the steel to New Zealand, and the programme consequently was delayed approximately seven months. However, since the arrival of the steel structural work, steady progress has been made, and at the present time both the Otahuhu and the Hutt Valley shops are nearing completion and will be in use within a few months.

In the South Island the situation is progressing more slowly on account of the reconstruction having to take place on the same sites as the present workshops. Consequently the buildings can only be erected as old buildings are removed, on account of the necessity of meeting current requirements.

The plan, in general, provides that all major repairs of locomotives will be done in one shop in each Island, so that the maximum benefit of specialization and special machinery can be taken advantage of. Thus the Hutt Workshops in the North Island and Hillside Workshops in the South Island will be locomotive repair and building shops, while Otahuhu and Addington, in the North and South Island respectively, will be the car- and wagon-repair and new-building workshops.