

Complaint is sometimes made that the present form of control is merely a partial divisional control. To some extent this is true, but it must be borne in mind that it is a wide step to full divisional control.

In order to have full divisional control it would be necessary to have three Divisional Superintendents in the South Island, and at least three, possibly four, in the North Island, placed at points to suit. Furthermore, District Engineers carry out all the capital-expenditure works in their districts. With the complete divisional control it would be necessary to take these away from the divisional side and run them with a staff under the control of the Chief Engineer direct. With a limited amount of capital expenditure this would probably be a very satisfactory method of dealing with the business, but with the large and scattered amount of capital expenditure which we have it would probably mean considerable expense in carrying on the new works operations.

Where divisional control is in force in its entirety the Divisional Superintendents do not control any of the work except the operating side.

FINANCIAL REORGANIZATION.

The Government Railways Amendment Act of 1925, making provision for the separation of the Working Railways Account from the Consolidated Fund as from the 1st April, 1925, introduced an era in the financial and accounting methods of the Department, and placed a greater and more direct responsibility on the shoulders of the management.

The Department became answerable for maintaining a sufficient cash balance to meet all its liabilities, including ordinary working-expenses, interest on capital, subsidies to the Superannuation Fund, and repayments to capital for assets worn out or scrapped.

The accounts are now kept on ordinary commercial lines, as applicable to railway undertakings, and are published annually in the form prescribed for the railways of the United Kingdom, after investigation by a committee of leading financial, accounting, and statistical experts. Provision is made for depreciation, equalization, and betterments funds, and for the investment of surplus cash or for borrowing to meet temporary shortages. During the past three years the sum of £1,000,000 has been set aside in the various renewals, depreciation and equalization funds.

The accounts of subsidiary undertakings, such as refreshment-rooms, advertising services, road motor services, departmental dwellings, steamer services, and through booking of passengers, parcels and goods between the North and South Islands, are separately recorded and closely watched as a gauge of efficiency.

As far as possible, the accounts of such services and costing-systems generally have been decentralized and placed under the charge of the officers immediately responsible, in order that they may be constantly available for checking up progress and results.

As a natural corollary to a well-designed and efficient system of accounts, a system of budgetary control of expenditure will be brought into operation from the commencement of the coming financial year. Forecasts of the volume of traffic to be handled will be prepared monthly, and as far as possible the cost of conducting and maintaining the various services will be estimated and adjusted to the requirements of the business. Estimates will be prepared by district officers, examined by divisional officers, and approved by the Board monthly or quarterly. District officers will be expected to keep in close touch with expenditure day by day so that they may reach or improve on the standards set or take immediate action to reduce unnecessary or wasteful expenditure. In the absence of such a system there is a tendency to defer action to adjust costs until completed accounts of actual results are available—in many cases too late to be of much value. Budgetary control has been proved to be a very effective instrument of modern business administration, and good results may be expected from its introduction in the railways.

The Finance and Accounts Branch has been reorganized and divided into two sections—viz., Revenue and Expenditure—each in charge of an Assistant Chief Accountant, responsible to the Chief Accountant. The revenue audit Inspectors formerly attached to Head Office have been placed under the Chief Accountant, and travelling auditors of expenditure have been appointed. As far as possible, Railways officers holding the accountants' diploma are selected for such positions, the number of qualified accountants on the staff being nine.

A statistical section has been organized for the compilation of a very complete range of statistical data in both tabular and graphic form. The use of costing units, such as train and engine hours and miles, net ton miles, gross ton miles, and man hours, has been extended or introduced, and statements are distributed to all controlling officers at regular intervals. Standardized methods of compilation of all statistical information have been introduced in order that comparisons may be made with the railways of Australia per medium of the Australian Bureau of Railway Statistics, with which New Zealand is affiliated.

The policy of adapting accounting and statistical methods so that mechanical office appliances may be used to the greatest possible extent has been consistently followed, and material reductions in the cost of clerical labour have been achieved by such means. The Chief Accountant's office is probably more completely equipped in this respect than any similar office in the Dominion, and the use of adding-machines has been extended to a large number of district offices.

The Finance and Accounts Branch has been completely reorganized and brought up to the best modern standards.

TRAIN SERVICES.

The train services have been subjected to a close examination, and as a result extensive and important improvements have been effected and many new features introduced.

The express and mail trains have had their schedules accelerated. The time occupied on long journeys has in many instances been considerably lessened, and starting and terminal times have where practicable been adjusted with the object of eliminating early-morning departures and late-at-night arrivals. District trains to centres were similarly treated as circumstances permitted.