

It will be seen from these figures that the percentage of New Zealand coal used by the railways rose from 23 in 1924–25 to 65·5 during the last year.

Inquiry regarding the scientific treatment of coal and lignite is being prosecuted by the Railway Department, in conjunction with the Mines Department and the Department of Scientific and Industrial Research, with the object of securing the best national use of these natural resources.

COMMERCIAL BRANCH.

I am pleased to record that the results obtained by this Branch have been of material assistance not only to the railways, but also to its clients. The commercial representatives have maintained close touch with outside organizations such as Chambers of Commerce, Farmers' Unions, industrial associations, local bodies, &c., and much good has resulted from this new means of contact.

Commercial Branch work was arranged to cover a wide area, embracing every phase of commercial life having any connection with the railways. Among the principal improvements introduced have been the following :—

Through booking of passengers, goods, and parcels by rail and sea between the North and South Islands.

Extension of facilities for the cartage of goods to and from the rail.

Clearing of goods through Customs.

Farmers' trains introduced.

Tourist traffic promoted by through-booking arrangements by road and rail to tourist resorts.

Business development : The activities of this branch have resulted in the securing of much additional traffic to rail transport, and, in areas where competition is acute, the staff have kept closely in touch with the position. I am pleased to record the manner in which the members of the Railway Service have co-operated in this matter. It is indeed pleasing to note the efforts which have been made to secure all possible traffic.

Passenger-agents : Passenger-agents were appointed in the main centres, and as a result of their activities numerous large excursions and special week-end trips have been run. Picnic traffic has also been extensively canvassed for by these agents, and the results have been very satisfactory. In addition, the Passenger-agents board all inter-colonial and overseas vessels on arrival and assist passengers in their travel arrangements.

I arranged for the mail-agents on the Vancouver and San Francisco steamers to act as agents for the Railway Department on these boats. The services provided in this direction have been much appreciated by visitors to the Dominion.

Altogether this branch has proved an essential and valuable adjunct to the railways in carrying out my policy of supplying constantly improving service to the public.

STORES BRANCH.

The reorganization of the Stores Branch was commenced in 1925, and the organization has been brought into line with modern ideas.

The system now in force will safeguard against leakages or waste, and will ensure that while there shall always be sufficient stores available, there shall be no surplus.

All material manufactured by locomotive workshops for stock or for use outside the workshops, and all coal-supplies, have been brought under the stores system, the object being to bring about a better utilization of the purchasing-power of the Department and a more concentrated degree of control over stocks.

When the new workshops are complete the stores system now adopted will be found of considerable value in the efficient working of the organization.

The internal accounting system of the Stores Branch has been completely remodelled in conformity with the general reorganization.

The passing of all purchases through the stores section is in line with the modern principle of specialization of industry. The bringing of the custody of the stores under one concentrated control has made for the elimination of waste, the maintenance of stores, the higher quality of stores, and, more particularly, the avoidance of overstock. The stores reorganization was important in view of the value of the purchases made by the Department each year, approximating £3,000,000.

RAILWAY PUBLICITY DEPARTMENT ESTABLISHED.

Among the features most impressed upon my mind in the course of my visit to the Imperial Conference was the great use made of modern publicity methods to attract business to the principal railways of the world. Prior to this (in 1926) I had arranged for the publication of the *New Zealand Railways Magazine*, a comprehensive illustrated monthly paper dealing with all phases of railway development, and circulated to the extent of over twenty thousand copies monthly amongst the staff and the public. The usefulness and good effect of this magazine has been fully recognized in all directions, and has done much to educate both the staff and the public in the business of railroading. It has, in particular, helped to bring about amongst the staff a fuller appreciation of the value of good service in attracting and holding traffic.

The very heavy competition that has developed in recent years has also brought out in vivid relief the necessity for the establishment of a distinct branch in the railways to handle publicity. In consequence, in October of last year an organization of this kind was established. It was arranged that the Publicity Branch should have at its call trained publicity experts and journalists as occasion required. I also recognized the high standard of art work set by the Railway Advertising Branch, and it was arranged that the organization of this branch should be used as required to assist in the development of New Zealand railway publicity along the best lines.