

One of the principal difficulties the Department has had to face in the past has been the procuring of properly seasoned timbers of suitable kind in required quantities. If the Department were to undertake to air-dry its own timber it would necessitate large stocks being held. Unfortunately, New Zealand timbers have a high rate of deterioration, and this would render the process of air-drying uneconomical.

Added to this is the fact that some New Zealand timbers when air-seasoned are not suitable for our purpose, but become so when kiln-dried.

By the expenditure of approximately £20,000 adequate facilities to kiln-dry the Department's requirements can be obtained, resulting in relatively small stocks being required to be kept on hand, better service in the finished product, decreased maintenance costs, and materially assisting a local industry that does not appear to be in a thriving condition.

STAFF.

The total number of staff employed on the 31st March, 1929, including those engaged on works charged to capital, was 19,086, as compared with 18,584 the previous year, and the average number actually at work throughout the year was 18,536, as compared with 18,541 the previous year. Of the average number of staff at work during the year 13,598 were permanent employees, while 4,938 were casuals. The average number of men engaged on works charged to capital was 1,301, as against 1,087 last year.

Fifty-two members of the Second Division were promoted to the First Division, 156 members resigned, 92 retired on superannuation, 49 died, 45 were dismissed, and 573 engaged.

The sum of £44,344 was paid under the Workers' Compensation Act during the year to members of the Second Division who suffered injury in the course of their employment.

The new workshops at Otahuhu, Hutt, and Hillside were occupied by the staff during the year, and the work in connection with the change from the old to the new shops accounts for the increase in the average number of men engaged on works charged to capital.

I have under another heading in this report referred to the sick-benefit fund that has been established. Staff welfare work has also been carried on in other directions, notably in the provision of very well-equipped social halls at the workshops. We are also providing dining-rooms at the shops, and an organization which will enable the employees to obtain hot meals of high quality at the lowest possible price. In connection with the provision of recreational facilities for the staff we have pursued a policy of providing the materials at the cost of the Department where the staff themselves were willing to provide the necessary labour. I am glad to say that this arrangement has been availed of by sections of the staff at various places during the year.

Staff welfare work is an aspect of our business in which I am particularly interested as making not only for physical welfare and contentment among the staff, but as also tending to bring the staff and their families into more intimate social contact, and so leading the way to better understanding and a development of that *esprit de corps* which is so essential to the best results in an industry such as the railways, depending—as it does—so much on organization and the smooth working of its various sections.

I desire also to express my appreciation of the loyal co-operation which I have had from the staff generally in connection with the Department's business. Soon after I took office I emphasized that it was the man on the spot who could do the best service for the Department in the matter of obtaining business as against competitors. The essential relationship of the Commercial Branch in business-getting, so far as the internal organization of the Department was concerned, was to serve as a connecting-link between the management and the staff who are spread throughout the length and breadth of the railway system. Essentially the actual work of business-getting must principally rest with the staff who are giving the service and coming into daily contact with those requiring transport. I am very gratified to be able to record that during the year my appeal for the active co-operation of the staff has been responded to in a measure that has given me the greatest satisfaction. I have found many cases of members going out of their way to protect the Department's interests, and I desire to place on record my tribute to the staff for their loyalty and valuable assistance in this connection.

I wish also to place on record the good conduct of the staff during the past year, and the cordial relations that have existed between the various sections right throughout the organization.

SICK-BENEFIT FUND.

During the year the arrangements for the establishment of a sick-benefit fund for the purpose of assisting members of the wages staff of the Department during periods of incapacity through sickness were brought to completion. Previously to the establishment of this fund members of the wages staff who were off duty through sickness received no pay during these periods, and were dependent for their income on the various benefit societies that have been established by the staff themselves generally through their staff associations.

It has been a request that has been made on behalf of the wages staff for a good many years that they should receive some assistance during periods of sickness. The solution of this problem was eventually found in the formation of the Government Railway Employees' Sick Benefit Society. Under the arrangement now arrived at the members of the staff will make contributions to the sick-benefit fund, such as they have been accustomed to do in connection with the funds previously established, and in addition the Department will subsidize these contributions to the extent of 10s. in the pound with a maximum annual subsidy of £8,000. The accounts of the fund will be kept by the Department, and the fund will be administered by a central committee, on which the staff organizations and the Department will be represented, and by various district committees somewhat similarly constituted.

The arrangement is now in operation, and has worked with practically an entire absence of difficulty right from its inception. I feel that the establishment of the fund marks a very substantial advance in the industrial welfare of the railway employees.