

PUBLIC SUPPORT OF THE RAILWAYS.—There has been ample evidence that the increasingly higher standard of railway service has been appreciated by the public and has been a definite factor in securing to the Department an increased share of patronage in the face of highly competitive conditions.

At the same time, the Board feels justified in stating that the degree of patronage and support accorded to this State-owned enterprise still leaves much to be desired in many directions.

STAFF.—At 31st March last there were 16,189 employees under the control of the Board. The average number actually at work throughout the year was 16,048, compared with 14,971 for the previous year; of this number 11,835 were permanent and 4,213 were casual employees. The average number of men on works chargeable to capital was 930, compared with 640 during the previous year.

During the year, 248 members of the permanent staff resigned, 78 retired on superannuation, 45 died, and 31 were dismissed or paid off. The number of employees engaged was 418.

There were 14 members of the Second Division promoted to the First Division of the Service.

During the year the amount of £28,198 was paid under the Workers' Compensation Act to members of the Second Division who suffered injury.

The amount distributed in salaries and wages was £3,674,371, and it will be seen that this constituted the major portion of the Board's total expenditure of £5,540,437. These figures indicate that the railway-system administered by the Board is the largest labour-employing undertaking in the Dominion to-day. The importance of this aspect is self-evident when it is considered in relation to the ever-pressing national problem of providing reproductive work for the people of the Dominion.

The Board's appreciation of the efficient and loyal service rendered by this large staff is fully acknowledged. Collectively and individually they contribute to a service of first national importance; and the legitimate claim which the railway-system has upon public support is accentuated by consideration of the employment aspect.

SERVICES AND FACILITIES.—No transport undertaking, either for passengers or goods, is called upon to establish and maintain travelling and terminal facilities and to provide its own track to the degree that is required from the railway-system. In passenger station buildings, in goods-shed facilities and yard accommodation, and above all in the maintenance of its own permanent way with its attendant approaches and protections a heavy burden is cast upon the earnings of the railway-system.

By no means the least of the difficulties confronting the Board during the past year and preceding years has been the problem arising from intensive competition in the transport industry. The Board realizes fully that competition in any major industry is inevitable; it may be said, indeed, that, as a matter of experience, healthy competition is preferable to the possible evils of unregulated monopolistic control in any such industry. Nevertheless, it is equally true that unregulated and unbridled competition is fraught with grave dangers, and no small part of the world economic problem to-day is attributable to this very factor. The effects of this in the transport field throughout the world have certainly been as great as in any other field of enterprise, if, indeed, they have not been greater.

It is now a matter of history that in all countries it has been found necessary to effect some measure of regulation to minimize and to go some distance towards eliminating the disastrous effects of unrestricted competition in the transport industry.

In New Zealand the problem is equally acute, and is thrown into greater prominence by the fact that the main transport system (the Railways) is State-owned.

As a matter of policy, the Board has never sought any undue legislative protection against fair and legitimate competition. The Government, however, of its own volition, has taken certain steps towards the regulation of wasteful competition mainly through the transport-licensing legislation.

In pursuance of its statutory rights and obligations the Board has become a party to the hearing of applications for road licenses or appeals against the decisions of the licensing authorities only when it felt that a case could be established for the elimination of wasteful competition. Although the decisions have not always supported the Board's point of view, it is acknowledged that a useful measure of regulation has been established.

It must be submitted, however, that recent decisions raise serious doubts as to whether basic principles have yet been established and accepted for dealing effectively and consistently with the problem of wasteful competition in the transport industry.

The Board submits that the establishment of sound and well-defined basic principles is a first essential in the national interest. So long as there is conflict on principles between licensing authorities and the final court of appeal—the Co-ordination Board—then so long will uncertainty and dislocation continue in the transport industry.

Competition from sea transport is also a factor of importance. In this case, however, the position is somewhat different, since the condition of two systems of transport running on parallel routes does not apply to the same extent as between rail and road. The problem is therefore less acute, and, generally speaking, the Board has been able to meet the situation as it has arisen.