

maintenance of their tracks; they purchase nearly £2,000,000 worth of stores annually (the greater part from New Zealand suppliers); and, in addition to this, they returned, for the year just ended, an operating-profit amounting to 2 per cent. on the total capital invested in them.

A REVIEW OF TRAFFIC.

Passenger journeys by train totalled over 20,000,000 for the year, an actual increase of 704,057 on the previous year's figures, and there were also satisfactory increases in the numbers carried by the Department's various road services.

The tonnage carried, 6,188,805 tons, was the highest since 1931.

When plans which the Government has in hand for increasing employment and developing primary and secondary industries take effect, I anticipate a further very considerable increase in the traffic recorded above.

There are also many commercial developments to be brought about by the railways themselves, through the facilities they will make available to the people. These developments are designed to enable New-Zealanders to travel more for sight-seeing, health, and pleasure purposes. A greatly increased passenger traffic on the railways may be anticipated; and the Government will also see that the Railways Department is given a fair field in the endeavours of the Management to win increased traffic of other kinds.

THE GOVERNMENT RAILWAYS WORKSHOPS.

In the Railways Workshops of the Dominion the Government has an asset of very great value. These workshops are modern in every respect, and the best workshop practice is applied to their operations. Their capacity is such that, besides all the principal manufacturing work required by the Department, they are able to undertake any kind of wood-, iron-, and steel-manufacturing work for other Government Departments as required. The Government has approved of the principle of Government Departments making as much use of each other's special facilities as can be done to advantage, and this policy will ensure much additional work for these large national workshops.

The high standard of efficiency in a Department such as the Railways is proof (if such were needed) that the element of private profit is not necessary to the attainment of the best in workmanship and service; indeed private businesses might learn much regarding the principles and practice of economical operation, coupled with skill and efficiency, and capacity for handling emergencies of all kinds, from a study of the Railways Department's workshops activities.

CONCLUSION.

In conclusion, I wish to express my sincere thanks to the General Manager, Mr. G. H. Mackley, and his staff for the very great help they have given me in effecting the change-over from Board to Ministerial control, and in the subsequent efforts to bring about the general reorganization of the Department. To the staff as a whole I would convey my appreciation of the good work done in all branches of the service.
