

The placing of the accounts on a commercial basis has not been done with the object of making increased profits, but purely for the purpose of ensuring efficient working and enabling the administration and the public to ascertain the true position with regard to the Department's operations.

STATISTICAL INFORMATION.

Closely allied to the reorganization of the finances and accounts is the inauguration of the most up-to-date system of compiling essential railway statistics. The necessity for this was emphasized by the Royal Commission, and the Government was fortunate in obtaining the services for about three months of Mr. J. A. Warren King, Statistical Adviser to Sir Felix Pole, General Manager of the Great Western Railway. Mr. King acted in a secretarial capacity to the recent Royal Commission. The statistics outlined by him are now being compiled, and will undoubtedly be of great value, not only to the Department, enabling it to closely scrutinize all phases of its operations, but in making valuable comparisons with similar returns of railway systems throughout the world.

There is no intention, however, of spending a large amount of time and money in collecting information merely for the sake of producing statistical returns. The compilations will consist purely of data that will be of practical use in securing definite knowledge of working results, and in enabling the administrators to ascertain and remedy matters that may be found to require adjustment from time to time.

ROYAL COMMISSION OF INQUIRY.

As indicated in my last Statement, arrangements were made for Sir Sam Fay and Sir Vincent Raven to be constituted a Royal Commission to inquire into and report on the whole of the Railway Department's operations. A full report of the Commission's findings has been published, and is being laid on the table of the House during the current session as Parliamentary Paper D.—2A.

The report is a most valuable one from all points of view. Most of the recommendations have been adopted and others will be given effect to in due course.

A perusal of my two previous Statements will show that the most important reforms recommended had either been fully investigated or decided upon. Consequently I was able, immediately the Commission's report was available, to place full recommendations before Cabinet dealing with all points except the reorganization of the Mechanical Department, which has now been placed in hand.

Dealing shortly with the summary of the Commission's recommendations under the various headings on page 65 of the Report the position is as follows:—

FINANCE.

The proposals in regard to finance are in accordance with the system now in operation.

ORGANIZATION.

The general management and divisional organization was brought into operation on the 16th February, 1925.

With reference to the recommendation that a Board of Management should be appointed to replace the General Manager and the Assistant General Managers, I may say that the policy of staff retirement had already been inaugurated. Mr. McVilly, the General Manager, had intimated his willingness to fall into line with that policy, and had asked to be allowed to retire in accordance with the provisions of the Government Railways Act. Owing, however, to his long connection with the Department and his wide experience, it was thought advisable to retain his services until the report of the Commission was received; but I had already formed the opinion that, on the General Manager's retirement, a Board of Management should be established. The Commission fully endorsed this proposal, and a Board, consisting of a Chairman, an Operating Member, and a Commercial Member, was appointed.

The system of divisional control was also adopted, and the number of districts in each Island reduced. As will be seen from the organization diagram included in this statement, under the divisional control system each Island is placed in charge of a Divisional Superintendent stationed at Auckland and Christchurch respectively.