

In accordance with the committee's recommendation, in which the Board of Management concurs, I have decided that this system should be installed as a trial over a selected section in each Island—namely, Wellington to Marton in the North Island and Christchurch to Oamaru in the South Island. The cost of these portions will be respectively £10,500 and £13,000, a total of £23,500.

PUBLIC RELATIONS.

A cardinal feature of the policy in the development of the railway business has been the promotion of a closer relationship between the Department and the public: in other words, the creation of a good-will in favour of the Department. In the case of a monopoly business, of course, good-will figures very little, but as competition grows this factor becomes increasingly important, and to-day the stage has been reached through the advent of competitive forms of transport that necessitates those responsible for the administration of the Railway Department fostering public good-will to the maximum possible extent. With the rapid improvement in motors as a mechanical form of transit, together with the steady improvement in our roads, the sphere of motor competition will become more and more extended, and as this occurs the matter of good-will will assume proportionately greater importance. In the days when the railways had a virtual monopoly of the transport business the necessity for fostering public good-will did not press itself on railway administrators, and—perhaps unconsciously—the development of this aspect of the Department's activities did not receive the attention at their hands that the present altered circumstances imperatively demand.

The problem of improving the public relations may be said to present itself in two aspects—(1) improved service; (2) co-operation of the public. As to the first, a close survey of the situation discloses the necessity for substantial improvements in the facilities at the Department's disposal to enable it to give better service. This has necessitated our embarking upon an extensive programme of improvements involving the expenditure of considerable sums of money, but in every case the proposals have been based on a rigid adherence to the principles of economy and efficiency. Without exception we have required to be demonstrated before any proposal was adopted that it was amply justified on one or both of these grounds, and we are already beginning to feel the benefit of the steps that we have taken in this direction.

Unquestionably with the increased spending-power of the people there has been a greater demand for service. As to passenger traffic, the maximum degree of comfort and speed that can be obtained consistently with safety is demanded, while similarly with goods traffic the demand is for promptness in transit. This has required extensive revision of time-tables, providing for faster train services. The changes that have been achieved in this direction during the past year have, I believe, met with the general approval of our customers and have brought to the Department a large measure of good-will. A further aspect of the problem of better facilities is to be found in the greater measure of contentment among the staff, which has its direct reflection in better personal service given by the staff to the public. It is a fact that a staff working in comfortable and congenial surroundings with efficient machines will work with an enthusiasm and a will for service to a much more pronounced degree than under other conditions. The attitude of the staff generally towards the public, I am assured, has been a considerable factor in promoting the success of the past year's operations. This, however, is a matter on which I shall have further to say hereunder in dealing with the question of staff. Let it be sufficient to record at the present point that our object is not only to devote attention to the improvement of facilities, but also to recognize and continually keep in view the other essential to success—namely, a staff 100 per cent. efficient and with the will to give service.

Dealing with the problem of public relations under the second aspect—and one which from many points of view is the more important—namely, that of securing the co-operation of the public, I am happy to be able to say that in this direction very considerable progress has been made. Realizing at the outset the necessity for setting up a closer personal relationship between the Department and its