

are greatly restricted, and are generally subject to the approval of the Minister, and, as regards staff, decisions of both the Minister and General Manager affecting grading and discipline are subject to final review by the Appeal Board.

This has a far-reaching and prejudicial effect on the efficiency of the Department, and also on the financial results obtained.

In the opinion of your Commission, it is essential that the management should have control of the staff in respect of employment, conditions of service, discipline, and all other matters which affect the economical operations of the Department.

With respect to organization, originally the Railways Department was organized departmentally, there being the head of each branch at the Head Office directly under the General Manager, with a District Officer in charge of the separate branches in each district. District Officers reported directly to their chiefs on all important matters. The Chief Engineer was responsible for the condition of the track, structures, buildings, &c., and for the execution of new works on the whole system, his District Engineer being responsible for those matters in his own district. Similarly the Chief Mechanical Engineer was responsible for the maintenance and repair of all locomotives, steam plant, and rolling-stock, as well as the construction of new locomotives and other rolling-stock, his Locomotive Engineer being responsible for the condition, maintenance, and all other matters appertaining to the running and operation of locomotives in the respective districts. The Chief Traffic Manager had control of transportation and all matters relating to traffic, the District Officer in each case controlling the work in his own district.

Generally speaking, this system worked well, and the responsibility of each principal officer was clearly defined. There was, however, a certain amount of delay in dealing with matters departmentally, which could have been avoided had matters been dealt with by an officer controlling all branches in each district.

In 1925 an alteration was made in the organization, and two Divisional Superintendents were appointed—one for the North Island, located at Auckland, and the other for the South Island, located at Christchurch.

The Chief Mechanical Engineer was divested of the responsibility for the maintenance of the locomotives and rolling-stock and for the locomotive operations, but was responsible for the maintenance of standards, design, and construction of new rolling-stock, and for the control of workshops. A District Locomotive Engineer in each divisional district, acting under the Divisional Superintendent, attended to the repairs and running of locomotives, also the repairs to rolling-stock, and, in addition, reported on certain matters to the Chief Mechanical Engineer.

The District Engineers (Maintenance Branch) continued to report to the Chief Engineer, but were also in close touch with the Divisional Superintendent.

The system now in operation is neither departmental nor divisional, and your Commission is of opinion that it has not proved entirely satisfactory, and has not produced the maximum of efficiency and economy in administration and operation.

The General Manager has recommended that full divisional control be instituted, with District Divisional Superintendents at Dunedin and Christchurch, each with a complete office establishment, in which would be located a District Traffic Manager, District Engineer, District Locomotive Engineer, and District Accountant, all working under and reporting to the District Divisional Superintendent.

Similarly, in the North Island three District Divisional Superintendents would be appointed—one located at Wellington, one in the central area, and one at Auckland.

A saving would be effected, as all the general office-work, recording, and accounting would be done in one office, while the District Divisional Superintendent would have complete control over all matters in his district. When occasion required, the technical officers would report through the District Divisional Superintendent to the chiefs of their respective branches.

We are of opinion that better results would be obtained and business despatched more speedily if district divisional control is established. What saving in expenditure would ensue is difficult to estimate, but your Commission is of opinion that some measure of economy would result and the administration become more effective.

There is, however, one weakness in the proposed organization—namely, that the direct responsibility for the maintenance and upkeep of the track, bridges, buildings, and other structures is removed from the Chief Engineer, and that direct