

*Discipline.*—Prior to 1926 discipline for breaches of the regulations was met by infliction of cautions, reprimands, fines, reduction in status or pay, and dismissal. The measure of punishment was the gravity of the offence. Dismissal was only inflicted in most serious breaches and only on the approval of the Minister being first obtained.

In 1926 this system was altered, and what is known as the Brown system substituted. Discipline under this system is by merit marks for good conduct, and demerit marks, reduction in status or pay, and dismissal for bad conduct. The approval of the Minister is required for dismissal. Merit marks are cumulative and cancel an equal number of demerit marks. Reduction in status or pay and dismissal are subject to the right of appeal. Infliction of demerit marks is the only disciplinary penalty the management can now impose without being subject to jurisdiction of the Appeal Board.

The evidence before your Commission shows that the present system is not satisfactory nor efficacious, and the officers have not sufficient power to control and enforce discipline. We are of opinion that the Brown system should be abolished, and the system in operation prior to 1926 be reinstated.

*Appeal Board.*—As originally constituted the Railway Appeal Board consisted of a District Judge or Magistrate appointed by the Minister and two members of the Railway staff elected by the members of the Service. The Department had no representation on the Board.

Members of the Service had the right of appeal in respect of all fines exceeding £2, reduction in status or pay, supersession, withholding promotion, and dismissal. The decision of the Appeal Board was in each case transmitted to the Minister and became effective when confirmed by him.

In 1927 the constitution of the Board was altered, and now consists of a Magistrate, one member nominated by the Minister, and one member elected by the staff. The decision of this Board is final without the necessity of confirmation by the Minister.

The right of appeal is in respect not only of reduction in status or pay, withholding of promotion, supersession, and dismissal, but extends to grading of positions and filling of vacancies that arise in the First Division. These latter are now advertised by notice or circular issued to the staff and inviting applications for the positions vacant. Every unsuccessful applicant has the right of appeal in respect of every position for which he applies, and the vacancy cannot be filled until every such appeal has been heard and disposed of by the Board.

The result is a large amount of staff disorganization and increased expenditure in making temporary arrangements to carry on the business, but, in the opinion of your Commission, a more important aspect of the matter is the far-reaching and detrimental effect of making the Appeal Board, which has no responsibility whatever in regard to the results of any of its decisions, the final arbiter in matters vitally affecting the efficient and economic operations and discipline of the Railway service, and may also involve safety of the public.

The evidence shows that in connection with the appeals against regrading, the Assistant General Manager was wholly engaged and away from his office for some months, and at the same time numerous other officers were in attendance as witnesses for varying periods, with resultant disorganization and expense, to which were added, when the Board's decision became operative, the dissatisfaction of those members who by reason of their merit and suitability had been selected for and would have received promotion, and the inefficiency resulting from the appointment of men to positions for which they were not fully qualified.

In the course of its investigations your Commission became acquainted with cases where both efficiency and economy were being seriously affected as the outcome of decisions of the Appeal Board, and instances have been given where discipline has been affected in like manner. We are of opinion that promotion should in all cases be made on merit, efficiency, and suitability, and on no other consideration.

We have investigated the appeal systems in operation in other countries and find that on railways controlled by Commissioners the final decision rests with the Chief Commissioner and on British railways, the General Manager; and, in this connection your Commission recommends that the New Zealand Railways be brought into line with those other countries.