

On 31st March, 1930, the number of wagons on the railways was 26,909, many of which are over thirty years old. Allowing forty years as their average life, it will during the next few years be necessary to build a considerable number of wagons for replacements.

The number of men employed on repairs to rolling-stock has a most important bearing on the cost of the work, and we are of opinion that Workshop Managers should have full authority to employ or dispense with casual men as circumstances warrant.

Your Commission is of opinion that greater economy can be obtained in the maintenance of the rolling-stock without reducing the standard of safety and efficiency.

(13) Whether the maximum of benefit is being obtained from the new workshops recently erected in the four main centres, and whether the volume of necessary work will be sufficient to keep these shops fully occupied, and as to the general position of the workshops.

When the question of reorganization of the various workshops in the Dominion was considered and specially reported on in July, 1924, by the then Chief Mechanical Engineer, his proposals covered the erection of one main workshop for each Island. The cost was estimated to be in the vicinity of £1,000,000 for each Island, altogether a total of £2,000,000 for the Dominion. Amendments to the foregoing were made, however, following the report of the Royal Commission of 1924, and in April, 1925, a recommendation covering the erection of new workshops at Otahuhu and Hutt and the reorganization of the existing workshops at Addington and Hillside was approved, at an estimated cost of £1,642,853. This estimate was later amended, and the final approval for the work to be undertaken was given on an estimate of £1,696,000.

The actual cost of the workshops scheme, when completed, will be approximately £2,300,000, which exceeds the estimate by £604,000.

When the proposals for the reorganization and erection of new workshops were submitted it was estimated that an annual saving of £230,000 would be effected if the full expenditure of £1,696,000 was authorized, but against this saving would be offset the sum of £115,000, being the additional charge for interest and depreciation, &c., on the increased capital expenditure, thereby making a net saving of £115,000. This figure was arrived at as under:—

<i>Estimated Annual Savings.</i>				£	£
(a) Engine repairs	..	..	..	84,000	
(b) Car and wagon repairs	..	..	..	92,000	
(c) Building new stock	..	..	..	25,000	
(d) Reductions in time lost by rolling-stock under repair				17,500	
(e) Rentals from sites—Petone and Newmarket			..	11,500	
				<hr/>	230,000
Less increased annual charges for interest, depreciation, &c.		115,000
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Estimated net annual savings		<u>£115,000</u>

The principal items of the savings—viz., £201,000—covering the estimated savings on engine repairs, £84,000; car and wagons repairs, £92,000; and building new stock, £25,000, were apparently based on the assumption that labour costs per unit of output would be reduced by approximately one-third. With no increase in the volume of work it should, on this basis, be possible to reduce the staff by eight hundred men in the four shops, or, alternatively, if this reduction of staff was not made, then to increase the output of the workshops very considerably.

Figures submitted to your Commission show that although new workshops, equipped with modern machinery and laid out on the most approved and up-to-date