

The efforts made to combat road competition have been effective to a certain extent only, inasmuch that the system of reducing rates and providing increased facilities has enabled us to hold a portion of the transport business, but, with the increasing competition being encountered from day to day, and the absence of any control of the situation generally, the position will obviously tend to become more acute, and this position will be intensified so long as the railways are faced with subsidized road competition.

STAFF.

The total number of staff employed on the 31st March, 1931, including those engaged on works chargeable to capital, was 17,806, as compared with 19,926 the previous year; and the average number actually at work throughout the year was 18,840, as compared with 19,410 the previous year. Of the average number of staff at work during the year, 13,612 were permanent and 5,228 were casual employees. The average number of men engaged on works chargeable to capital was 1,435, as against 1,382 last year.

Twenty-seven members of the Second Division were promoted to the First Division, 17 were transferred to other Government Departments, 113 resigned, 187 retired on superannuation, 56 died, 51 members were dismissed, and 112 engaged.

The sum of £45,539 was paid under the Workers' Compensation Act during the year to members of the Second Division who suffered injury in the course of their employment.

The decline in traffic during the year, due to circumstances over which we had no control—the general depression, &c.—placed us in the position that we were carrying a substantial surplus staff both permanent and temporary (the latter principally in the workshops). The extent to which any industry should be called upon to carry a surplusage of staff must, of course, have reasonable limits, as, if carried on indefinitely, the surplus places on the industry a financial burden which (as in the case of the Railway Department) it may not be in a position to bear.

I do not say that there are not any circumstances which would justify the Railway Department itself carrying surplus staff for a limited period. For instance, humane considerations, coupled with the desirability of keeping a certain minimum organization fairly intact, may well afford such a justification, but this in turn must be subject to a reasonable prospect of the whole quantum of staff, including the surplus, being again required within a reasonable time. If this condition is not present, then the position must be regarded as involving a more or less permanent reduction of the staff establishment, and this is a position which must call for adjustment. Even in such a case considerations of humanity would justify spreading the process of adjustment over a period rather than throwing a large number of men suddenly on to the labour-market. This policy has been pursued as far as possible in connection with the staff adjustments which circumstances have shown to be necessary in the Department, and wherever it was possible to avoid reductions or to take steps to minimize the hardships that were involved in the process of adjusting the staff every reasonable opportunity has been taken to act along this line. One line of action that has been taken in this connection has involved the retirement of a number of employees on superannuation after they had completed thirty-five years' service and before they had completed forty years' service, which latter term is that which entitled an employee to the maximum proportion of his rate of pay by way of pension. The basis of this action has been the conclusion that it was much more humane to retire those employees who would have some income from the industry to sustain them rather than to throw out of employment employees who would be entirely dependent on the (at present) doubtful chance of what they could earn. Fears have been expressed that this action might place an undue burden on the Superannuation Fund, but an examination of the position does not seem to afford any substantial basis for such fear. It must be remembered that the employees receive a smaller pension than they would have done had they completed forty years of service, and according as the period the employee continues on the fund lengthens the adverse effect on the fund is by comparison reduced.

Another phase of the retirement of employees at thirty-five years is the question of the efficient working of the Department. This is being carefully watched in determining the retirement of employees, and while, of course, these retirements will inevitably involve some loss of valuable experience, it is assured in each case that suitable arrangements can be made to carry on the work up to a satisfactory standard of efficiency.

The work of our staff administration during the year has been of an extremely heavy character and has involved many great difficulties. The matter of the adjustment of the staff and the difficulties associated therewith has been dealt with above. It need only be further mentioned in relation to the staff work that it involved an enormous amount of investigation and the working-out of arrangements to avoid hardship as much as possible, and this placed a very great strain on the staff section. Another very large work that was undertaken during the year was a comprehensive review of our permanent establishments. As pointed out in my report last year, we had, during that year, a general regrading of positions and had contemplated initiating the review of staff establishments previous to the regrading, but, as the regrading work had to be undertaken in pursuance of the statute in that behalf, the review of the establishments had necessarily to be postponed. The work was, however, diligently carried on during the year, with the result that many adjustments were found possible with substantial resulting economies. In many cases the adjustments caused members of the permanent staff to become surplus, and as none of these has yet been retrenched, and the process of absorption by resignations, retirements, &c., is necessarily a comparatively slow one, the full advantage of the work that has been accomplished in connection with the review of establishments has not yet accrued. The economies that have been made possible by the review and consequent adjustments are, however, of a permanent or quasi-permanent nature, and so represent a definite lowering of our working-costs. Every opportunity has been taken to utilize the surplus permanent staff to the best advantage. Some have been absorbed by the adoption of the policy of retirements on thirty-five years' service; others have been placed temporarily or otherwise with other Government Departments; and opportunity has been taken to utilize the services of surplus staff to overtake