that it should be provided by the by-laws that this should be required in all cases. Nothing is more important than that the contract between the consignor and the railway as carriers should be clearly defined, in order to avoid litigation. We think, therefore, that the conditions attached to the consignment notes, which should be signed by the consignor and constitute his contract, should be prepared, with the advice of the Law Officers of the Crown.

31. We understand the intention of the present law to be, that in the case of all goods not declared to be "special" under the Act, the ordinary law of carriers prevails; and in the case of "special" goods not consigned as "special," the same law prevails, except that the amount of damage recoverable is limited by the 153rd section of the Act; but that, in the case of "special" goods duly consigned as such, it is open to the Minister to make special agreements defining the liability of the railway, and that under the authority of by-laws made under the 145th clause, the railway could not be required to carry any such goods except under special agreement. As, however, some doubt is entertained by some members of the Commission on this point, the opinion of the Law Officers should, we submit, be taken, so that the liability of the Government may in all cases be clearly defined. Case of special goods.

32. The way-bills are made out from the consignment notes, and should be immediately entered in a "Register of Invoices," which contains the total of each way-bill in one line—a similar register being kept of the way-bills received. This book constitutes an index for the whole goods traffic of the station. Register of Invoices.

33. Two press copies of every way-bill should be taken as soon as made—one to remain at the station, one to be sent at the end of the week to the Audit Office. The original way-bill goes with the train, and should remain at the receiving station. Way-bills.

34. The way-bills must at the same time be entered and fully extended in the "abstract sheets." These entries should be made day by day, so that the "abstract sheets" may be ready for despatch by the end of the week, when a press copy should be taken for the use of the station, and the originals sent to the Head Office. Abstract sheets.

35. From the "abstract sheets" the "Summary of Goods Traffic" is to be compiled. This is a complete summary of all the goods received at or sent from the station, from or to every other station with which it is in communication. Summary. From these summaries a "General Summary" is prepared at the Head Office, showing the whole of the traffic outwards and inwards from and to all stations of the system. General Summary.

36. It is also necessary that the Station-master should prepare in duplicate a weekly "balance sheet" in a form which we have prepared, one copy to go to the Audit Office direct, one to the Head Office. He should retain a press copy for the station. Balance sheet.

37. On Saturday evening or on Monday morning, the Station-master should be required to send— Returns to be sent.

(1.) Direct to the Audit Office—
- (*a.*) Press copy of outward way-bills;
- (*b.*) His balance sheet.

(2.) To the Head Office—
- (*a.*) His outward and inward abstracts;
- (*b.*) His weekly summary of traffic;
- (*c.*) Copy of his balance sheet.

The Head Office should send to the Audit Office—
- (*a.*) The general summary of traffic; supported by
- (*b.*) The Station summaries of traffic; and these again supported by
- (*c.*) The abstracts.

These should be sent to audit by the Head Office within one week after being received from the stations, which will allow time for any errors discovered as between the stations to be adjusted.

38. The Head Office will also send a copy of cash-book to the Treasury every Monday morning for the previous week. Cash-book.

39. The Audit will then be conducted as follows:— Audit of goods traffic.