

With regard to this portion I beg leave to remark that I will not yield to any man in the service in respect of knowledge in what I deem to be the leading feature of railway management, namely, a thorough acquaintance with traffic matters.

I admitted to the Commissioners that I had had no professional training in the nature of civil or mechanical engineering. Of these matters I know nothing beyond what I have acquired by observation, extending over many years' connection with railways.

It may be inferred from the extracts given that the Commissioners make it a *sine qua non* that a thorough knowledge is absolutely necessary, and yet in the first paragraph of page 8 they recommend "the appointment of a man to take the supervision and responsibility of the whole department," and such an officer "should be rather a man of business than simply an engineer or even a railway expert."

With regard to the concluding portion of paragraph 3, page 7, which reads, "and distant officers were evidently guided and restrained with a very loose hand," this appears to me to be inconsistent with their conviction that "safeguards have been adhered to with great strictness;" but, be that as it may, I deny the charge of laxity, and challenge any proof of it. On the contrary, and as proof of the fallacy of this, I desire to draw your attention to results, and submit that, with the aid of zealous co-operation on the part of the managers, such results could only have been accomplished by "vigilant and economic supervision." During the following financial periods the percentages of expenditure to receipts were—

1874-75	...	...	...	91.12 per cent.
1875-76	...	...	...	84.16 "
1876-77	...	...	...	85.54 "
1877-78	...	...	...	81.81 "
1878-79	...	...	...	74.53 "
1879-80	...	...	...	72.87 "

And, considering that the last two (those I have controlled) have been exceptionally-depressed periods, these results should call forth commendation rather than censure.

The only other subject in the report affecting the North Island is that relating to the resignation of the Auckland Traffic Manager. As you are fully conversant with this transaction, I will only say that the nature of the variance between the General Manager and the Traffic Manager left no alternative but recommending to you the acceptance of the latter's resignation. The Commissioners were placed in possession of all the facts of the case, and, notwithstanding this, and my explanation of the actual part the Traffic Manager took in accomplishing the reduction of the working expenses from 94 to 68 per cent of the receipts, the report leads to the inference that this resulted entirely from the Traffic Manager's exertions. The real state of the case is that it was due to my own action (determined upon before his appointment), viz., reducing the train-mileage by 90,000 miles per annum, and the permanent-way staff by 20 per cent. These changes coming into operation simultaneously with his services have, apparently, been taken advantage of by the Traffic Manager whilst airing his grievances before the Commissioners.

I am quite willing to accord to the Traffic Manager his share of praise, and will here repeat what I stated in my memorandum to you of the 23rd March last, viz.: "Mr. Rowe is thoroughly posted in traffic management, and there can be no doubt he has contributed a fair share of the success in general improvement on the Auckland lines during the last ten months." This, I may remark, applies more to the working than to the financial results.

Although outside of matters appertaining to my present position and the subject in hand, I think it will not be out of place to submit the results of my Canterbury experience of railway management for the purpose of rebutting the Commissioners' charges of various shortcomings incompatible with good management.

On the 1st December, 1874, I was appointed to the management of the provincial railways of Canterbury, then numbering about 80 miles of opened lines—viz., Lyttelton to Ashburton South, and Rangiora North—then, as now, the best paying sections. At this time the percentage of expenditure to receipts was 84.41 per cent. Simultaneously with my appointment the Oxford and Malvern Branches were opened, adding between 40 and 50 miles of notoriously unprofitable railway; yet, notwithstanding this disadvantage, the working expenses for the first year of my charge were reduced to 67.01 per cent., a decrease of $17\frac{1}{2}$ per cent. in one year. This statement can be verified by a reference to the Canterbury Provincial Gazette, No. 24, of 26th June, 1876.

In conclusion, I feel that the report contains unmerited disparagement; but, not having seen the evidence upon which the Commissioners have based their statements, I am not in a position to deal more fully with their imputations. I may remark, however, that I am conscious of having loyally and faithfully used my best efforts in the direction so much to be desired, viz., making the railways useful and profitable; and am satisfied that these results would be accomplished if the public were less exacting in their demands upon the department. The curtailment of many luxuries in the direction indicated has for some months been practised; and this will be far more to the purpose than any undue reductions in the pay of many deserving men, who have onerous and responsible duties to perform.

My object in bringing forward this rebutting evidence of the charges imputed to me is simply that it may be on record as a protest against the report referred to, and I shall be perfectly satisfied to leave any further action in your hands.

I have, &c.,

JOHN LAWSON,

The Hon. the Minister for Public Works.

Commissioner of Railways, North Island.