

are physically and otherwise capable of performing an equal amount of work. But by subdividing the parties and allowing the men to select their own co-partners it is found that they practically classify themselves, and thus very largely reduce one of the principal difficulties in working the scheme. There have, in some cases, also been little difficulties at first with the officers of the Government in dealing with the system, owing to their being accustomed to deal only with contractors, and owing also to the subdivision of the work, and having so many separate parties of men to deal with, entailing a considerable amount of extra work upon both the engineers and the overseers. The engineer, in fact, has practically to take the position of the contractor, whilst the overseers have to act not only as overseers for the Government but also as foremen of works for the contracting parties. Taken as a whole, however, every satisfaction has been given by the staff, with one or two exceptions, and at the present time the whole of the works are going on quite smoothly and satisfactorily to both the Government and the men who are doing the work. The work has cost no more than it would have cost if it had been done under the contract system, and, at the same time, a better class of work has been done.

A great advantage in constructing works under the co-operative system is that the Government has the expenditure thoroughly under control. Should any circumstances arise rendering it desirable to curtail expenditure, it is simply necessary to reduce the number of men, the agreements with the men providing that the Government is at liberty to order the work to be discontinued at any time without payment of compensation. Under the contract system works cannot be stopped when once the liability has been incurred without heavy compensation having to be paid to the contractor. The state of the labour market can also be studied, and a very much better attempt made to equalise supply and demand than under the contract system, as, when once a contract has been signed binding a contractor to complete works within a definite period, they must be continuously pushed on with, even when labour is very scarce and in great demand for other purposes.

The contention that, when a large amount of labour is unemployed, pressure, which is well nigh irresistible, would be brought to bear on the Government to find employment, has been proved to be altogether erroneous, as is evidenced by the large reductions in the number of men employed on the Government co-operative works during the last few months.

A matter now requiring consideration is the application of the system of co-operation to large works requiring skilled labour—ordinary railway culverts of brick and stone-work and some small bridges have already been successfully attempted.

A question at the present time is whether the laying of the permanent-way could not also be advantageously undertaken on the same principle. This matter I am now going carefully into. I have already let one experimental contract of two miles in length, and am awaiting the result. If satisfactory, an attempt will be made to apply the system to the laying of the permanent-way on the different railway works now in course of construction. On several of our lines we have a large amount of formation-work done, and it is necessary in order to give the districts in which the railways are situated the full advantage of their construction, and also with the view of obtaining returns on the expenditure that has been incurred, that the work of laying the permanent-way should now be gone on with, and, with that object in view, I am having reports made by the engineers in charge of the several districts as to how far the work can be done under the co-operative system. There may be some places where it can be done to advantage, while in others it could not be done advantageously and with due regard to economy. It is my fixed intention to adhere to the principle laid down at the commencement that the work should not cost more than if it were done under the contract system.

I have received communications from the Colony of Victoria, and I am given to understand that the co-operative system has now been introduced in the construction of public works in that colony.