

those men going to be satisfied to see men who have been termed as inefficient crowded up on them? I take it they will not, and then you will have a clamour from those men to go up still higher. It must be borne in mind that men who have got into the £220 class and were in the service in 1897 have had two or three promotions. Many of them had to stand for five years as Station-masters at £140, others three years at £140 as a clerk, then at the end of three years another stand. The Act of 1901 allowed an automatic increase up to £180, and the Act of 1907 allowed an automatic increase up to £200. A man who has got into the £255 class has been promoted four times. Those men are not going to see other members below them go up automatically; if they do you will have to deal automatically with them also. They will claim the right, and I think reasonably so, to go to a class higher. They will say they want some distinction between themselves and the other men now below them. As soon as you get to that position—and it has got to be faced ultimately—the Department will have to give way, and then it is going to be saddled in five years with a further cost of £75,000 to satisfy these men. Then, taking the present tenth grade, in eleven years it is going to cost £83,080 in addition to work the men through to the top of the grade. Well, sir, the whole matter hinges on the question of cost. The Railway Department is a business concern: that is admitted, I think. There is nearly thirty-one millions of public money invested in the railways in this country, and I submit to the Committee that the taxpayers of the country would not be satisfied very long if they saw the whole of the profits eaten up in payment of the wages of the Railway men. Now, if we are going to be met every year with these incessant demands for an increase of pay where are we going to get the money to satisfy them and pay interest? I should just like to direct the attention of the Committee to a little of the past history of the Department. Over a period of years the percentage of expenses to revenue was as follows:—

					Working-expenses per Cent. of Revenue.	Per Cent. of Net Earning to Capital.
1882-83	...	...	...	...	62·18	3·16
1883-84	...	...	...	...	68·24	2·51
1884-85	...	...	...	...	65·99	3·01
1885-86	...	...	...	...	65·91	2·86
1886-87	...	...	...	...	69·99	2·30
1887-88	...	...	...	...	69·09	2·30
1888-89	...	...	...	...	64·86	2·60
1889-90	...	...	...	...	62·32	2·97
1892-93	...	...	...	...	61·97	3·05
1894-95	...	...	...	...	63·62	2·73
1906-07	...	...	...	...	69·06	3·45
1908-09	...	...	...	...	72·19	3·13
1909-10	...	...	...	...	66·76	3·80

Most of us know what happened in 1887 and 1889—there has been a steady advance in the cost of working all the time for some years, and I submit to the Committee that the Department could not go on increasing expenditure. Last year the ratio was less. Now, there is no gainsaying the fact, gentlemen, that the conditions of the Railway staff have been very materially improved since 1895, and at the present time I submit that, drawing a fair comparison between the Railway services elsewhere, that the Railway men in New Zealand are very well paid indeed. The Department recognizes just as well as the men themselves that the men would like more benefits, more privileges, and higher pay. The Department, as far as it is concerned, has always been desirous, as far as it possibly could, to meet the men, but it has to keep in view all the time the thirty-one million pounds capital and the necessity for paying interest. The Department does not oppose the desires of the men or refuse to comply with their demands merely for the sake of doing so. The Department holds this view: that it is better for the staff as a whole to maintain a reasonable rate of pay over a long period of years than it is to get an excessive rate of pay which the finances of the country cannot stand, and then to have a collapse after one or two years. We have got to that position, gentlemen, and it is just as well that it should be fairly and squarely faced. It is no fun to the administrative officers of the Department to turn down application after application; it is very much more pleasant to be able to say Yes all the time, and as a general rule it is easier to say Yes than No. That has been my experience, at all events.

14. *Mr. Ross.*] That is a question of policy, not administration?—I am putting the question from the Railway Department's point of view just now. I am endeavouring to give the reasons which prevent the Department in a great many cases acceding to the requests made to it. Then there is another point. I think it was stated that a cash value would be very much more appreciated by the men, or the men would rather have a cash value than privileges which exist or which they seem to think exist only on paper. I would like to know whether it has ever occurred to the members of the staff what their privileges really amount to. I will just quote a few typical cases to show what a concession privilege tickets mean to the Railway men in the matter of fares. We will take first of all the free pass on annual leave. If a man goes 150 miles and he is a single man, he saves in train fare £1 17s. 8d.; if two adults go the saving is £3 15s. 4d.; and for two adults and four children the saving is £7 10s. 8d.; and for other distances the savings are as follows: 200 miles—one adult, £2 10s. 2d.; two adults, £5 0s. 4d.; two adults and four children, £10 0s. 8d. 230 miles—one adult, £2 17s. 8d.; two adults, £5 15s. 4d.; two adults and four children, £11 10s. 8d. 251 miles—one adult, £3 3s.; two adults, £6 6s.; two adults and four children, £12 12s. 369 miles—one adult, £4 12s. 8d.; two adults, £9 5s. 4d.; two adults and four children, £18 10s. 8d. 426 miles—one adult, £5 7s. 8d.; two adults, £10 15s. 4d.; two adults and four children, £21 10s. 8d.