

of differential rates, which neither in this country nor in any other country would be tolerated for one minute. You cannot differentiate in favour of a populous district as against a country district. The general taxpayer puts his money into the railways, and railway matters have to be dealt with *in globo* so far as receipts and expenditure are concerned. You would have the staff on the lean lines paid starvation wages and your staff on the fat lines paid luxurious wages. You cannot do that.

54. That is, in running the railways the public has to be taken into account?—Exactly.

55. That is, that the railways are run in the interest of the public?—The Railway Department is an institution with £31,000,000 of public money intrusted to its care. It has to see that the staff are reasonably remunerated for their services, and that is what it does. It has at the same time to see that the interests of the public are safeguarded by working the railways as economically as can fairly and reasonably be done in order that that portion of the community who do not use the railways may not be called upon to pay a large amount towards meeting a deficiency in the amount required for interest on the capital invested.

56. Does the Arbitration Court take into consideration in fixing an award whether a private employer is making a fair profit or not?—I am not prepared to say. I have no experience of the Arbitration Court or its methods or awards; but I can tell you this: that the Department invited the Railway men, or, rather, gave them the opportunity, on three occasions of going under the Arbitration Court or staying where they were. I know what they did.

57. Was that an opportunity given to the Railway service?—It was for the whole service. The Minister made that statement openly in the House.

58. Do you know whether that offer was made to the Railway servants or not?—I know it was not made in so many words to the Railway officers specifically, but they knew they could have it if they asked for it.

59. Well, why did you say that it was made to the whole of the Railway service?—It was made to the whole service in the House, but the Railway officers stood back. They knew where they were.

60. That is a different thing to your statement that the Railway Department actually made that offer to the whole service?—My statement is correct. The Minister made the statement that he would give the whole service the opportunity of coming under the Arbitration Court if they so desired.

61. Now, why should the Railway officers' pay depend on the profits whilst the officers in the Tourist Department are not under similar conditions?—If you had thirty-one millions of money or any other sum invested in a private business, would you run your private business on lines that would give you a return on the money you had invested, or on the basis of what Smith and Brown were doing? You would run it on the lines to get a fair percentage, and that is what we are doing.

62. But, then, the difference is this: that those officers are employed by the same people—that is, the Government: is not that so?—The men are not employed by the same Departments.

63. Those men you have mentioned are all employed by the same head—that is, the Government?—They are not. Every Department is "on its own"—every Department is distinct.

64. They are employed by the Government?—I am not discussing the Government. I am discussing Departments.

65. Well, the employees in those different Departments are State employees—they are paid by State money?—No, I am not even going to discuss that.

66. While on this question, the Railway Department also carries lime free?—Yes, we carry lime.

67. For instance, carry it one way—

*Hon. Mr. Millar:* This is not cross-examination on the administration of the Department, but on the policy.

*Mr. Ramsay:* This very point was made by Mr. McVilly. He went into this question. We had no intention of touching upon it; but, it having been mentioned, we think we have a right to refer to any such thing.

*The Chairman:* The question is quite in order. My opinion is that it arises out of the statement that the expenditure must bear proportionately on the revenue received, and what Mr. Ramsay is trying to do is to ascertain why the Railway officers should suffer, if in his opinion they suffer, while there is an opportunity for raising revenue and paying the men that which he thinks they are entitled to.

68. *Mr. Ramsay* (to witness).] Referring to the question of lime, great quantities of lime are carried?—It depends on what you call a great quantity.

69. How much is carried free—have you any idea?—Yes, but I am not prepared to state what it is straight off.

70. Is a certain amount credited up in respect of the lime carried free: does the Department credit their accounts with a certain amount for the carriage of that lime?—The Department carries lime free in order to increase the productivity of the land, and thereby gets a greater grain traffic. Indirectly the Department is paid over and over again for the lime which is carried.

71. But is any amount credited directly in the books of the Department?—No. We do not make any charge. It would not be free if you made a charge.

72. There is another question: is the percentage of working-expenses to revenue made a factor in the payment of salaries in the Post and Telegraph Department?—I do not know anything about the Post and Telegraph Department's accounts.

73. So that you do not know whether it is so or not?—I know what the Post and Telegraph Department's scale of pay is, and I know the number of men.

74. My point is this: whether the percentage of working-expenses to revenue is made a factor in computing the salary to be paid to Postal officers?—I have no personal knowledge.