1911.

NEW ZEALAND.

RAILWAYS COMMITTEE

(REPORT OF) ON THE PETITION OF ROBERT C. MORGAN (ON BEHALF OF THE RAILWAY OFFICERS' INSTITUTE); TOGETHER WITH MINUTES OF EVIDENCE AND APPENDIX.

(MR. HOGAN, CHAIRMAN.)

Report brought up on the 27th October, 1911, and ordered to be printed.

ORDER OF REFERENCE.

Extract from the Journals of the House of Representatives.

FRIDAY, THE 4TH DAY OF AUGUST, 1911.

Ordered, "That a Committee be appointed, consisting of ten members, to examine and report upon question relating to the railways; with power to call for persons and papers; three to be a quorum: the Committee to consist of Mr. Arnold, Mr. Brown, Mr. Buick, Mr. Craigie, Mr. Hine, Mr. Hogan, Mr. Rhodes, Mr. Ross, Mr. Witty, and the mover."—(Hon. Mr. MILLAR.)

PETITION.

To the Honourable the Speaker and the Members of the House of Representatives for the Dominion of New Zealand in Parliament assembled.

THE humble petition of ROBERT CARHAMPTON MORGAN, of Princes Street, Dunedin, as general secretary to, and on behalf of, the members of the New Zealand Railway Officers' Institute, showeth as follows:—

1. That the members of the institute are in the service of that branch of the public service employed in connection with the Government railways under the Government Railways Act, 1908 (hereinafter called "the Act"), and belong to the First Division thereof, and are hereinafter referred to as "officers."

2. That the institute was formed for the purpose of (*inter alia*) promoting the consideration and discussion of all questions affecting officers, and watching over and protecting their interests, and is recognized by the Railway Department as the organ of the officers throughout the Dominion. At the present time the membership of the institute is over 1,700, which is more than 90 per cent. of the total number of officers in the service of the Railway Department.

3. That the Governor is empowered under section 68 of the Act, by Order in Council gazetted, to make regulations not inconsistent with the Act for all or any of the matters therein set forth.

4. That in pursuance of such power the Governor, by Order in Council, dated at Wellington, the 18th day of May, 1910, and published in the *Gazette* the following day, revoked the respective regulations referred to in the said Order in Council, and in lieu thereof made the regulations set forth in the schedule thereto.

5. That the Department is classified under the Act into two divisions—namely, First Division and Second Division—with their respective subdivisions, classes, subclasses, and grades, as set forth in the Third Schedule thereto, and by the Act it is therein enacted that the classification as existing when the Act came into force should be deemed to be the classification under the Act.

6. That, notwithstanding the fact that the traffic on the railways has increased considerably during the last few years, the Department is, in many instances, requiring officers in a lower grade to perform the duties and accept the responsibilities of officers in a higher grade at a lower rate of remuneration than that payable in the higher grade. Consequently, efficient officers of long and faithful service are deprived by the Department of the promotion to which they are rightly entitled. This is causing dissatisfaction and unrest amongst officers, who feel that the Department is not carrying out the spirit and intention of the Act. (See Schedule A—Example of some of the positions reduced in the Railway Department during the last three years.)

7. That the system of promotion in the Railway service is defective by reason of the fact that efficient officers have been superseded by junior officers without a satisfactory reason being given to the officers who have been superseded.

8. That the provision at present made in the Act for the remuneration of officers is, in the opinion of the members of the institute, inadequate for the services required from these officers. This is particularly so in the case of those officers who also act as Postmasters, which is demonstrated by the fact that when the Post and Telegraph work is removed from railway-stations to permanent post-offices the Postal Department in nearly every instance pays the Postal officer a higher salary than the Railway officer received for the combined positions.

9. That if the remuneration of the officers of the Railway Department (as set out in the parliamentary paper D.–3, 1910) be compared with that paid to the officers of the Post and Telegraph Department (as set out in the parliamentary paper F.–5, 1910), the only other Department of the Government having a classification, it will be found that in all classes the salaries of officers in similar grades are on a higher scale in the case of the Post and Telegraph than in the case of the Railway. (See Schedules B and C—Comparison of annual salaries payable to officers in the Post and Telegraph Department and the Railway Department.)

10. That, while each of the above Departments deals directly with the public, the duties of the Railway officer entail a larger responsibility not only by reason of the fact that the hours of duty are longer, but also that the safety of human lives is dependent upon the efficient performance of those duties. Moreover, Railway officers do not receive remuneration for overtime, and are not so free from dismissal and punishment as officers in the Post and Telegraph Department.

11. That the travelling-allowances payable under the regulations of the Act to relieving officers in grades 7, 8, 9, 10, being officers in receipt of maximum salaries of £300, £255, £220, and £200 per annum respectively, are, in the opinion of the members of the institute, insufficient to compensate relieving officers, and that if such allowances be compared with the travelling-allowances to officers of the Post and Telegraph Department in corresponding positions it will be found that the travelling-allowances are on a higher scale in the case of the Post and Telegraph Department than in the case of the Railways, as will be manifest from Schedule D attached to this petition.

12. That it is provided by Regulation 55 of the Act that the General Manager may, at such times as in his opinion are convenient, grant to each officer leave of absence on pay for each continuous year's service a total of two weeks in each calendar year, provided, however, that in all cases where sick-leave is granted on full pay the period covered by such leave shall be deducted from the ordinary leave specified therein. That Regulation 56 provides that, subject to the production of a satisfactory certificate from a medical practitioner, or a copy of such certificate attested by an officer of a friendly society, any officer shall be entitled to full pay when absent from duty owing to illness for any period up to four weeks of such absence, and that no further payment shall be made without the authority of the Minister. The interpretation placed on these regulations by the management of the Railway Department is that the Department is entitled to deduct all sick-leave from members' annual leave, irrespective of the time they are absent, and this interpretation they are strictly carrying out. Your petitioner submits that the just and equitable interpretation of these regulations is that a member is entitled under Regulation 56 to full pay when absent from duty owing to illness for any period up to four weeks, and that where the four weeks have expired and extended leave of absence has been granted, the extended leave only should be deducted from the annual leave, so that an officer should receive the whole of his annual leave provided the period during which he has been absent on sick-leave does not exceed four weeks.

That, owing to the interpretation placed by the Railway Department on Regulations 55 and 56 there are many cases where Railway officers have not received any leave for recreation purposes for three years.

13. That, notwithstanding the fact that the duties of Railway officers are more exacting than those of officers in the Post and Telegraph Department, the hours of employment are considerably longer, and that no payment is received for overtime or any other special duty, yet only twelve days' leave of absence is granted to them, together with four departmental holidays, as against a maximum of thirty-three days to officers in the Post and Telegraph Department. (See Schedule E—Comparison of leave of absence granted respectively in the Post and Telegraph Department and the Railway Department.)

14. That officers are required as circumstances arise to go on duty on Sundays in connection with,—

(*a.*) Ordinary suburban trains to and from seaports;
(*b.*) Trains leaving starting stations on Sunday;
(*c.*) Trains leaving starting stations on Saturday and finishing the run on Sunday;
(*d.*) Alteration and repairs to running-track and signalling-apparatus;
(*e.*) Other duties in connection with accounts, &c., which must be done on Sundays and which cannot be done on the Saturday immediately preceding or the Monday immediately following.

That officers receive payment for duties performed in connection with matters coming under headings (*a*) and (*b*), and also for alterations and repairs to running-track and signalling-apparatus when such work is authorized by the General Manager, but they do not receive payment for the performance by them on Sunday of any other duties.

15. That officers are required from time to time to work overtime, and that no provision is made under the regulations for remunerating them, nor do they receive any remuneration for such overtime. (See Schedule F—Comparison of allowances for overtime and Sunday duty of officers in the Post and Telegraph Department and Railway Department.)

16. That Regulation 47 provides that when members are transferred to meet the exigencies of the Department the maximum period for which personal expenses shall be allowed to married members and their families shall be—(*a*) Two days at the commencement of the journey; (*b*) one week after arrival at destination. It is also provided that the General Manager may at his discretion reduce this time as circumstances permit, but no provision whatever is made for increasing the time. That these allowances are insufficient by reason of the fact that in many instances it is impossible to make the necessary arrangements for removal within two days, and it is equally impossible to obtain suitable house accommodation within a week after arrival at destination, consequently officers often incur considerable expense which they are obliged to bear themselves.

17. That Regulation 48 provides that when members are transferred by way of punishment they shall pay their own transfer expenses, and shall not be paid for the time they are travelling. Under this regulation a member may suffer monetary loss as follows: (*a*) Reduction in salary, from £5 to £55 per annum; (*b*) loss of pay through suspension; (*c*) loss of salary during transfer; (*d*) loss of expenses incurred in connection with the transfer of family and effects; (*e*) reduction in value of superannuation retiring-allowance. Your petitioner submits that this regulation is a most arbitrary one so far as it relates to members transferred by way of punishment.

18. That it is understood that a Bill amending the Act is to be brought down this session containing the following clause—namely, "The Governor in Council may from time to time, on the recommendation of the Minister, fix the amount of salary to be paid to an officer at any sum within the maximum and minimum limits of the class or grade in which such officer is placed, and such amount shall be the salary payable to that officer, or in respect of the office which he holds, without annual increment." That a similar clause was inserted in the Government Railways Amendment Bill (No. 2), 1910, as originally introduced, and was objected to by the members of the institute on the grounds that it gave the management power by Order in Council to fix the salaries payable to officers at any rate between the maximum and minimum of any grade without such officers obtaining the usual annual increment provided for by the Act, and without their having the right to appeal under section 60 of the Act.

That subclause (*b*) of clause 3 of section 49 of the Act provides that with respect to every member, the right to receive any increase of pay in any year shall in each case depend upon the efficiency and good conduct of the member to whose pay such increase is attached in the Third Schedule thereto, and no such increase shall be payable unless the permanent head of the Department certifies in writing that such member is entitled thereto. Your petitioner submits that the Department has under this provision ample power to withhold increments from those officers whose work or conduct is unsatisfactory, and that if such a clause as was included in the amending Act of last session were to become law a distinct breach of faith would be committed by the Department with those officers who joined the service either prior to or under the Act.

19. That under section 57 of the Act an Appeal Board is thereby constituted for the North Island and South Island respectively, consisting of the persons therein mentioned, and it is further provided by clause (*a*) of section 64 of the Act that every decision of the Appeal Board shall be submitted to the Minister, and that no such decision shall take effect unless and until he signifies his approval thereof. Your petitioner submits that if the Appeal Board were properly constituted there should be no reason why its decisions should not be final and conclusive, as in the case of a decision given by the Appeal Board constituted under the Tramways Amendment Act, 1910, on appeals by tramway employees.

Your petitioner therefore humbly prays your honourable House,—

(*a.*) That the Act shall be so amended that it shall be clearly stated therein that in all cases where the traffic is maintained vacancies occurring in the service shall be filled by officers in similar grades to those of the officers whose positions they are required to fill.

(*b.*) That the positions in the Railway service which have been reduced in status during the last few years shall be restored, and that the Act shall be amended so as to provide that Railway officers shall not be less efficiently remunerated than officers of the Post and Telegraph Department.

(*c.*) That the travelling-allowances payable to Railway officers shall not be less than the travelling-allowances payable to officers of the Post and Telegraph Department.

(*d.*) That Railway officers shall receive the same annual leave as officers in the Post and Telegraph Department, and that sick-leave shall not be deducted from annual leave; or, in the alternative, that Railway officers shall receive the same annual leave, the same sick-leave, and the same payment for overtime as officers in the Post and Telegraph Department.

(*e.*) That Railway officers shall be paid for all work performed by them on Sundays at the same rates as those paid to the officers in the Post and Telegraph Department.

(*f.*) That the Railway Department shall pay all out-of-pocket expenses of officers transferred to meet the exigencies of the Department, and also of officers transferred by way of punishment.

(*g.*) That the clause of the Bill set forth in paragraph 18 of this petition may not pass into law, and that the petitioner may be heard, by himself, his counsel, agents, and witnesses, against the said clause and such other clauses and provisions thereof as affect the interests of officers, and in support of such amendments and provisions as may be necessary for their protection.

(*h.*) That the Act shall be amended so as to provide that the Department and the officers shall be equally represented on the Appeal Board, that the Board shall be presided over by a Judge of the Supreme Court, and that the decisions of the Board shall be final.

(*j.*) For such other relief in the premises as to your honourable House may seem meet.

And your petitioner will ever pray, &c.

ROBERT CARHAMPTON MORGAN.

SCHEDULE A.

Showing a Number of the Positions in the Railway Department that have been reduced in Grade during the Last Three Years.

Position.	Location.	Reduced from		Reduced to		Decrease in Salary per Annum.
		Grade	Maximum Salary per Annum.	Grade	Maximum Salary per Annum.	
			£		£	£
Traffic Superintendent	Wellington	1	700	2	600	100
,, ...	Dunedin	1	700	2	600	100
District Traffic Manager	Wanganui	3	525	4	450	75
,, ...	Invercargill	3	525	4	450	75
Traffic Clerk	Christchurch	6	355	7	300	55
Stationmaster	Bluff	6	355	7	300	55
Chief Clerk to District Engineer ..	Wanganui	7	300	8	255	45
,, Traffic Branch	Napier	7	300	8	255	45
Stores Audit Inspector	New Zealand ..	5	400	6	355	45
Relieving Officer	Wanganui	7	300	8	255	45
,, ...	Dunedin	7	300	8	255	45
Car and Wagon Inspector	,, ...	7	300	8	255	45
,, ...	Wellington	7	300	9	220	80
Locomotive Foreman	Palmerston North ..	7	300	9	220	80
,, ...	Auckland	7	300	8	255	45
Clerk, District Manager's Office ..	Wellington	7	300	8	255	45
Inspector Permanent-way	Oamaru	7	300	8	255	45
Foreman of Works	Invercargill	7	300	8	255	45
Inspector Permanent-way	Hawera	7	300	9	220	80
Foreman of Works	Westland	8	255	9	220	35
Car and Wagon Inspector	Invercargill	8	255	9	220	35
Bridge Inspector	,, ...	8	255	9	220	35
Workshops Manager	Hillside	5	400	6	355	45
Storekeeper	Addington	6	355	8	255	100
Chief Clerk	Timaru	7	300	8	255	45
Clerk	Rangiora	9	220	10	200	20
Booking Clerk	Oamaru	9	220	10	200	20
Clerk, Traffic Manager's Office ..	Dunedin	9	220	10	200	20
,, ,, ...	,, ...	9	220	10	200	20
Clerk	Clinton	9	220	10	200	20
Clerk, Maintenance Branch	Dunedin	9	220	10	200	20
Clerk	Bluff	9	220	10	200	20
Stationmaster	Ngahere	9	220	10	200	20

SCHEDULE B.

Comparison of Annual Salaries paid to Post and Telegraph Officers under the Post and Telegraph Act, 1908, and to Railway Officers under the Railway Act, 1908.

POST AND TELEGRAPH.	Minimum. £	Maximum. £	RAILWAY.	Minimum. £	Maximum. £
7th class	120	220	10th grade	120	200
6th ,, ...	200	260	9th ,, ...	210	220
5th ,, ...	275	315	8th ,, ...	240	255
4th ,, ...	330	370	7th ,, ...	260	300
3rd ,, ...	385	425	6th ,, ...	315	355
2nd ,, ...	440	475	5th ,, ...	370	400
1st class—grade 2 ..	500	525	4th ,, ...	420	450
,, ,, 1 ..	550	600	3rd ,, ...	470	525
			2nd ,, ...	545	600
			1st ,, ...	625	700

NOTE.—Post and Telegraph, class 7 (£120 to £220). When Postal officers in class 7 fail to qualify for class 6 (£200 to £260) the maximum salary they can attain is £220 per annum.

Whereas there are only eight grades between £120 and £600 per annum in the Post and Telegraph Department there are nine grades in the Railway Department, and the positions in the former Department are graded higher than corresponding positions in the Railway Department, as is shown in the following schedule (C).

Schedule C.

Comparison of Salaries paid to a Number of Officers in the Post and Telegraph Department with those paid to Officers in the Railway Department occupying Equally Responsible Positions. (Compiled from F.–5 and D.–3 Returns for 1910.)

Post and Telegraph.	Maximum Salary per Annum. £	Railway.	Maximum Salary per Annum. £
Telegraph Engineer, Dunedin	600	District Engineer, Dunedin	525
		,, Auckland	525
Chief Postmaster, Invercargill	525	District Manager, Invercargill	450
,, Wanganui	525	,, Wanganui	450
Officers in Charge, Principal Telegraph Offices	475	Traffic Clerk, Dunedin	400
		,, Wellington	400
		Goods Agent, Dunedin	400
		,, Christchurch	400
		Stationmaster, Dunedin	400
		,, Auckland	355
		Locomotive Foreman, Dunedin	400
		Workshops Manager, Addington	400
		Locomotive Foreman, Christchurch	355
		Workshops Manager, Hillside	355
Assistant Postmasters	425	Traffic Clerk, Auckland	355
		,, Christchurch	300
		Chief Clerk, District Engineer, Christchurch	355
		,, ,, Dunedin	355
		,, ,, Auckland	300
Assistant Inspectors	425	Stores Audit Inspector	355
		Traffic Audit Inspectors	300
		One Traffic Inspector, Wanganui	355
		Five Traffic Inspectors	300
Assistant Officers in Charge, Principal Telegraph Offices	370	Locomotive Foreman, Wellington	300
		,, Auckland	255
		Storekeeper, Newmarket	300
		,, Dunedin	300
		,, Addington	255
		Car and Wagon Inspector, Dunedin	255
		Foreman of Works, Dunedin	300
		Locomotive Foreman, New Plymouth	220
Senior Check Clerks, Telegraph Office, and Chief Mail Clerks	315	Assistant Locomotive Foremen, Dunedin and Christchurch	220
Officer in Charge, Telegraph Office, Wanganui	370	Stationmaster, Wanganui	300
		* ,, New Plymouth	300
Postmaster, Palmerston North	475	* ,, Palmerston North	355
Chief Postmaster, Timaru	475	* ,, Timaru	355
,, Oamaru	475	* ,, Oamaru	355
Postmaster, Hawera	370	,, Hawera	300
Chief Clerk, Wanganui	315	Chief Goods Clerk, Wanganui	255
,, New Plymouth	315	,, New Plymouth	255
		Chief Clerk, District Engineers, Wanganui	255
Postmaster, Stratford	315	Stationmaster, Stratford	255
,, Marton	315	,, Marton	255
† ,, Rakaia	260	† ,, Rakaia	255
† ,, Takapau	260	† ,, Takapau	220
,, Temuka	260	,, Temuka	220
† ,, Wyndham	260	† ,, Wyndham	200
,, Mataura	260	,, Mataura	220
† ,, Winton	260	† ,, Winton	220
† ,, Otautau	260	† ,, Otautau	220
† ,, Waikouaiti	220	† ,, Waikouaiti	200
Senior and Second Money-order Clerks and Chief Mail Clerks	260 to 315	Chief Booking Clerks	220 to 255
Senior Parcel Clerks, and Senior Counter Clerks	220 to 260	Senior Parcels Clerks	220

* The Stationmasters at New Plymouth, Palmerston North, Timaru, and Oamaru control train-running and distribution of rolling-stock in their respective districts.

† Railway and Post and Telegraph offices recently combined. The schedule shows that at Rakaia, Takapau, Wyndham, Winton, Otautau, and Waikouaiti, where the work of both Departments was controlled by Railway officers receiving salaries of from £200 to £255, the Postmasters, for performing the Post and Telegraph duties alone, are receiving from £5 to £60 per annum more for the one duty than the Stationmasters received for the combined duties, clearly indicating that where Stationmasters perform the combined duties they are not adequately remunerated therefor.

SCHEDULE D.

Comparison of Travelling-allowances paid to Relieving Officers in the Post and Telegraph Department and Railway Department.

POST AND TELEGRAPH.	Per Day. s.	d.
(1.) While actually travelling on shore ..	10	0
(2.) While relieving	7	6
(3.) While at sea—		
First day	5	0
Each subsequent day	2	6

RAILWAY.	Per Day. s.	d.
(1.) When the period at any place does not exceed seven days—		
First three days	10	0
Each subsequent day	6	0
(2.) When period at any place exceeds seven days, the allowance per day for the *whole* time is	6	0
(3.) While at sea—		
First day	5	0
Each subsequent day..	2	6

Railway relieving officers are almost invariably engaged at one station for from fourteen to twenty days at a time, and the allowance paid is, therefore, 6s. per day as against 7s. 6d. per day paid by the Post and Telegraph Department.

SCHEDULE E.

Comparison of Leave granted to Post and Telegraph Officers and to Railway Officers.

POST AND TELEGRAPH.	Working-days.
For each complete year's service—	
To officers who have service for fifteen years or upwards	21
Also New Year's Day, Good Friday, Easter Monday, Sovereign's Birthday, Dominion Day, Christmas Day, and the day following ..	7
	28
To officers who have served less than fifteen years	14
And departmental holidays as above	7
	21

No deduction is made from the above leave unless the total intermittent leave during the previous twelve months has exceeded five days, and absence from illness or accident has exceeded one week.

In cases of illness or other pressing necessity the Minister may grant to any officer such extended leave, not exceeding twelve months, and on such terms as he thinks fit.

The Governor may, on the recommendation of the Minister, grant to any officer in the Department of at least ten years' continuous service twelve months' leave of absence, and to any officer of lesser period of service any time not exceeding six months' leave of absence, on half-salary. During such period of absence no officer shall be entitled to receive any annual increment.

RAILWAY.	Working-days.
To officers of any length of service in each calendar year	12
Christmas Day, Good Friday, Labour Day, Sovereign's Birthday	4
	16

Less any time off sick.

Subject to the production of medical certificate, any officer is entitled to full pay when absent from duty owing to illness for any period up to four weeks. No further payment can be made without the authority of the Minister.

No member who is absent on extended sick-leave is considered eligible for promotion during the period of such absence. In the event of members being off sick for periods totalling over two months in any one year, their scale increases are withheld for a corresponding period of time.

SCHEDULE F.

Comparison of Allawances for Overtime and Sunday Duty to Post and Telegraph Officers and to Officers of the Railway Department.

POST AND TELEGRAPH.

"Overtime" means the time in which any official or departmental duty is performed outside the regular hours of duty, and "Sunday" includes Good Friday and Christmas Day.

Payment for overtime is made at the following rates:—

	Rate per Hour. s.	d.
Officers drawing salaries exceeding £250 ..	2	6
Officers drawing salaries exceeding £200 and not exceeding £250	2	0
Officers drawing salaries exceeding £100 and not exceeding £200	1	6
Cadets and cadettes..	1	0
Other officers drawing salaries not exceeding £100	1	0
Telegraph messengers	0	6

RAILWAY.

Overtime payment, *nil*. Regulations provide that overtime allowances will not be paid to Railway officers.

SCHEDULE F—*continued.*

POST AND TELEGRAPH.

Payment is made at a rate and a half for overtime at all hours on Sundays for every purpose, and on week-days between 10 p.m. and 5 a.m. only, when mails are specially authorized by the Secretary, General Post Office, to be sorted. But no payment for any overtime to any officer is made at a rate exceeding 3s. per hour.

Notwithstanding anything to the contrary in the regulations, no person is paid more than 10s. for duty in telephone exchange on a Sunday or a holiday.

No overtime allowance is made to officers of either branch of the service unless the extra attendance exceeds twenty minutes. Attendance up to forty-five minutes counts as half an hour; over forty-five minutes, as one hour. No overtime is payable for midnight cable Press attendance, or for the attendance of any staff specially appointed for the sorting of mails between 10 p.m. and 5 a.m.

No payment for overtime for services other than those provided for by regulations is allowed except in cases of extraordinary or exceptional attendance, when specially approved of by the Minister.

Overtime is paid for—Sunday attendance; attendance on departmental holiday; for ordinary attendance in excess of forty-eight hours weekly.

No person may draw any special allowance for doing any kind of work for which he is paid as for work done in overtime.

In lieu of payment for overtime it is optional with the Minister to allow an equivalent reduction of ordinary duty either immediately before or immediately after the overtime duty is performed, at the rate of an hour and a half for every hour of overtime worked on Sunday, and at the rate of an hour for an hour at all other times.

Any officer performing telephone duty between midnight and 8 a.m. receives an extra payment of 10s. per week.

Telephone-exchange officers performing duty between 8 p.m. and midnight on Sunday are compensated by being allowed time and a half off for the Sunday time worked.

RAILWAY.

Payment for Sunday duty, as per clause 14 of the petition, is entirely at the discretion of the Department and is not governed by regulation.

DEPARTMENTAL REPORT.

New Zealand Government Railways, Head Office,
Wellington, 12th September, 1911.

SIR,—

With reference to the petition of Robert C. Morgan (No. 21, returned herewith), I have to report,—

(1.) The Railway Officers' Institute comprises members of the First Division, but does not include the whole of such members.

(2.) It may be accepted as generally correct that the purpose for which the institute was originally formed was to promote the interests of its members in any way not inconsistent with the regulations of the Department, and to discuss with the management from time to time questions affecting the welfare of the service. The institute, however, represents only those members who are attached thereto. Members outside the venue of the institute represent their own interests to the Department direct. The Department is not in a position to verify or controvert the statement that 90 per cent. of the members of the First Division are at present members of the institute.

(3.) Section 66 of the Government Railways Act, 1908 (Consolidated Statutes), enables the Governor to make regulations.

(4.) The regulations at present in operation were gazetted on the 19th May, 1910, and revoked the regulations previously in operation.

(5.) The Railway Department is classified under two divisions in accordance with the schedule to the Government Railways Act. The classification as existing prior to the passing of the Government Railways Act, 1907, and originally made under the Classification Acts of 1896 and 1901, is continued by the Act of 1908.

(6.) This statement is not accurate. The mere fact that traffic has increased during the past few years cannot be accepted as an indication that the circumstances have remained unaltered, or that conditions which caused the Department to create certain positions have not altered in various localities. As a matter of fact, the alterations resulting from increased traffic have been met by corresponding alterations in connection with the staff. The contention appears to be that, quite irrespective of the change in conditions, a position once created should never be reduced by the Department; in other words, if, owing to circumstances existing at a particular time, an officer is promoted to a position carrying £300 per annum, and the circumstances subsequently alter to such an extent as to reduce the value of that position, the Department should nevertheless leave the officer at £300 a year in the position, and if a similar position happens to be vacant at another

place it should promote another officer instead of the man first referred to. The adoption of a principle of this kind would very soon place the Department in serious financial difficulties, and would, moreover, lead to very great dissatisfaction among the members of the staff who were in the lower grades and who might at the same time be carrying out duties of a much more onerous character than those devolving on the officer in receipt of £300 per annum, owing, of course, to the alterations that had taken place in the circumstances. Officers who are entitled to promotion obtain the promotion in due course, and are not detrimentally affected by the practice of the Department in raising the status of one position and reducing the status of another when the circumstances necessitate such a course being followed, the examples given in Schedule A of the petition notwithstanding. Every officer who has occupied any of the positions referred to in that schedule has invariably worked through the various intermediate classes to reach the maximum ultimately attained at the time he relinquished the position, and the mere fact that the new appointees to the positions are receiving at the moment less pay than their predecessors does not warrant the conclusion of the petitioner, and is not a correct indication of the position. It is a fact well known to the officers of the Department that when men reach the top of their class they are further promoted, provided the positions held by them are considered by the Department to be worth the higher rate of pay and the circumstances under which the positions were previously paid have not altered. The petitioner, while advancing the statement that the value to new appointees of certain positions shown in Schedule A appears to be below what the original occupants fully received at the time they relinquished the positions, studiously avoids making any mention of the large number of other positions that have been raised in status and pay throughout the Railway service of the Dominion during the past ten years. If it is contended that a position once increased in value should never be reduced, then it follows that the same argument must be applied conversely to those positions which have been raised from a lower class to a higher class. The review of staff, which takes place annually, is for the purpose of ascertaining the suitability of the staff for promotion, and the variation in local conditions that may have arisen from fluctuations in traffic and other circumstances. These alterations have necessarily to be dealt with as circumstances warrant. The petitioner further carefully overlooks the fact that a number of positions shown as having been reduced were never worth the higher money, but, owing to the generous practice followed by the Department, the maximum number of men has of late years always been promoted although there were many cases in which the utmost difficulty was subsequently found in suitably placing such men. Indeed, in many instances the men were placed temporarily in positions that the Department realized were not of sufficient importance to justify the payment of the higher rate of pay, and were allowed to remain in those positions until such time as suitable openings occurred, when they were, of course, transferred.

(7.) A general statement such as this is very easily made, and is just as easily met by a general denial. I can hardly think that the petitioner has made the statement seriously. Assuming that he has done so, it amounts to neither more nor less than an indictment of his own members for dereliction of duty. The system of promotion commences with the men in the lower ranks who are in charge of one or more men. Each such person is annually asked to report to his superiors as to the suitability of the various men under his control. These reports form the basis on which the qualifications of the respective men are considered for promotion, and on which their increases in pay and promotion are granted or withheld. A country Stationmaster with one or two men under his control has to report to his Traffic Manager respecting those men; other officers having a larger number of men report similarly to the officer in charge of their district. Finally the District Officer reviews the whole position in conjunction with the heads of branches, and the latter in due course transmit to the Head Office their recommendations. These, as already stated, are based on the reports of the officers in immediate control of the men, and promotions are made from time to time as vacancies occur, the men who have been recommended being taken in turn and placed respectively in positions for which they are deemed to be suitable. There are, of course, many instances in which officers are recommended for one position but considered to be unsuitable for another. In such cases, should the position vacant be one for which the senior officer is stated to be unsuitable, the first suitable man below him is promoted. Moreover, it is the invariable practice of the Head Office to compare the recommendations made each year with those for the preceding year, and whenever there is a variation which is against the member concerned inquiry is at once instituted and finally completed before the last recommendation is acted on. The greatest possible care is exercised in making promotions, and no member who is recommended as being suitable for the position vacant is passed over.

(8.) I do not agree with the views of the petitioner that the remuneration fixed by the present Act is inadequate for the services required from officers, nor do I consider that it necessarily follows that Stationmasters who are performing duty at combined offices are inadequately remunerated, or that the fact that the Postal Department, after transferring the postal work from railway-stations, pays the Postal officer a higher salary than the Railway officer is any criterion as to the value of the positions. The Railway Department takes into consideration the value of the whole of the work carried out at combined offices, and not infrequently classifies the station at which combined work is carried out in a higher grade than it otherwise would do. Furthermore, when the combined work is taken over it almost invariably follows that the Railway staff at the station is increased, and this increase in staff is in many cases given solely on account of the additional work that has to be performed for the Postal Department.

(9.) The Railway Department is fully aware of the fact that there is a difference between the Postal and Railway Department's classification rates of pay, and that Railway officers have in the past endeavoured to obtain the same rates of pay as are granted to officers of the Postal Department. The conditions, however, are not by any means analogous, and it does not necessarily follow that because on paper the Postal Department's scale of pay may appear more advantageous, it is so

in actual practice, or that the pay of Railway officers is not reasonable for the services they actually perform. Railway officers enjoy many privileges of considerable monetary value which the Postal officers have not. The two services are entirely dissimilar, and it is not therefore practicable to make a proper comparison. The comparisons in Schedules B and C are certainly inaccurate and misleading.

(10.) It is, in my opinion, most regrettable that the petitioner should endeavour to disparage and belittle the duties performed by the Postal officers by endeavouring to make an invidious comparison. The duties of both the Railway and Postal Departments are of the highest importance to all sections of the community, and the responsibilities of each Department, so far as the general working of same is concerned, are equal. The officers of each Department are trained for the special work they are called upon to perform, and the Railway Department provides all the machinery and instructions that are necessary for ensuring the safety of its operations. All that Railway officers have to do is to comply with these. The tenure of office in the Railway service is just as secure as it is in the Postal or any other Government Department; it merely requires good conduct and efficient work.

(11.) The travelling-allowances paid under the regulations are amply sufficient to compensate relieving officers, and this is fully recognized by the members of the staff, who are invariably most anxious to obtain such positions, and who, generally speaking, are reluctant to relinquish same when they are required so to do. I deprecate the fact that the petitioner in this matter introduces comparisons as between the Postal and Railway Departments. The Railway Department is not concerned in the administration of the Postal Department. The duty of the Railway Department when fixing payments is to consider the financial effect the proposals will have on the operations of the Department, and, while providing reasonably for its staff, to conserve the interests of the taxpayer, who ultimately has to bear all deficiencies on operating the Department.

(12.) The original practice followed by the Department was to grant leave of absence for a certain period annually on full pay, but wherever members were absent at other times a corresponding deduction was made from the period of annual leave, or the member concerned lost his pay. Subsequently, as a concession to the members of the staff, provision was made to pay them up to four weeks when off duty sick, the Department reserving to itself the right to deduct the term from annual leave. This right was not exercised for some considerable time, but ultimately the Department was forced into the position it has taken up owing to the backward position into which the annual leave of members drifted through the continued absence of a large number of members on sick-leave. This not only involved the Department in very heavy expenditure, but resulted in dissatisfaction to those members of the staff who could not get away on their annual leave at due date. The annual leave got greatly in arrears, and the Railway Officers' Institute complained very strongly in respect thereto. Warnings were ineffective to check the abuse of the sick-leave regulation, and the Department, in the interests of the staff and its own finances, was finally compelled to bring into operation the regulation now existing, and to count against annual leave all periods of sick-leave. The result has amply justified the action of the Department. Regulation 55 deals with leave and the deductions to be made therefrom. Regulation 56 merely gives the head of the Department authority to pay a member off duty sick for any time up to four weeks. It is merely a machinery clause subsidiary to Regulation 55, which is the governing regulation so far as the deduction of sick-leave is concerned.

(13.) I do not agree in the contention that the duties of Railway officers are more exacting than those of officers in the Post and Telegraph Department. The duties of the latter cannot be judged from the Railway standpoint, and a wider knowledge of the subject would enable the petitioner to arrive at a more accurate conclusion. I have already pointed out that the conditions of the two Departments are not analogous, and the petitioner entirely overlooks the fact that Railway officers are by virtue of their occupation enjoying considerable benefits that Postal officers do not participate in at all. So far as leave of absence is concerned, the Railway Department's officers obtain free passes for themselves, their wives and families, while on leave. Postal officers, on the contrary, have to pay for whatever travel they desire to do. The leave granted under the Railway Regulations is reasonable, and must be considered in connection with the financial position of the Department. So far as the Postal Department is concerned, those officers who work on statutory holidays are allowed time off and are not allowed to add the period to their annual leave. The time off must be taken at the earliest convenient time to suit the Postal Department. The schedule makes it clear that Postal officers with fifteen years' service obtain leave for twenty-eight days. Twenty-one working-days only are allowed such officers, and it is impossible under the Postal Regulations for any officer to obtain the seven statutory holidays at the same time as he is granted his twenty-one days' leave. The same remark applies to Postal officers with less than fifteen years' service. The petitioner carefully refrains from making any reference whatever to the large number of cases that occur in the Railway service in which officers off duty through sickness receive full pay for periods extending up to six months.

(14.) Officers are required to go on duty to attend train services run to meet the exigencies of the public service. In this respect the position of Railway officers is not singular. Where Sunday duty is performed under special circumstances and it is considered to be necessary by the Department, the officers concerned are paid for same. Where, however, an officer is merely finishing up his week's work under conditions prevailing on suburban lines, for instance, where trains despatched on Saturday nights return after midnight on Saturday, no pay is allowed. It is not considered necessary for officers to come on duty to prepare accounts on Sundays, and payment for this service was stopped advisedly, because it was found that as a result of pay being granted in certain cases there was a tendency in a considerable number of other instances where the same conditions did not prevail for officers to come on duty on Sunday to perform work that could have been carried out on Saturday or on the following Monday.

(15.) In all great public institutions there are from time to time occasions on which the staff have to perform in the ordinary course extra duties necessitated by the exigencies of their business, and such duties may necessitate additional time being worked to meet the requirements. Similarly, there are many occasions on which the fluctuations of the business result in the staff having considerably less work to undertake than could be carried out by them. The staff provided by the Department is sufficient to enable the whole of its operations to be carried out within reasonable time under ordinary circumstances, and except when very special conditions prevail there should be no necessity for overtime being worked, and it is expected that when normal conditions prevail the officer in charge for the time being will subsequently arrange to compensate his men for the additional service by giving them time off. Apart from this, however, the concessions that are granted to Railway men in respect to free passes and privilege tickets are given as a set-off against any additional services they may perform from time to time for the Department.

(16.) The provisions of the regulation regarding transfers are quite reasonable, and afford sufficient time to enable the member concerned to carry out all that is required of him. Every member is given timely notice of the intention of the Department to transfer him. This gives him an opportunity of making whatever arrangements are necessary to meet his personal requirements, and so far as the packing of his belongings is concerned there is no reason why this should not be done in two days. One week is allowed after arrival at destination within which to get settled, and where members of the service are transferred at their own request they invariably get settled under a week. In a considerable proportion of cases where men are transferred, the men affected obtain departmental houses at the place to which they are proceeding. The Department was forced into the position of having to make a regulation limiting the time for which expenses would be paid to members on transfer owing to the scandalous abuses that occurred under the previous regulation, when an unlimited time was allowed for transfer expenses. The Department under the circumstances then existing required members to deduct from their vouchers amounts to cover reasonable cost of living. The deductions made were farcical, but the members of the service never failed to claim at the maximum rate for all expenses for themselves, plus the maximum cost for their wives and the members of their families. Transfers, in fact, appeared to be looked upon as opportunities for making a profit out of the Department.

(17.) Regulation 48 provides that where members are transferred at their own request, or by way of punishment, they will be given free passes by rail for themselves, wives, families, and effects, but shall themselves pay all other contingent expenses. It also provides that the time lost in travelling shall not be paid for. Where a member commits such a serious dereliction of duty as to make it compulsory to suspend him and to subsequently reduce him in position, generally as an alternative to dismissal, it might reasonably be contended that the man is fortunate in being retained in the service. He cannot under such circumstances reasonably expect that the Department should reward him for his misconduct by paying him during the period of his suspension and bear the contingent expenses for the keep of himself and family during a transfer that has been brought about by his misconduct; nor can he expect to be paid for time during which he is performing no service for the Department. The reduction in the value of his superannuation retiring-allowance follows as a natural corollary to his misconduct, provided he does not, during the period of his subsequent service, perform his duties in such a way as to afterwards merit promotion. Where men are reduced and transferred as part of the punishment they are to all intents and purposes under suspension until the time they arrive at their new location. Generally speaking, request No. 17 amounts to asking the Department to reward the wrongdoer. This would be detrimental to the general interests of the Railway service. Every case of punishment is dealt with strictly on its merits, and all the circumstances are taken into the fullest consideration at the time the decision is arrived at.

(18.) The inconsistency of the petitioner is clearly shown by this clause. In clauses 8, 9, 10, 11, 13, and 15 he has in effect been urging that the Railway officers should be put on the same footing as Postal officers in respect to pay, leave of absence, and overtime, yet in clause 18 he controverts what he understands to be the intention of the Railway Department to include in the Government Railways Act a clause that has been in operation in the Postal Department for many years, and which would enable the Department to definitely attach to a position a maximum pay or to fix the maximum pay that should be granted to an inefficient man. It is very evident that the petitioner does not understand the Government Railways Act. The reason for inserting the clause, outlined in the petition, in the Government Railways Bill (No. 2) of 1910 is clearly shown in clause 7 of the petition under review. The insertion of the clause would not be a breach of faith, nor would it detrimentally affect the efficient men of the Railway service.

(19.) In this clause the petitioner, in effect, asks that the administration of the Department should be handed over to an irresponsible body, and that the Minister, who is responsible to Parliament, should have no power to override the decisions of that irresponsible body in respect to appeals of the staff. It has been definitely stated on numerous occasions and by successive Ministers that under no circumstances would they agree to any proposal that was going to have the effect of taking the control of the railways out of the hands of the Minister and place them, so far as the staff was concerned, in the hands of three irresponsible persons, two of whom would be subordinate officers of the Railway service.

With respect to the final prayer of the petitioner I desire to say:—

(*a*.) The suggestion that the Act should be amended in such a way as to provide that positions once created should never be altered is utterly impracticable, and would, if put into effect, simply force the Department into the position where it could never make promotions when the conditions varied, as it inevitably follows that if the Department is to maintain positions in certain localities when they are to the advantage of the staff it would, in its own interests, have to maintain the *status quo* in other localities when the positions were advantageous to the Department. The present practice, which has been followed since the inception of the railways, and which is, more-

over, followed by all other mercantile departments and employers, is to make such alterations in the personnel and placing of the staff as the exigencies of the business require. This is the only satisfactory way of carrying on any commercial undertaking. While the petitioner declaims against what he calls reductions in positions, he has been most discreetly silent in connection with the raising of similar positions in other parts of the Dominion, and the promotions of an increasing number of men from one grade to another which have steadily taken place, particularly during the last few years.

(*b.*) In due course, when the members filling the positions referred to have worked through the intermediate class which stands between them and the maximum position obtained by the previous occupant of the position (who, I might mention incidentally, had in all cases progressed by scale increments through the various intermediate grades), the present holder of the position will, of course, attain to the same maximum as his predecessor. With regard to the second part of the request—namely, that Railway officers shall not be less efficiently remunerated than officers of the Post and Telegraph Department—I have already pointed out in dealing with clause 18 of the petition the inconsistent attitude of the petitioner, who wants all the benefits accruing to Postal officers, but objects to accept any of their disabilities. I cannot too strongly deprecate the attempt that has been made to introduce an outside Department into a question that merely affects the Railway Department of the Dominion, and to make comparisons between two Departments whose functions and conditions of business are entirely dissimilar.

(*c.*) The travelling-allowances payable to Railway officers are quite sufficient to meet their reasonable out-of-pocket expenses. The fact that travelling-allowances payable to the officers of the Post and Telegraph Department are higher than those paid by the Railway Department is no argument in favour of increasing the Railway allowances. I have already pointed out that the positions of relieving officers in the Railway service are eagerly sought after and reluctantly relinquished. This of itself may be taken as a clear indication that even with the present scale of payment relieving officers, at all events, suffer no financial disabilities. The question, however, resolves itself into one of cost. The Department's schedule is, as I have indicated, sufficient to cover reasonable expenses, and for financial reasons they should not be increased.

(*d.*) The leave granted Railway officers covers a reasonable period, and in addition to the period of leave they are furnished with free passes for themselves, wives, and families. This latter concession the officers of the Post and Telegraph Department do not participate in. Sick-leave, as already pointed out, is paid for by the Department, and there are very many cases in which payments are made for periods extending for as long as six months. Generally speaking, the Railway officer is more advantageously situated in respect to leave than the Postal officer. I am not in favour of extending the leave, nor of departing from the position that the Department has been forced to take up in respect to the deduction of sick-leave. The members of the First Division form but a fractional part of the whole Railway service. Any extension of leave granted to the First Division must in equity be granted to the Second Division members, and the cost to the Department would be enormous.

(*e.*) I have already stated that where Railway officers perform work that is regarded as being necessary the Department pays an extra day's wages for the extra day's work. I am not prepared to recommend any alteration in the practice, which I consider is a reasonable one.

(*f.*) It is the invariable practice of the Department to pay all out-of-pocket expenses of officers transferred to meet the exigencies of the Department for the period specified in the regulations. The limitation of this period is essential. So far as the expenses of officers transferred by way of punishment is concerned, there is no reason why such officers should be relieved of their responsibility to bear the consequences of their own misconduct and to pass that responsibility on to the Department.

(*g.*) I have already dealt fully with this clause. I merely desire to again emphasize the fact that clause (*g*) is utterly inconsistent with the request made in (*b*), (*c*), (*d*), and (*e*).

(*h.*) The Appeal Board as at present constituted has been in operation since 1897. The Board has done good work, and there is no cogent reason why the present constitution of the Board should be altered; but in any case, no matter what the constitution of the Board is, it is imperative that the Minister in charge of the Department, who is responsible for and has to justify the work of the Department, should retain the power to finally determine the matter, or, in other words, that the decision of the Board should be subject to the veto of the Minister. In no other way can the best interests of the public and the Department be preserved.

I have, &c.,

T. RONAYNE,

General Manager.

The Chairman, Railways Committee, House of Representatives.

REPORT.

No. 21.—Petition of ROBERT C. MORGAN (on behalf of Railway Officers' Institute).

PRAYING that an increase of pay and improved conditions be provided for the officers belonging to the First Division of the Railway service.

I am directed to report that the Committee makes the following recommendations:—

That positions in the Railway service which have been reduced in status during the last few years as set out in clause 6 of this petition should be restored where the traffic is maintained.

That in connection with promotions Regulation 40 be carried out, and that when an officer is not recommended for promotion he be immediately supplied with a copy of the report giving reasons for his not being so recommended.

That readjustment of classification is desirable, and that the Government be recommended to go into the whole question of regrading the First Division with a view to more adequately remunerating officers generally, and striking out the 9th grade, and fixing a maximum of £220 for officers who fail to qualify for promotion.

That the railway regulations dealing with leave of absence be amended so as to bring them into conformity with the regulations of other branches of the public service.

That the staffing of stations be reviewed with a view to reducing excessive hours where such exist.

That Regulation 47 be altered so that three days be allowed at commencement of journey and ten days after arrival at destination in cases where officers are transferred to meet the exigencies of the Department.

That the evidence placed before the Committee does not justify it in recommending that the Minister's power of veto on Appeal Board decisions be abolished.

JAS. T. HOGAN,
Chairman.

27th October, 1911.

MINUTES OF EVIDENCE.

THURSDAY, 14TH SEPTEMBER, 1911.

[Petition and departmental report read.]

DOUGLAS RAMSAY examined. (No. 1.)

1. *The Chairman.*] What are you?—I am a solicitor at Dunedin, and solicitor for the Railway Officers' Institute.

2. You can now proceed with your statement to the Committee?—Before dealing with the petition, sir, I should like to say that members of the First Division have been forced to apply to Parliament to redress their grievances owing to the very unsatisfactory treatment which they have received at the hands of the Department. Promises have been frequently made by the Department to the executive of the Railway Officers' Institute, but, I regret to say, have seldom been fulfilled. As late as the 26th September last a deputation from the Railway Officers' Institute waited upon the Minister in Wellington and discussed with him a number of matters, including those dealt with in the petition. At that conference the Minister stated emphatically that where positions in the Railway service had been reduced he would restore them; that the matter of travelling-allowances for all Departments was under consideration of Cabinet, and that the Railway allowances would be brought in line with other Departments. He also stated that he would consider the position of members transferred by way of punishment with a view to the Department paying their travelling-allowances. Yet barely six weeks had elapsed when the Minister wrote a number of letters to the secretary of the Railway Officers' Institute in Dunedin in which he either stated that he would do nothing at all or purposely avoided discussing the point. The Railway officers therefore naturally concluded that it was hopeless to expect any consideration from the Railway Department, and that if their claims were to be fairly considered it would require to be by Parliament itself. The result is the petition which you have now before you. I think that we shall have no difficulty in satisfying you as to the truth of the allegations contained in the petition, and upon that being done I submit that the Committee must be irresistably driven to the conclusion that the Railway officers have been a long-suffering body, that they have real grievances to redress, and that there is nothing unfair in the relief sought. We are obliged to concede that in a large body of men such as the Railway officers there is bound to be a certain amount of discontent, but when you find a body of men seething with discontent then I say, sir, there is something radically wrong. The Hon. the Minister of Railways has stated that a principle of his management is that after the railways have paid a certain percentage of profit he is willing to raise the salaries of the officers.

Hon. Mr. Millar: I never said anything of the sort, and I will not have words put in my mouth. I said, "Railway employees."

Witness: Very well, I will withdraw that. We submit, sir, at any rate, whether the Minister made the statement or not, that the principle is absolutely wrong, because if the pay of the Railway officers is to depend on the profit on the railway, then why should not that system be introduced into all other Government Departments? If it were introduced into other Government Departments it would be a difficult matter to arrive at the rate of salary to be paid to officers in, say, the Health Department, Tourist Department, or, indeed, in the Post and Telegraph Department. The railways should not be expected to pay full interest on the capital cost for some years to come, as they are built to promote land-settlement, and for this end concessions are granted which those concerned could not hope to receive when land-settlement becomes established. An example of the railway preceding settlement is to be found in the Otago Central branch line. This line cost between £1,700,000 and £2,000,000 to construct, and the earnings in 1909 returned only 6s. per cent. on the capital. Coming to the earnings of the Railway and Post and Telegraph Departments, we find that the result of the working for the year ending 31st March, 1911, was as follows: Railway—Earnings, £3,494,182; expenditure, £2,303,272: net profit, £1,190,910. Post and Telegraph—Earnings, £1,027,567; expenditure, £911,819: net profit, £115,748. If the earnings and profit are to govern the salaries, it is obvious that Railway officers' salaries are not fixed on a fair and equitable basis compared with those in the Post and Telegraph Department. Now, sir, coming to the petition itself, the first two clauses show the relationship of the institute to Railway officers and the functions performed by the institute. The petition states that it is the organ of the Railway officers throughout the Dominion, and, to show the faith that the officers have in their institute, the fact that over 90 per cent. of the officers in the Railway service are members of the institute proves that conclusively. The next three clauses are for reference purposes only, so that members of the House may be able to refer readily to the sections of the Act and the regulations affecting the matters which shall be brought before you, and ultimately, we trust, the House itself. The sixth clause deals with the question of maintaining the positions in the service, and we submit that it is impossible to find a more distinct breach of faith than is disclosed by this clause and the schedule thereunder. A man joins the service in the hope that perhaps one day he will attain the highest position in the service, or, at any rate, that he will in course of time occupy the position of the man immediately above him. He applies himself assiduously to the discharge of his duties, only to find that it is not long before his hopes are shattered. He is certainly promoted, but his promotion consists in being required to perform

more work for the same pay, and often more work than his predecessor in office was called upon to do. The plan adopted is a delightfully simple one from the point of view of those in authority. A sixth-grade member, say, retires from the service, thereby creating a vacancy in that particular grade; he is promply replaced by a seventh-grade member, who is entitled, if only by reason of his ability to perform the duties appertaining to the position, to promotion to the higher grade, but who is called upon to perform those duties at the salary he was in receipt of at the time of his transfer. The foregoing is a typical example of what is going on. Now, clause 7 deals with the system of promotion in the Railway service. We submit that this is a very serious matter, and deals with a practice which has caused considerable feeling amongst the officers, and which, we regret to say, has opened the door to the system of promotion through favouritism. The officers recognize that promotion should not depend on seniority alone, but they consider that when they have been passed over without apparently any reason that some explanation should be forthcoming. After some considerable difficulty a promise was extracted from the General Manager, by direction of the Minister of Railways, to furnish the officers with the reasons why their promotion was withheld, but, needless to say, the promise has never been fulfilled. Now, clause 6 and clauses 8, 9, and 10 of the petition all deal with the same question—that is, the remuneration of officers. All that we ask is that the Act shall be amended so as to provide that in all cases where the traffic is maintained vacancies occurring in the service shall be filled by officers in similar grades to those of the officers whose positions they are required to fill, and that the positions in the service which have been reduced in status during the last few years shall be restored, and that the Railway officers shall not be less efficiently remunerated than the officers of the Post and Telegraph Department. We propose producing figures to show the rapid increase in railway business, and we submit that this in itself is a sufficient argument that there should be a revision of the salaries paid to Railway officers. Notwithstanding such increase, there has been a decrease in salaries. In 1908 the total salaries amounted to £285,340, which represented 10·33 per cent. of the earnings — £2,761,938. In 1911 the salaries amounted to £326,064, or 9·33 per cent., a decrease of 1 per cent., which is a saving of approximately £34,000. From this it will be manifest that the Classification Act, which was intended to improve the conditions of the service, has been used in the opposite direction as affecting the officers above the lowest grade. This will be more clearly understood when we say that the number of promotions in the four lowest grades under the Act of 1901—that is, grades 9, 8, 7, and 6—averaged 105 per annum, a total of 315 for the three years ending 31st March, 1907, whereas for the next three years ending 31st March, 1910, the promotions in the six lowest grades 10, 9, 8, 7, 6, and 5, under the Act of 1908, averaged 45 officers per annum—a total of 134 for the three years. Of this number, 95 officers were promoted on the 1st April, 1908, the large number on this occasion being due to the coming into operation of the Act of 1908. Only 7 officers were promoted in 1909, and 32 in 1910—that is, in grades from 10 to 9. We submit that this policy of withholding promotions is a bad one, and undoubtedly discourages officers and stifles the incentive to do good work. Men of long and efficient service are justly entitled to expect that the avenues for advancement should be increased and not decreased. The Department will no doubt say that there is a difficulty in finding sufficient positions to enable more promotions to be made, but we maintain that such a difficulty would disappear if the question of grading the positions was properly considered by the Department. We claim, sir, that a very large number of positions are underpaid, and on this point information will be laid before you. Assuming, however, that the positions created in 1908 were fixed on a fair basis, which we deny, we say that the increase in the business since that time warrants the raising of very many of the positions, as a number of the positions carry no more salary now than they did in 1903. Now, we come to the combined positions of Postmaster and Stationmaster, and in this connection we will give a few instances showing the utter disregard of the Department in assessing the work at a fair value. At Orepuki the Stationmaster, who controls both the railway and postal business, receives a salary of £250 per annum. The postal business alone is of such volume as to warrant the payment by the Postal Department to the Railway Department of £200 per annum for the work performed on behalf of the former Department. At Amberley the Stationmaster receives £220 per annum, and the postal allowance to the Railway Department was £225 per annum: that is £5 in excess of the salary paid by the Railway Department for controlling the combined duties. The Stationmaster at Lumsden receives £255 per annum, and the postal allowance is £120; at Riversdale the Stationmaster receives £220, and the postal allowance is £120; at Omakau the Stationmaster receives £200, and the postal allowance is £124; and at Normanby the Stationmaster receives £200, and the postal allowance is £120. All those positions are busy railway offices, and it will be seen that in many cases the cost of the Railway Department controlling the combined positions is very considerably decreased by the amount paid by the Postal Department for the postal work. You will see, therefore, that in the case of Amberley the cost of control is nil; in the case of Orepuki the cost to the Railway Department is £50, and in the case of Riversdale and Lumsden £100 per annum each. Many more examples of this description could be given if necessary. It is interesting to note that the amount collected by the Railway Department from the Postal Department for postal work done under the supervision of Railway Stationmasters is £9,500 per annum. We do not see any reason why the Railway officers should not be paid on the same scale as the officers in the Post and Telegraph Department, and we feel convinced that if the Committee analyses the statements which we shall place before them that they will see at once the justice of our claims, and that a favourable recommendation should be made. I might say that, so far as the remaining clauses are concerned, we have set apart different men to deal with them, so that I do not wish to occupy the time of the Committee unnecessarily, and I will make my remarks about these clauses as short as possible. We will pass over clause 11 and come to clause 12. Now, what we submit in regard to clause 12 is that the legal interpretation of this clause is that officers are entitled to full pay when absent from duty owing to illness for any period up to four weeks, and that where the four weeks have expired

and extended leave of absence has been granted the extended leave only should be deducted from the annual leave; so that an officer should receive the whole of his annual leave provided the period during which he has been absent on sick-leave does not exceed four weeks. Now, as showing that this was the intention, we have a letter from the Hon. the Minister of Railways, written on the 6th October, 1909, dealing with this matter. This I may say, however, was before the regulations which were passed in 1910. The letter states—"Head Office, Wellington, 6th October, 1909.—SIR,—With reference to your letter of the 30th August respecting the question of payment of members of the First Division for sick-leave, I have the honour to inform you that under the regulations members off duty sick may be paid up to twenty-eight days, and it has been decided that in all cases where the period exceeds twenty-eight days the difference shall be taken as a set-off against any annual leave that may have accrued or be accruing to the member concerned during the year in which payment for sick-leave was granted. I regret no alteration can be made in this arrangement, which has been brought about by the abuses that have in the past taken place in connection with sick-leave.—I have the honour to be, sir, your obedient servant, J. A. MILLAR, Minister of Railways." That shows that the Department was prepared only to deduct over the twenty-eight days.

Hon. Mr. Millar: We will give reasons later on for altering it. That was before the alteration was made—it was the old practice.

Witness: Then we come to clause 13 in the petition, which deals with leave of absence. We submit that no valid reason has been advanced in the report which has been made to the Committee by the Railway Department why the officers in the Postal Department should receive more leave of absence than the officers of the Railway Department.

Hon. Mr. Millar: I will put in a copy of the Civil Service Regulations *re* holidays, which apply to all servants outside the Railway Department.

Witness: You will therefore see that the position is this, sir: that the officers in the Post and Telegraph Department are entitled to a maximum of thirty-three days, as against twelve days to the Railway officers, and four departmental holidays. We submit, sir, that, on the contrary, the Railway officers are entitled to, if not more, then, at any rate, the same leave of absence. The strain on a Railway officer is infinitely greater than the strain on an officer in the Post and Telegraph Department. Any mistake by a Railway officer may lead to great loss of life, and it is only natural that when a man has that fear over him that it would have a deterrent effect on his health, and on that ground alone he is entitled to as large a number of days leave of absence as an officer in the Post and Telegraph Department. Now, coming to clause 14, which relates to duties on Sundays. If I understand correctly the report which has just been read, the contention of the Department is that the reason why Railway officers should not be paid for Sunday duty is because there would be a tendency to go on duty on Sundays. If I am correct, then I submit, sir, that the Department cannot be serious in this contention. If you examine the petition you will see that the position is that officers are required to go on duty in connection with certain matters—viz., (*a*) Ordinary suburban trains to and from seaports; (*b*) trains leaving starting stations on Sunday; (*c*) trains leaving starting stations on Saturday and finishing the run on Sunday, &c. With regard to doing Sunday duty in connection with Sunday trains, the absurdity of the position is apparent. A train may leave on a Saturday night late—say at five minutes to 12—and not return till 7 o'clock in the morning. If an officer had to go on duty at, say, 5 on Sunday morning in connection with that train he would receive no payment at all, because it is considered continuous duty. Why make a distinction between a train leaving at five minutes to 12 on Saturday night and one leaving at five past 12 on the Sunday? If it leaves on Sunday at that time an officer is entitled to be paid, but if it leaves on the Saturday at five minutes to 12 he gets nothing at all. There is another point in connection with Sunday duty—namely, that in the Accountancy Department every four weeks the officers are compelled, if they are to get through the work at all, to work on Sundays. Coming to clause 16, with reference to the question of personal expenses, I am not going to deal with that at any great length beyond saying that it must be obvious that it is not sufficient to allow an officer only two days at the commencement of a journey and one week after arrival at destination during which personal expenses shall be allowed. Any of us who travel about the country know how difficult it is to get house accommodation in any of the towns—at any rate, it is almost impossible to obtain a house within a week. So far as clause 17 is concerned, our main argument is this: that where an officer is transferred by way of punishment, that he suffers sufficient monetary loss without being required to pay for his travelling-expenses. A cursory glance at this clause should convince you on that point. There is a reduction in salary from £5 to £55 per annum, loss of pay through suspension, loss of salary during transfer, loss of expenses incurred in connection with the transfer of family and effects, and reduction in value of superannuation retiring-allowance. Surely, if he is punished in all those directions he is punished quite sufficiently without having also to pay his travelling-expenses. In regard to clause 18, our arguments in connection with that are fully set out in the petition, and all we ask is that if any legislation is brought down this year affecting Railway officers that they should be afforded an opportunity of being heard before it becomes law. Clause 19 deals with the Appeal Board. The position is simply this: that under the Act as it exists at present a decision given by the Appeal Board is simply in the form of a recommendation to the Minister, of which he can approve or not at his pleasure. Generally speaking, the recommendations that have been made by the Appeal Board have given satisfaction to officers, but the drawback is that, although this is so, they are frequently vetoed by the Minister of Railways.

Hon. Mr. Millar: I should like you to give some concrete instances of recommendations having been vetoed.

Witness: I say there is a number of instances where recommendations have been made and they have been vetoed. The Minister has referred to this Board as an irresponsible Board, but I am not quite sure——

Hon. Mr. Millar: Yes, those are the words—"irresponsible Board."

Witness: Well, we submit that if that is the Minister's opinion of the Board it should not be allowed to exist in its present form, and that the Act should be amended so as to provide that the Appeal Board should be so constituted that both the Department and the officers would be equally represented on it, that it should be presided over by a Judge of the Supreme Court, and that its decisions should be final. I do not intend to trouble you any further at this stage, seeing that I shall have an opportunity of examining the report, and that I shall be able to make any remarks about that perhaps to-morrow. The first clause on which we propose to call evidence is clause 6, and I will call upon Mr. O'Loughlen to deal with that.

ARTHUR HERBERT O'LOUGHLEN examined. (No. 2.)

1. *The Chairman.*] What are you?—Goods Agent at Auckland.

2. Do you wish to make a statement in support of clause 6 of the petition?—Yes. I do not know whether it is necessary to make any statement in reference to the traffic having increased. I think it is admitted that the traffic has increased within recent years, but if necessary I will give evidence on that point.

3. We all know that the traffic has increased, but, still, it is for you to make what statement you think fit in support of your contention?—Well, the total earnings of the Department for the year 1908 amounted to £2,761,938; for 1909, £2,929,526; for 1910, £3,249,790; and for 1911, £3,494,182; and, notwithstanding that, where vacancies occur in a grade through resignation or otherwise the Department in many cases fills the position with an officer of a lower grade without promoting that officer to the grade in which the previous occupant of the position was placed. This means that the lower-paid officer is called upon to perform the duties and accept the responsibilities of the higher grade without an increase in salary. Consequent on this, efficient officers are deprived of the promotion to which they are justly entitled, and we are of opinion the Department is not carrying out the spirit and intention of the Act, or of Regulation 40, which provides that when a vacancy occurs or a new position is created the member standing longest at the next inferior rate of pay, provided he is competent, shall be promoted to the vacant position. Owing to these reductions officers are becoming discontented, as they see their prospects of promotion steadily and surely diminishing. During the last few years the traffic on the railways has increased very considerably, and we hold that where the traffic is maintained these positions should not be reduced. If the policy of reducing the emoluments payable to Railway officers is continued it can only have one effect, and that is reduced efficiency through the lack of interest officers will take in the performance of their duties; and another important aspect which should be considered is that suitable youths will not enter the service, as they will naturally look out for employment where they will have some reasonable prospect of advancement. We also draw attention to the large number of resignations from the service, which may safely be attributed to the above causes. That is all I wish to say.

4. *Hon. Mr. Millar.*] You talk about the large number of resignations: have you any knowledge of the number of clerks and Stationmasters who have retired and have applied for reappointment?—I only remember one who retired many years ago.

5. Would you be surprised to hear that there are many who have retired recently who have been applying for reinstatement?—It is possibly so, but I do not know of them.

6. You would not deny the statement I made that there has been a considerable number of ex-clerks and ex-Stationmasters who have been applying for reappointment?—No.

7. Those who have left the Department to better themselves and have failed?—No.

RICHARD WILLIAM MCVILLY examined. (No. 3.)

1. *Hon. Mr. Millar.*] You are Chief Clerk in the Department of Railways?—Yes.

2. You have read clause 6 of the petition?—Yes.

3. And you have heard Mr. O'Loughlen's statement in regard to it?—Yes.

4. And also seen Schedule A?—Yes.

5. Will you kindly give the Committee the Department's reply to the statements made?—I entirely disagree with Mr. O'Loughlen's statement. Probably the best reply would be to give the position in 1901, the position in 1910, and the position to-day, which are as follows:—

Percentages of Members in each Grade for Years 1901, 1907, 1910, and 1911.

Rates of Pay.	Percentage of Men in each Year.			
	1901.	1907.	1910.	1911.
£ £				
30–110	38·36	37·81	30·60	28·34
120–140	20·61	12·47	8·30	7·44
150–180	19·09	15·98	19·59	14·66
190–220	9·99	16·93	26·40	32·60
235–255	5·62	6·94	6·44	7·29
260–300	3·03	5·47	3·94	4·52
310–350	1·25	2·10	2·18	2·29
355–650	1·69	2·16	2·18	2·49
Over 650	0·27	0·07	0·32	0·32
General Manager	0·09	0·07	0·05	0·05
	100·00	100·00	100·00	100·00

It will be seen that there has been a material improvement in the higher grades, and that the percentage of low-paid men has decreased between 1901 and 1910, and a further improvement has taken place between 1910 and date. In 1901 the percentage of men in receipt of pay amounting to £180 and under per annum was 78·06; in 1910 it was 58·49, a decrease of nearly 20 per cent. To-day the position is still better by 8 per cent. Now, in addition to what has been done in that way, the maximum pay in the various classes has been increased. We started in 1897 with a maximum pay at the bottom class of £150. A clerk had, however, to stand three years at £140 and a Stationmaster five years at the same rate before either could get any further increase. In 1902 the number of men in the corresponding class who attained a higher position than £140 per annum was 360, while at the present time there is not a solitary man standing at £140. In 1897 in the £160–£180 class there were standing at £180 maximum 66 men; to-day there are 96 men at £180, and there are 339 men who have gone up by annual increments to salaries from £190 to £200, which is the corresponding grade to the £150 of 1897, and the intermediate class has been abolished. In 1901 we had 30 men standing at £220, which was the maximum for the class; to-day there are 256. At £255 in 1901 we had 2 men; to-day we have got 99. In the £300 grade in 1901 there were 10 men standing; to-day we have got 61. At £355 we had nobody in 1901, while to-day we have 30. With respect to the schedule positions, the members of the Officers' Institute know perfectly well that when the Classification Act of 1908 was altered the class which stood originally at £500 was divided into two classes, not, as members of the institute suppose, for the purpose of reducing salaries, but for the purpose of enabling the Department to promote as opportunity occurred a number of men who held certain positions which might be worth more than £400 but were not considered to be worth £500. We recognized that if we put a man in the £500 grade before the alteration was made we would have to pay him up to £500, because when a man is put into a grade it is very rarely indeed that the officer responsible for reporting as to that man's suitability for promotion will make an adverse recommendation. It therefore follows that in almost every case where a man is put into the grade he is automatically recommended irrespective of whether he is satisfactory or otherwise. Now, when that class was divided we made the maximum, which had been £500, £525, and the officers shown in the statement as being at present at £450 per annum are fully aware that they will work up to the maximum the same as their predecessors, provided that their work is satisfactory and the Department considers that the positions they hold respectively are worth the salary attaching to the present third grade. It cannot be contended that a junior immediately he is promoted is to be paid the maximum for the grade right away, and so be put into a position that it probably took his predecessor twenty-five years to work up to; he has to work through the intermediate grade, and when the position justifies it he is put into the next grade. Touching grade 6, to which reference is made, to the Traffic Clerk at Christchurch and the Stationmaster at the Bluff, the same position applies. The Traffic Clerk at Christchurch at the present time knows perfectly well what the position is, and he knew it when he took it—that is, that he will in due course work to the top of his class, and into the same position that his predecessor held. His predecessor started at £260, the present holder of the position started at £300, and he certainly has no ground for complaint at being asked to work through to £355. In regard to the Chief Clerk to the District Engineer at Wanganui, the institute has forgotten to state that the gentleman who held that position previously was a man with very long service who has occupied a higher position. When placed at Wanganui he worked up to £300 the same as his successor may do. The same thing applies to the man at Napier, to the Stores Auditor, to the clerk at Oamaru. The principle, in fact, applies right throughout and down to Ngahere. All those men shown as previously occupying positions at £220 are men whom the Department promoted and had to find positions for. It was recognized that the positions in which they were first placed were not worth the salary they were receiving, but we wanted to promote the men, and we promoted considerably more men than we had positions to fill. From time to time as vacancies occurred such of these men as were qualified to fill them were withdrawn from the positions they temporarily occupied and put into positions commensurate with the higher salaries they were receiving. I might say that the statement in the petition is misleading, because no positions have been reduced.

6. In other words, the Officers' Institute has put the maximum salary provided by the grade and put side by side with that the salary actually being paid to the man now holding the position?—Yes, that is so. Many of the men are at the top of the grade, and are receiving the maximum rate that the Department considers their present position justifies, and cannot go any further until they are in order for promotion and vacancies occur.

7. When a man is promoted from a lower grade to a higher grade he has to commence at the lowest rate fixed for that grade, has he not?—That is so. The Act provides it.

8. And he gets annual increments till he works up to the top?—Yes.

9. But, according to the line of argument adopted by the Officers' Institute, a man once put in the position should get the maximum salary as soon as ever he is appointed there?—Yes. It has always been the argument and contention of the institute that positions should not be graded. That was the old story when I belonged to the institute—they would not have the positions graded—everything must be automatic. Well, they have now got the automatic, and yet they come along and want the positions graded plus being automatic.

10. Now, as to the item, "Traffic Superintendents at Wellington and Dunedin, £700," the position was done away with owing to the trouble created over the rolling-stock between the District Managers?—Yes.

11. The District Manager, who was appointed Superintendent, always took care he had enough rolling-stock in his possession, otherwise he would get short, and there was trouble between them, and it was decided to do away with the Traffic Superintendents altogether?—Yes, the duties of the Chief Traffic Manager being altered to suit the circumstances and give him fuller control.

12. In 1907 there was a reclassification, was there not?—In 1908; that was the third. The first was in 1897.

13. What increase did the first reclassification add to the cost of working the Railway Department?—It put £54,000 on to it.

14. In addition to what it was previously?—Yes.

15. In 1901 there was a further reclassification?—Yes.

16. What did that add to the salaries of the Railway employees?—The classification which came into operation in 1902 put on to the clerks as against the 1897 classification an increased pay of £19 per head per annum.

17. Then we come to the 1908 classification?—That put on £46 per head over 1897, and £28 over the 1902 scale.

18. A total expenditure of £147,000 on to the salaries of the Railway employees, including the First Division?—Yes. Taking the actual position attained by clerks under the various classifications over a period of nineteen years, the increase for clerks under the 1908 scale would be £47 a head as compared with the 1896 classification, and £28 as against the 1902. A clerk working under the scale of 1907 would in nineteen years receive £890 more than if he had worked the same period under the 1896 classification, and £530 more than under the 1902 classification. Stationmasters would be benefited to the extent of £735 comparing 1896 and 1902, and £375 comparing 1902 and 1908. At the present time the tenth grade work up to £200 in twelve years, whereas it used to take them from fourteen to sixteen years to get to £150 under the classification of 1896.

19. *Mr. Dennehy.*] I intend, with your permission, Mr. Chairman, to make a statement in regard to the percentage basis from 1906. Mr. McVilly has taken it from 1901, and I desire to put a statement in as evidence. (To witness): I will take one grade, £260 to £300: is it not a fact that that grade has been reduced not only in a percentage basis, but also in the number of members employed in the grade since 1907—that was the year we got the classification that was to benefit the whole service?—There is one man less; but look at the increase in the following higher grades of £310–£350 and £355–£650.

20. I make it eighty-six in 1907 and seventy-five in 1910?—There is one man less in the grade at the present time.

21. We have not the figures for 1911, but only the figures to 1st April, 1910?—I am taking the staff as it exists to-day. I say you are not correct.

22. Well, we are at a disadvantage, because we have based our facts on the D.–3 list for 1910, and we are not aware of the figures in the D.–3 list for 1911?—The number I have stated is correct.

FRIDAY, 15TH SEPTEMBER, 1911.

RICHARD WILLIAM MCVILLY further examined. (No. 4.)

1. *By Mr. Dennehy.*] As you are aware, Mr. McVilly, Schedule A shows the number of positions in the Railway Department which have been reduced in grade during the last three years, and in your answer to that you quoted the number of officers at certain salaries in 1901 and 1911?—I quoted 1901, 1907, 1910, and 1911.

2. The question I wish to put to you is this: did you say yesterday that the officers occupying the positions referred to in Schedule A would in the ordinary course of events reach by the usual increments the position and salaries that their predecessors reached?—I said that provided the Department considered the positions were worth the salary, and providing the officers holding the positions worked through the grade they are now in, they would ultimately attain the same salaries as their predecessors.

3. Do you consider that the Department does not consider the positions worth the salaries?—I am not here to discuss what the Department considers—I am here to state facts.

4. But I am here to put questions?—Well, I am not going to say what the Department considers—that is not my business.

5. Well, are you aware that with regard to many of those positions shown in the schedule that the officers filling those positions cannot reach the salaries drawn by their predecessors by the time they retire on superannuation?—I do not think we need discuss the question as to what is going to happen before the officers retire on superannuation.

6. Still, a while ago you said they would reach those salaries providing the Department thought the positions were worth the money?—Yes, and providing the men were in the positions—that is common-sense.

7. Are you not aware that the men are in the positions?—I am aware that certain men are now in the positions, and when they work through they will go up to the maximum attained by their predecessors provided they are then in the service. I am not discussing the superannuation.

8. Well, I suppose you will admit they would be moved from one grade to another to reach those positions?—Naturally.

9. Are you aware that the officers filling the positions I am referring to have been for years at the maximum salary of, not the grade below, but the grade below that again?—Will you state an instance?

10. Yes, I can instance the cases of the Inspectors of Permanent-way. The officer filling that position at Hawera at £300 now is in the ninth grade?—Yes.

11. And he is at the maximum salary of that grade?—Yes.

12. And taking a line through the Inspectors of Permanent-way who have been seven years in that grade, what chance has he got of reaching the salary of £300?—I am not discussing his chances, I am stating what is a fact. You want me to discuss the longevity of a man. I cannot discuss what is the average life of the men; I am simply telling you what is a fact, and what the

records of the Department will prove in thousands of cases, that when a man gets to the top of his grade he does not necessarily remain there but goes through to the next grade—that is, if the Department considers the position is worth it. Those men who you have been discussing are men who have been promoted from the positions of gangers.

13. No, I am not discussing those. I am discussing the men who have been in the positions of Inspectors of Permanent-way for seven years and have been at the maximum of the grade and have worked right through the grade?—Those men all came from the ranks of gangers. How does his district compare with his predecessor?

14. In the case of the Inspectors of Permanent-way, the districts have increased if anything? —Have you got your facts? I have already stated, Mr. Chairman, what the position is, and if Mr. Dennehey is to be allowed to introduce matters foreign to the subject such as superannuation, the average life and the chances of a man living to one hundred and retaining his position, I will have to discuss some other proposition. I have given answers to Mr. Dennehey which he knows to be absolute facts. Every officer of the Department knows that the men go through from time to time as circumstances warrant.

15. In the cases I referred to vacancies have occurred. In your evidence yesterday you stated that the Senior Traffic Managers at Dunedin and Wellington were not performing the same duties as their predecessors who were designated Traffic Superintendents?—Yes, I said they were not performing exactly the same duties as their predecessors.

16. Are you aware that a circular was printed and issued by Mr. Arthur stating that Mr. Whitcombe had been appointed to the position of District Traffic Manager in succession to him to take charge of the district and perform the duties carried out by him?—I am not responsible for what Mr. Arthur did: he must take the responsibility of his own circulars. He had no authorization from the head of the Department to issue that circular.

17. But the fact remains that the duties have been the same?—They have not been the same.

18. In what respect do the duties differ now?—I cannot say straight off, I could turn up the instructions, but I cannot carry them all in my head.

19. Now, concerning the Stationmaster at the Bluff, that position which is now filled by a seventh-grade officer was formerly occupied by a sixth-grade officer. What was the reason of the reduction?—The reason was that the man who is there at the present time was considered to be the best man for the position. He was the senior man at £255 and was promoted to the £260–£300 grade. He may work up the same as his predecessor. His predecessor went there at £260.

20. Why was not an officer taken from the seventh-grade to fill the position?—Simply because this man was considered to be the most suited for the position.

21. Then the position has been reduced?—It has not been reduced.

22. The evidence points that way?—Well, I think I have already told you that this officer is working through his grade the same as his predecessor did.

23. Then will you guarantee that he will work through?—I am not here to give any guarantees on behalf of the Department, but I am here to deal with facts. I am not the General Manager.

24. Do the facts not prove that the position has been reduced?—The fact does not prove anything of the kind.

25. Your evidence is to that effect?—It is not. My evidence is to the effect that a man is a junior who has to work through to the top position the same as his predecessor did, and he was first in order and considered to be the best man for the position at the time it was vacant.

26. Now in regard to the Locomotive Foreman at Auckland: is it not a fact that this position had been occupied by an officer in the £300 grade previous to the appointment of the present man? —Yes, it is a fact that the man in Auckland previous to the present man had more money.

27. Why was the man kept at that position for three years?—We know at the present time he is at the top of his grade, and in due course he will go up. The officer knows that as well as I do.

28. Seeing that he is performing the work of an officer in the £300 grade and is fit for the position, do you consider it is fair to keep him at £255 when his predecessor got £300?—I stated yesterday that the positions were not graded. The institute has always opposed grading the positions because they were afraid that would lead to less men being promoted, and I do not consider any injustice or hardship is being done to this officer by the way the Department is treating him.

29. You do not think there is any injustice in the Department singling him out for a position at £255 in which his predecessor got £300?—No. What about other similar positions that have gone up?

30. Coming to Schedule A again, I propose to take each position down the grade and announce it, and in connection therewith I should like to ask this question regarding each officer: has that officer a chance of reaching his predecessor's salary while graded as at present?—I have given the answer to that. I have stated that every officer in a lower position will ultimately reach the position of his predecessor if he is in the service and the Department considers the position worth it and the man goes through his grade. I will take those positions seriatim. District Traffic Superintendents: there are none now. District Traffic Managers, Wanganui and Invercargill: I stated the position in regard to those yesterday. Traffic Clerk, Christchurch: you show this officer at a salary of £300 to-day based on the D.–3, 1910, and D.–3, 1910, shows him at £355. He was not transferred from Christchurch till the 17th May, 1911. Yet you stated yesterday that your Schedule and figures were all worked out on the D.–3 for 1910. In regard to the Stationmaster at the Bluff, I have already explained the position. With reference to the Chief Clerk to District Engineer, Wanganui, I have already stated that the gentleman who previously occupied that position was a man who years ago held a very high position in the service. He was subsequently reduced, but ultimately worked up to £300 per annum, the same as the man there now ultimately will do. As to the Chief Clerk, Traffic Branch, Napier, the same position applies.

You carefully omit to say in your statement that the man who was removed from Napier and whom this officer succeeded was promoted. You omit here the promotion which took place prior to the 7th May, 1911, and which was notified. According to your statement you knew all about the reduction which took place in May, but not about the promotion. Then, you put the Stores Auditor down at £355.

31. The question I asked was whether each of the officers shown in the statement has a chance of reaching his predecessor's salary while in his present grade?—Yes, providing he is in his present position and works through to the top of his grade, and the Department then considers the position is worth the money.

32. You will not deny he is detained at the top of the grade when there?—I am not saying anything about that. I am simply saying that a man will go through when the Department considers he should go through.

33. Referring to the position of the Chief Clerk to the District Engineer, Wanganui, I should like to ask whether you are aware that that officer was not promoted when appointed to the position?—When?

34. In 1908?—I cannot say from memory. It is just possible he was not. Are you referring to the time he went to Ohakune?

35. Yes?—I am not prepared to say. At any rate, supposing he was not, the position was not worth more than he was getting at the time of his appointment.

36. Are you not aware the position was a special one in this respect, that in addition to taking over the north portion of the line from the Public Works Department he had to deal with two sets of books, one from Auckland and also one from the southern portion that had been under the jurisdiction of the Wanganui Section?—Yes, I am aware of all that, but that does not justify you in paying an officer for all time a salary that is more than commensurate with the position. If the man who took the position was not satisfied to take it at the salary he had only to say so, and there were plenty of others who would have taken it. That was a matter between him and the Department. He elected to go.

37. Then you are practically admitting that he was rushed into the position?—I am not admitting anything of the kind. The man was a free agent and accepted the position offered to him and was satisfied.

38. Do not these delays in promotion give rise to our contention, that reductions have taken place?—I do not know what your contentions are I do not know what other men think. All I know is what I think myself, and that is that the staff of the Railway Department is very well treated.

39. Another position I should like to refer to is the Foreman of Works at Westland?—Yes.

40. I should like to know why that officer did not get his promotion when promoted there?—That officer was not promoted there—he was merely transferred.

41. Was he not transferred to a higher position?—He was not transferred to a higher position, and he has been told it over and over again. That officer was transferred in the position he held.

42. Was the position not occupied by an officer in a higher grade?—It might have been—I cannot say from memory.

43. Well, I can say that it was?—I am not prepared to admit that.

44. Your records will show that?—When I have time to look into the records I will do so.

45. Do you deny it?—I am neither denying nor admitting. I have stated that I will look into the records and see.

46. So far as this Schedule A is concerned, Mr. McVilly, I do not intend to ask you any further questions on that?—I understood you proposed just now to go through the items seriatum.

Mr. Dennehy: You gave me the answer. You said you had answered it half a dozen times. They are all on a par. We can prove nine out of ten of them as being reductions in positions.

47. *Hon. Mr. Millar.*] How many members in this Schedule A reduced are in accordance with D.–3, 1910?—There are ten of them.

48. Will you kindly state the ten to the Committee?—Traffic Clerk, Christchurch—maximum salary, £300; D.–3, 1910, £355. Stores Auditor, New Zealand—maximum salary, £355; D.–3, 1910, £400. Relieving Officer, Wanganui—maximum salary, £255; D.–3, 1910, £300. Relieving Officer, Dunedin—maximum salary, £255; D.–3, 1910, £300. Car and Wagon Inspector, Dunedin—maximum salary, £255, D.–3, 1910, £300. Car and Wagon Inspector, Wellington—maximum salary, £300; D.–3, 1910, £255. Locomotive Foreman, Palmerston North—maximum salary, £300; D.–3, 1910, £255. Car and Wagon Inspector, Invercargill—maximum salary, £220; D.–3, 1910, £255. Storekeeper, Addington—maximum salary, £255; D.–3, 1910, £355. Chief Clerk, Timaru—maximum salary, £255; D–.3, 1910, £300. These changes were made on the following dates: Traffic Clerk, Christchurch, 7th May, 1911; Stores Auditor, New Zealand, 28th November, 1910; Relieving Officer, Wanganui, 11th October, 1910; Relieving Officer, Dunedin, 26th February, 1911; Car and Wagon Inspector, Dunedin, 19th May, 1911; Car and Wagon Inspector, Invercargill, 14th April, 1911; Car and Wagon Inspector, Wellington, 28th February, 1910; Locomotive Foreman, Palmerston North, 24th August, 1909; Storekeeper, Addington, 14th November, 1910; Chief Clerk, Timaru, 20th February, 1911. Those changes involving promotion are notified by notices of staff changes, which are regularly sent out. The institute, however, have shown the lower rates in every case. Those are supposed to be in accordance with D.–3 for 1910, and they are inaccurate to that extent.

49. Then, you have already stated that those men in those positions, if the work is satisfactory, will work up to the grade and in course of time gradually get the maximum?—That is so, and that is the practice.

50. But judging by Mr. Dennehy's questions the institute consider that a position once having been paid for at a certain amount, that whoever is performing that work should receive that salary?—Yes.

51. Although the Act distinctly lays down that it should be only by annual increments?—That is so.

52. *Mr. Ross.*] Referring to clause 6, which is under discussion, if you read that you will find it says, "In many instances, requiring officers in a lower grade to perform the duties and accept the responsibilities of officers in a higher grade at a lower rate of remuneration than that payable in the higher grade. Consequently, efficient officers of long and faithful service are deprived by the Department of the promotion to which they are rightly entitled." That is the statement made by the officers, and do I understand from your replies that you admit that the exigencies of the Department in many instances which you have quoted require the officers in a lower grade to perform those duties at higher-grade stations without obtaining the amount of money or salary that was previously paid at that station?—No. If you take that statement and bring it down to a logical conclusion you come to this, that the claim of the institute is that every man should, immediately he is put into the position, receive exactly the same pay as his predecessor got.

53. I am not making that statement at all?—I am answering the question you have put.

54. No, I think not. The question I put was whether it is true?—If you ask me if I admit that I say No, I do not admit it.

55. You deny that in many instances officers in a lower grade are, through the exigencies of the Department, called upon to perform the duties of a higher grade and accept the responsibilities and not receive the salaries that previously were paid for those positions?—I have already stated that any officer who is in a lower grade than that occupied by his predecessor is working up to that position.

56. I am not asking you that—I am asking you whether it is true or not?—I am not going to give a general answer unless I am able to explain the position fully, which I claim I am entitled to do.

57. If you will give a direct answer I do not care how long you take to explain it?—I have already given a direct answer. If you deny my right to explain I do not give any more answer than I have given.

58. Well, I will put this question again, and if I cannot get a reply it is very little use going on. I am asking you this question: whether in many instances officers in a lower grade are now called upon to perform duties and accept responsibilities of officers in a higher grade at a lower rate of remuneration than that payable to the officer in the higher grade who previously held that position?—State your instances.

59. I am asking you?—Well, I am not going to reply to a general question except in a general way. And in a general way I will say No, it is not so.

60. *Mr. Arnold.*] Which is practically an admission that it is so in exceptional cases?—If the cases are stated I am prepared to say.

61. *Mr. Ross.*] Mr. Chairman, I am asking for a direct answer yes or no.

The Chairman: I understood that the answer given was "No." If you have a particular instance and ask a particular question you will get a direct answer. Mr. McVilly has answered "No."

62. *Mr. Hine.*] I understood you to say that the Department look to officers who are promoted to a higher position to work through their grades. Is there not a minimum and maximum salary to every grade?—Yes.

63. Has the Department ever promoted an officer to a higher position and compelled him to work through with annual increments?—We may have done so where a man has been two or three classes below.

64. Is the man promoted paid the minimum salary relative to that grade?—In scores of cases; that is the general rule. If a man is in the next class below he gets the minimum. If there is an intermediate class he is put at the bottom and has to work through it.

65. What is the reason of the Department in placing men in positions which previously were controlled by men in the higher grade? Why does not the Department put that new official upon the minimum salary of the higher grade?—Because the position is very often this: that the man most suitable or the man who is taken for the position may be one or two grades below, and in other cases the probabilities are that the man who should take the position is a man who is already in the same grade and it becomes a question of his transfer without promotion. A number of men object to being transferred. A man may be occupying a position which is not worth £300 a year in one locality, but for which he is paid £300, and the Department wants to transfer him to the new position which is worth the money. He may object to go and it becomes necessary to take another man who is promoted when appointed to the new place. The man who is transferred to the higher position in such a case is a junior, and you cannot put him over the heads of other senior men. If you force those men to transfer there is trouble. You have to take and deal with the whole staff as it stands in these matters.

66. The appointment is merely according to merit without increase of salary?—No man is appointed without increase of salary. He may not at the outset get the maximum of his predecessor, but he works through to it.

67. Do you mean to say that every man who is appointed to those positions in Schedule A has been promoted?—The last eight men shown on the Schedule, *i.e.*, those men in the £200 class, have not been promoted—£200 per annum is the ordinary schedule maximum rate for this class, but I believe all the rest have been promoted in a general way.

68. You are not certain?—I should require to look at the service cards of each individual before I could say definitely.

69. *Mr. Arnold.*] Mr. McVilly, I understand that the position is not classified but the man?—No, the positions are not classified, but the men are classified according to schedule. They are shown on the D.–3 in certain order.

70. So that if one officer is transferred or retires who is receiving a salary of, say, £400, and another man is placed in his position to do the same work at an inferior grade, he continues to get the salary of his own grade though he is working himself up to the higher grade of his predecessor?—That does not always follow. As a general rule it does not follow. As a general rule a man is promoted. There are exceptional cases. I quoted a case yesterday, but while in that connection one man was put up another position was created—the Department saved nothing. Another position which had been paid at a lower rate was simultaneously created and put in a higher grade.

71. Well, under this system it is not possible for the Department to bring about a general reduction of salaries without apparently reducing the salaries of any specific officers?—I think it must be recognized that there must come a time when everybody attains to the maximum, and then promotions can subsequently only be made when the position is of sufficient value to warrant it, and so your supposition is not correct, Mr. Arnold. We will take 1907: we had 86 men in the grade £260 to £300. I will now confine myself to 1907 and 1910. In 1907 we had 86 men getting from £260 to £300, and in 1910 we had 75. From £315 to £355 there were 33 in 1907 and 41 in 1910. From £370 to £650 there were 34 men in 1907 and 41 in 1910. Over £650 there was 4 in 1907 and 7 in 1910. I think that shows there is no tendency to pull down, but that the tendency is to put up.

72. I did not say there is a tendency: I say, such a thing is possible?—It is not at all likely. The practice and tendency is to put up all the time.

73. But it is possible?—It is never done. I know one particular case in which the circumstances were special. I have just explained in connection with that that we put one man up and created another position, which equalized matters.

74. *Mr. Witty.*] If every man who is at the maximum in the one grade is moved into the next grade, does he start at the minimum in the next grade?—Yes, he must.

75. But not if lifted over a grade and put in that position. If he goes direct from one class to another he starts at the minimum?—Yes.

76. But if he starts at two classes below and is put into that posiiton he does not start at the minimum, but starts at the one in between?—Yes.

77. *The Chairman.*] That is to say, if a man is promoted from the eighth grade up into the sixth, for argument sake, he would draw the salary of the seventh?—Yes, he would work through in probably two years.

78. Although he would be filling a sixth-grade position?—Yes, for the time.

79. I think an instance was mentioned of that by Mr. Dennehy at the Bluff?—Yes, and the Bluff man has to work through the same as his predecessor.

80. Is not that an admission to a certain extent that there are frequently more men qualified to fill higher positions in grades below those who really should fill those higher positions?—It does not frequently happen, but we know it does sometimes.

81. There was one instance mentioned by Mr. Dennehy where a man was appointed to a certain position, and your reply was that if he was not satisfied with it he could have declined to take it?—Yes.

82. If he had declined to take it would not that have meant that he declined promotion?—In his particular position I do not think it would have affected him at all.

83. But generally speaking?—If a man declined promotion he would lose position, but so far as the man in question was concerned it would not have meant declining promotion, but merely a transfer. If he had been in one class and was going to another that would have been promotion, and if he had declined that it would have entailed forfeiture of promotion for two years.

84. Generally speaking, if a man is offered a position, and he feels that he ought to get a higher salary on accepting that position, there is nevertheless a tendency on his part to accept the position rather than decline promotion?—Well, they do not regard it as promotion when it is merely a transfer at the same sum. The general practice is for the man to ask.

85. Even if the position is a higher one?—Yes, they will ask whether it is likely to lead to promotion, and they are told Yes or No, as the case may be.

86. Then, in connection with Schedule A, you have quoted a number of instances where the amounts according to D.–3, 1910, or according to some document, are different from those stated here in the column showing the salaries to which the present positions have been reduced to. Could the compiler of this Schedule A have got that information from the D.–3 list?—He could have got some of that information from the notices issued monthly, and no doubt he did so.

87. The suggestion is that this Schedule A is put before the Committee in such a way as to mislead the Committee?—I am not making any suggestion of that kind.

88. You are not making a suggestion of that kind, but questions have been asked by the Minister, and it is my inference, at any rate, that this Schedule A is likely to mislead the Committee. Well, what I want to get at is this: has the person who compiled this Schedule A access to the documents that would give him the information that you have placed before the Committee to-day regarding those particular positions?—I have no doubt in my own mind, although I have no proof, that the person who compiled that schedule would have access to the documents, because the changes in those positions were notified. They have not been notified by D.–3, but some of them have been notified in what we call "Notices of Promotions, Fines, and Dismissals," which are distributed for information of the staff, and the various dates of each promotion and changes involving same are shown thereon. Yet, as this Schedule A shows a number of positions to be different to what they were on the D.–3, I should say that the person who compiled Schedule A must have had access to the notices, or otherwise he got official information, and if he got official information——

89. *Mr. Arnold.*] Those members are all members of the institute, and they had a meeting. Could they not get the information from the members who compiled the list?—Yes, but they could get the promotions from the notices.

90. *The Chairman.*] This schedule might have been based on the D.–3, 1910. Have you found any inaccuracies in D.–3, 1910?—It is the D.–3 I am discussing. In regard to those ten items I have quoted as being incorrect, I have quoted the D.–3, 1910, against them.

Hon. Mr. Millar: I do not wish the Committee to understand that this schedule is misleading the Committee at the present time, but it is misleading when taking the classification under D.–3, 1910, seeing that the officers have taken the worst positions to prove their case.

MICHAEL DENNEHY examined. (No. 5.)

1. *The Chairman.*] What are you?—Clerk in the Maintenance Branch at Wanganui.

2. I understand you now wish to make your statement?—Mr. Chairman and members of the Committee,—In connection with our request for a similar scale to the Post and Telegraph Department, I should like to go back to the Classification Act of 1907. I should like to quote from the speech of Sir Joseph Ward when moving the second reading of the Classification Bill in that year (*Hansard* No. 40, session 1907, page 641), as follows: "Sir, in rising to move the second reading of this Bill I should like, in the first place, to convey to honourable members a comparison between the payment in the Railway service and that in the Post and Telegraph service. I do not know who has been responsible for it, but in the past there have in many instances been some very unfair, inaccurate, and misleading statements made in connection with this service. It is in the matter of salaries this impression has been sought to be conveyed. Proposals are embodied in this Bill which will, I believe, get over a great many of the conditions that ought to be improved; but I want to say that some of the statements made by persons outside the Railways and the Post and Telegraph services will not bear close analysis and investigation. I propose, therefore, for the sake of the officers and employees in the Railway service, to put on record, before I go on to explain the proposals contained in this Bill, what the relative position between these two services is; and in doing this I want to tell the honourable members that I am not drawing the comparison on the old classification, but upon the scheme that I have submitted to-day. If I made the comparison on the old scheme the position would be even better from the point of view that I am placing it before honourable members." I wish to say that the comparison was made on the old scale for the reason in the first place that when the amended classification was passed in both services in 1907 it dated from the 1st April, 1908, and in that case no comparison could have been made, and, besides, the old grades were quoted, as I will proceed to show later on. "I do not wish to colour the position in any way whatever, or to exaggerate it, but I do want to put on record a comparative statement of the salaries of the officers of the Railway service, of the Post and Telegraph service, and of the Civil Service Departments. Of the clerks, Stationmasters, and others in the Railways—those between £315 and £355—the average salary is £338. Mr. J. Allen: Is that the Railways as they are? The Right Hon. Sir J. G. Ward: As they are. Mr. J. Allen: Compared with the Telegraphs as it is in the Bill? The Right Hon. Sir J. G. Ward: Yes." I will now quote the information as taken from *Hansard* on a percentage basis for both Departments: Grade £315 to £355—Railways, 3·16 per cent; Postal Department, 1·34 per cent. Grade £260 to £300—Railways, 8·23 per cent; Postal Department, 3·12 per cent. Grade £235 to £250—Railways, 11·01 per cent.; Postal Department, 6·18 per cent. Grade £190 to £220—Railways, 25·57 per cent.; Postal Department, 38·04 per cent. Grade £110 to £180—Railways, 52·01 per cent.; Postal Department, 51·03 per cent. Those were the old grades, as I will proceed to show in a second or two. I will also show what alterations were made in both classifications. These figures prove that there were better opportunities for promotion in the Railway service than obtained in the Postal service in 1907. The position having been placed before honourable members of Parliament in that year, it is quite justifiable on our part to compare the two Departments in 1910 on a percentage basis; but before doing so it is necessary to consider the amendments that were made in the old scale of salaries under the amending Acts introduced in 1907. In the Postal Department the minimum and maximum limits of all grades were raised. So far as the Railway Department Classification Act is concerned, the amendments in salaries consisted of an improved scale for cadets and the raising of the maximum salary of the lower grade from £180 to £200 per annum. There were also alterations in the scale of salaries of the three highest grades, which concerned only twenty-one officers: it was the splitting-up of one grade into two. Therefore, no alteration has been made in grades for salaries between £200 and £400 per annum in the Railway Department since the year 1901. Having compared the two services in 1901 on a percentage basis, I will now compare the two in 1910 on a percentage basis. Railways—salary £120 to £200, percentage 56·70 (that is the maximum pay for that grade); salary £210 to £220, percentage 21·30. Now I will take the lowest grade in the Post Office: Postal—salary £120 to £220, percentage 53·22 up to £200, 23·55 at £220. That is the total up to £220 in the Railway service—78 per cent. of officers exclusive of cadets; and the Postal service 76·77 per cent. in that one grade, as compared with two up to £220 in the Railway service. The next grade is—Railways—salary £240 to £255, percentage of officers 9·35 per cent.; Postal—salary £200 to £260, percentage of officers 15·89 per cent. The next grade is: Railways—salary £260 to £300, percentage of officers 5·74 per cent.; Postal—salary £275 to £315, percentage of officers 2·94 per cent. I maintain that while the percentage of officers in the Post Office is 2·94 it is not a fair comparison with our grade because it is higher. Then the next grade: Railways—salary £315 to £355, percentage of officers 3·14 per cent.; Postal—salary £330 to £370, percentage of officers 1·53 per cent. There is 1 per cent. difference, but it is not a fair comparison because it is a higher grade. All the grades in the Postal Department were raised under the Act of 1907, whereas in the Railway Department the only alteration made was the raising of the lowest grade from £180 to £200, and increasing the scale for officers in that grade and also for the cadets. There were no other alterations except right at the top. Now, having mentioned the percentages in 1907 so far as our service is concerned, I will now draw a comparison as regards 1910. In the first place I will group the salaries

in the grades between £315 and the maximum £700 together. Salaries, £315 to £700: 1907, percentage 6·66; 1908, percentage 7·60; 1909, percentage 7·24; 1910, percentage 6·89. Now I will take the grades below separately. This percentage is for officers only, exclusive of cadets.

3. *Hon. Mr. Millar.*] They are excluded in both services?—Yes, sir, when I made the comparison just now.

4. Are you excluding the cadets in the Railway service also?—Yes, just the percentage of officers in the grades. Under the old Act the sixth grade was £260 to £300, and no alteration has taken place in the maximum or minimum rates of that grade. Salary, £260 to £300: year 1907, percentage 7·94; 1908, percentage 7·01; 1909, percentage 6·22; 1910, percentage 5·74. Salary, £240 to £255: year 1907, percentage 10·62; 1908, percentage 10·56; 1909, percentage 10·07; 1910, percentage 9·35. The next grade under the old scale ranged from £210 to £220. To compare the percentages when the grade is altered is a very difficult matter indeed. Grades are grades, and there is a great difference between one grade and another, and to bring the salaries out of one grade into another for the purpose of percentages is in my opinion very misleading. Salary £190 to £220: year 1907, percentage 24·47. Salary £210 to £220: year 1908, percentage 20·86; 1909, percentage 21·18; 1910, percentage 21·30. That was an increase in 1910 as compared with 1909. Of course, the £220 grade is really a continuation of the £200, although there is a barrier at the £200 maximum. We know they do not go through without waiting a certain number of years at £200, and this is the second-lowest grade. Now I will deal with the grades on the actual-number basis. We maintain, and I think rightly so, if six years ago there was a certain number of officers in the £300 grade, that, owing to the increase in the service and the development of the country and the railway system, there should at least be that number now. In fact, we go further and we consider that there ought to be a slight increase. It stands to reason that the responsibilities must be increasing. Of course, so far as the salaries are concerned in our grades, the position is this: that it is only a matter of effluxion of time when the officer reaches the maximum in the grade provided the recommendation is suitable, so that for the purposes of comparison there is no use taking the average salary in the Railway service and comparing it with the average salary in the Postal service. We consider they reach the maximum if the recommendation is suitable. In regard to the actual numbers, I will take the grades separately, because I wish to make it as clear as possible. Under the old Act the salary of grade 1 ranged from £600 to £650, and under the Act of 1907 it was raised from £600–£650 to £625–£700. Grade 1: Year 1907, 4 members; 1908, 3 members; 1909, 3 members; 1910, 1 member. I am taking the grades only, and not including the General Manager or branch management. Grade 2: Salary under old scale, £520–£575; salary under new scale, £545–£600. Year 1907, 1 member; 1908, 1 member; 1909, 1 member; 1910, 4 members. Three officers were raised from the grade below. Grade 3: Salary under old scale, £425–£500; salary under new scale, £470–£525. Year 1907, 16 members; 1908, 14 members; 1909, 14 members; 1910, 11 members. Grade 4: Salary under old scale, £370–£400; salary under new scale, £420–£450. Year 1907, 18 members; 1908, 26 members; 1909, 29 members; 1910, 27 members. Grade 5: Salary under old scale, £315–£500; salary under new scale, £315–£500. Year 1907, 33 members; 1908, 42 members; 1909, 41 members; 1910, 41 members. Now I will come to the grades which the average man in the rank-and-file hopes to reach some day, and which I will endeavour to show it will be a very difficult matter to do. I speak of the grade £260 to £300, and I will take 1907 as a start, because it is just before the Classification Act was passed, and I am going to endeavour to show that it only benefited a certain section in the First Division. Grade 7: Salary, £260–£300—Year 1907, 86 members; 1908, 83 members; 1909, 79 members; 1910, 75 members. In 1910 there was only one man more in that grade than in 1906, and that is what we look upon as a service grievance. We consider that the grade has not been kept up in the percentage.*

5. *The Chairman.*] What positions would the men be in in that grade?—Stationmasters at stations like Wanganui, Hawera, New Plymouth, and suchlike. Then, in the next grade, No. 7 of the old Act and No. 8 of the new Act, £235–£250, there is practically no alteration. There again I maintain that the men in the rank and file certainly look forward to getting into that grade, and even to reach that grade it is a very difficult matter. It is a difficult matter even under the new scale passed in 1907, where a boy joins at sixteen years of age and reaches £200 after twelve years service because it will take him a considerable time to get through the £220 grade. Grade 7–8: Salary under old scale, £235 to £250; salary under new scale, £240 to £255. Year 1907, 115 members; 1908, 125 members; 1909, 128 members; 1910, 122 members. We will admit there was an increase in 1908 and 1909, but 1910 seems to have been a very bad year, there being a reduction of six on the previous year and three less than in 1908. Of course, we know there has been an increase in the revenue and that last year was a record year, and therefore we look upon this as a grievance. We consider that the service is going back, and that no openings are being made for the men in the grades below. No further elaboration is required except to say that the grade shows a reduced membership. Grade 8–9: Salary under old scale, £190 to £220; salary under new scale, £210 to £220. Year 1907, 267 members; 1908, 247 members; 1909, 269 members; 1910, 278 members. We will admit, of course, that there was an increase in the numbers in that grade, but they do not reach that position till after years of service. Now I wish to deal with a statement showing the number of officers and total salaries paid in each grade, taken from the D.–3 list for the years 1910, 1909, 1908, 1907, 1906, and 1905. It goes without saying that the reduced numbers in certain grades reduced the amounts paid in those grades correspondingly, but the point I wish to emphasize is this: that before the old Classification Act was passed there was a total number of 1,586 members including cadets in the First Division, and the total salaries for that year amounted to £285,340. That works out at salaries of £179 approximately, including cadets. In 1910 the amount for the year was £326,064, and the membership 1884, average salary £173, showing a reduction of £6 a head, or a total amount of

* See Exhibit A.

£11,304 for the 1,884 members. Of course, it goes without saying that there must have been a reduction in the amounts of the salaries when there was a reduction in the grades. There was a smaller number at £255 in 1910 as compared with previous years, which means that it has reduced the amount. I can show that the decrease in 1910 as compared with 1909 was approximately £9,000. In the statement it shows an increase—namely, the difference between the amount for 1909, £316,515, and that for 1910, £326,064—but, of course, the scale increases were responsible for the bulk of that.* Speaking from memory, I think the promotions were comparatively small——

6. *Hon. Mr. Millar.*] In 1909 and 1910 there were no promotions made in any branch of the Civil Service at all?—Yes, that statement was made last session, and that fact was admitted. Well, at that time, 1910 to 1911, we were in the record year of the Department, and I think 1910 was a worse year for promotions than the year 1909, taking the periods as at 31st March. Mr. Chairman, it will be interesting to see whether the salaries in the First Division have increased out of proportion to the expenditure of the Department. We know there have been increases in wages all through the country since 1901, and we know that there must be a certain sum spent each year in salaries by way of scale increases. The Department has to do that in its own interests to keep the service up, and that was proved in 1907 when the Department brought down the Act giving higher salary for the cadets' lowest grade. We admit that £19,000 to £20,000 is spent in scale increases, but that should not be the means of pulling down the men in the higher grades. I will now quote from a statement showing the ratio of total salaries paid in Division I to the total earnings and total expenditure of the Department for six years ended 31st March, 1911 :—

Year ending March.	Total Expenditure of Department.* £	Total Salaries, First Division.* £	Percentage.*
1911	2,303,272	326,064	14·16
1910	2,169,474	316,515	14·59
1909	2,114,815	292,585	13·31
1908	1,949,759	285,340	14·63
1907	1,812,482	240,542	13·27
1906	1,621,239	228,560	14·09

Taking the percentage in 1906 (14·09) with that in 1910 (14·16) there is scarcely any difference relatively; but what was the position regarding the profits of the Department in those years? It was as follows:—

Year.	Net Profits of Department. £	Percentage on Capital of Open Lines.
1906	728,465	3·24
1907	812,118	3·45
1908	812,179	3·33
1909	814,711	3·13
1910	1,080,316	3·80
1911	1,190,910	4·06

So that I maintain it cannot be said that the amount spent on salaries in the First Division has increased out of proportion to the expenditure of the Department, and if you take into account the net profits for 1906 as compared with 1911, I think you will agree that the case is decidedly in our favour. Mr. Chairman, I will now deal with the total salaries as against the total earnings of the Department :—

Year ending March.	Total Salaries, First Division. £	Total Earnings of Department. £	Percentage.
1911	326,064	3,494,182	9·33
1910	316,515	3,249,790	9·74
1909	292,585	2,929,526	9·99
1908	285,340	2,761,938	10·33
1907	240,542	2,624,600	9·16
1906	228,560	2,349,704	9·73

After showing an increase of £1,144,478 the percentage was 9·33, a reduction in 1911 as compared with 1906. A little while ago, Mr. Chairman, I proposed to refer to the rate of progress in the First Division of the Railway service, and in order to do that it is necessary to take the second lowest grade—that is, the ninth grade. I shall endeavour to give an accurate illustration of the present rate of advancement in the First Division of the Railway service, and setting out the whole position of members in the ninth grade, which is the lowest grade, save one, in the First Division, and under the scale of salaries in the petition, we are asking that the ninth and eighth grades under the present Classification Act be amalgamated—that is the Postal scale, £260.

7. That is to say, you go up automatically to £260?—Yes, no stopping. The ninth grade (£210 minimum and £220 maximum salary), which is the lowest save one, has a membership of 278, and includes Stationmasters and clerks with twenty to twenty-five years service, Locomotive Foremen with twenty-seven to thirty-six years' service, Inspectors of Permanent-way with twenty-two to twenty-nine years' service. The average length of service of each member in that grade is twenty-five years—that is, taking all the services. But I would explain, for this reason, that an officer who is recently promoted from that grade has only twenty-two years' service, but was fortunate in this respect, that when the Classification Act, 1907, was passed he only had to wait one year at £180, and the others who came on afterwards waited three years. Consequently he has

* See Exhibits B and C.

the better of two years' service, so that to the twenty-two you could add two more for the men who come afterwards, and I consider the average of twenty-five years at the present time is a fair one, and for this reason also; that if you take the tenth grade (£200 per annum), the men now in order for promotion at the top of that grade—the men who joined as cadets—their service is a good criterion to go on, and they have got nineteen years' service. All being well, I think they should have been promoted since the 1st April last, so that to allow six years in that grade is not overmuch, as I will show presently. In asking that the ninth grade be eliminated, the whole position will perhaps be made more clear if dealt with under the following headings: Past promotion from the ninth grade—During the six years ended 1st April, 1910, the average number of members promoted from the ninth to the eighth grade was 21 each year. On this basis it will take a period of thirteen years to promote the total number (278) now in the former grade. The largest number of members promoted from the ninth to the eighth grade in any one year since these grades were formed in 1901 was 40 on 1st April, 1908 (the date of the present Classification Act), and if that number is promoted each year it will be seven years from now before the 278 members in the grade receive the minimum salary of £240 provided for in the eighth grade. In connection with this, it is well to remember that, of the 278 members already referred to, 28 have now served seven years in the grade, 52 have served six years, 53 have served five years, 57 have served four years. The last member of the latter number promoted is now No. 195 in the grade, and, assuming that 40 are promoted each year, it will be at least four years yet before his turn comes for promotion. For him this will mean a service of eight years in the ninth grade alone. Therefore, taking it on the very lowest estimate, the members who entered the ninth grade on 1st April, 1910, will require to serve ten years in that grade. Those men who have already been five years in the grade are going to be great sufferers in this grade, because the typical cases are between Nos. 120 and 150 on D.–3. They will have to serve another five years, and that will make them ten years in that grade. It is very essential to note here that the promotion of 40 on 1st April, 1908, which was exceptionally liberal, was due to the present Classification Act coming into force on that date. Furthermore, of the members who entered the ninth grade on 1st April, 1904, and on the dates of subsequent issues of the D.–3. lists, not more than six (very exceptional cases of men filling technical positions) had been promoted to the eighth grade up to 1st April, 1910. So that of those who entered that grade seven years ago none have been promoted excepting six purely technical officers. It may be stated that that has been the case in the other grades above, but it has not been. It has not been the case in the grade (eighth) next above, for of the seventeen members who were promoted thereto on 1st April, 1904, and the nine members on 1st April, 1905, all but five have been promoted to the seventh grade, and are now in receipt of a salary of £300 per annum. So much for the prospects by way of promotion from the ninth grade. So that from every point of view the ninth grade, I consider, has a grievance. I will now deal with the question of ages of members in the ninth grade. As the majority of members in the ninth grade joined the service as cadets, it is a simple matter to arrive at their ages, which would average thirty-six years. Those who were promoted to the ninth grade on 1st April, 1910, are typical cases. They would be at least thirty-four years of age then, and, allowing for their having to serve ten years in the grade, will bring them to forty-four years of age when promoted to the eighth grade, at a salary of £240, at the end of twenty-eight years' service. That I consider is the very best reckoning to work on, as it is on the basis of past promotions. Sufficient has been said to show that their chances of receiving a salary of £300 per annum by the time they retire on superannuation are very remote indeed. It must be borne in mind that the men referred to all joined as cadets, and, as they have been trained from boyhood to railway work, they are all well fitted to take up advanced positions. The fact that, as already stated, only six (purely technical positions) of the members who joined the ninth grade seven years ago and since that date have been promoted from £220 to £240 per annum shows that it is not the cases of the "duffers" or the men who have been left behind that is being taken up. The statements made herein give a genuine illustration of the rate of progress in the second-lowest grade of Division I. We consider that men at forty years of age are doing their best, and that the Department should in their own interests treat them fairly. We consider these men will be forty-four years of age before they receive a salary of £240, taking the Department's promotions in the past as a guide. Eighty-seven members in the ninth grade, who fill such positions as Locomotive Foremen, Inspectors of Permanent-way, Shop Foremen, Car and Wagon Inspectors, &c., were recruited from Division II, and their ages would average anything from forty-seven years to fifty years. One of these (a Locomotive Foreman) has thirty-six years' service, and his position was filled three years ago by an officer at £255 per annum. Inspectors of Permanent-way are now performing duties at £220, for which their predecessors were paid a salary of £300. The argument that they must gradually work up to that salary does not hold good, for the reason that four Inspectors (now in the ninth grade) have already served seven years therein. No benefits from the present Classification Act! The members of the ninth grade have not benefited in any way under the present Classification Act. One hundred and ninety of them served under the old scale of pay, and were in the grade before the Act came into force on the 1st April, 1908. Neither did they benefit under the Act of 1901, for they served three years at £140 before the scale of pay was altered at that time. I am speaking of the men who have not benefited certainly by the last Classification Act or even by the previous one because there was a wait of three years at a salary of £140 before the Act of 1901 was passed, although we can say that the Act has certainly benefited the boys joining the service. We admit that, and we give the Department every credit for having done the fair thing by those members. There are 573 cadets and 740 members from £120 to £200 who benefited under the last Act; and provided, as I say, that the men at the top of the £200 grade now are not kept unduly long at that salary—provided they get promotion within a reasonable time into the ninth grade, there should be no cause for complaint. There are 1,881 members altogether, and what we are asking for is that something should now be done for the remainder, viz., 500. The statistics that have been quoted show that only the cadets and the tenth grade

received increases in salary under the present Act. Although practically no alteration was made in the schedule of pay in the other grades, yet, if a larger number of promotions had taken place to the middle and higher grades, it could be said that the Act conferred a benefit in that way. If promotions had been more liberal after the passing of the Act than before we would be willing to admit that there had been benefit in the promotions. The Hon. the Minister said there had been no promotions since 1909.

8. No, I said there were no increases in salaries in 1909. You got your scale increases while others who had not been classified could not. You got your scale increases all the time, and the Postal Department got theirs, but the money was not there to provide increases, and we were not going to tax the people to do it?—When the delegates from the institute met you that year they did not press for any increases.

9. No; when I put the position before them they accepted it?—The request the next year was that the status of the positions was to be kept up. If their representations in 1910 had received better consideration we might not have been here to-day. The following is a statement showing the estimated cost of promotions on the basis of the best year since 1905—*i.e.*, the highest number of promotions in any one grade in any one year :—

Grade. From	Grade. To	Number promoted.	Expenditure First Year.	Number in Grade at 1st April, 1910.
2 (£600)	1 (£625)	...	...	1
3 (£525)	2 (£545)	3	£60	4
4 (£450)	3 (£470)	6	£120	11
5 (£400)	4 (£420)	6	£120	6
6 (£355)	5 (£370)	7	£105	27
7 (£300)	6 (£315)	9	£135	41
8 (£255)	7 (£260)	24	£120	75
9 (£220)	8 (£240)	38	£760	122
10 (£200)	9 (£210)	71	£710	278
			£2,130	

The Department has on many occasions referred to the fact that they gave liberal promotions in the year 1905, but I have taken it out on this basis, and for one year it would cost £1,679 so far as promotions go, and that was the position in the two years that we interviewed the Minister. I have also a statement showing the estimated cost of promotions for the year ending 31st March, 1912, on the basis of the average for three years ended 31st March, 1907.

Grade. From	Grade. To	Number promoted.	Year 1911. £
2 (£600)	1 (£625)	...	...
3 (£525)	2 (£545)	3	60
4 (£450)	3 (£470)	6	120
5 (£400)	4 (£420)	6	120
6 (£355)	5 (£370)	7	85
7 (£300)	6 (£315)	7	85
8 (£255)	7 (£260)	14	70
9 (£220)	8 (£240)	27	540
10	9	57	570
			£1,690

Referring back now to where I left off in my statement with reference to the rate of progress in the First Division of the Railway service, I wish to say that, although practically no alteration was made in the schedule of pay in the other grades, yet, if a larger number of promotions had taken place to the middle and higher grades, it could be said that the Act conferred a benefit in that way. On the contrary, however, with the exception of a small increase in the membership of the fifth and sixth grades on the 1st April, 1908, the other grades—excepting, of course, the ninth—have actually been reduced in membership. To quote one example: On the 1st April, 1910, there were seventy-five members in the seventh grade (£300), as against eighty-three on the 1st April, 1908, and seventy-four on the 1st April, 1906. In the circumstances, is it any wonder that there have been expressions of discontent? I can assure you, sir, that this is not an agitation with any ulterior motive, and I venture the opinion that so long as the grades remain as they are at present, together with the present rate of progress, so long will you have discontent in the service, and I consider that that discontent will grow. The foregoing remarks are somewhat beside the question of abolishing the ninth grade, and are made merely to show that the present Classification Act was actually the cause for the reduction in the grades above No. 9 (particularly Nos. 8 and 7) so as to make up for the increase granted to the cadets and the tenth grade. Departmental officers who are in a position to speak on these matters have over and over again made statements to the effect that, as so much had been done for the cadets and the lowest grade (No. 10), the grades above the latter must expect to suffer in consequence. The effect that the present Classification Act has had on the First Division as a whole requires looking into. The fact that there were no promotions in recent years was fully admitted in the Railways Statement submitted to Parliament in 1910. A reference to *Hansard* for 1907 will show that a strong protest was made by the Railway officers against the ninth grade as constituted in the present Act. I think on that occasion speeches were made by you, Mr. Chairman, and also Messrs. Ross and Poland. I will now deal with positions filled by members in the ninth grade. An impartial review will show that the positions held by members of the ninth grade are entitled to be rated at a higher salary than £220 per annum. Reference to the Railways Statements will convince any one that the

stations graded at £220 show a very considerable increase in revenue during recent years, which will, no doubt, be further enhanced owing to the prosperous state of the Dominion. We will have statements put in to show the increase in the outward revenue. The clerks at a salary of £220 per annum are taking their full share in making for the efficient working of the Department, being engaged as Assistant Stationmasters, Relieving Officers, Accountants, Staff Clerks, and in various other important positions. They handle and are responsible for large sums of money. A number of officers in the tenth grade have resigned from the service during recent months. On being questioned, they invariably reply to the effect that there are no prospects ahead, as it means serving nearly a whole lifetime up to a salary of £220. Twenty-six members have been in that grade for many years, and, as they have been superseded, it is presumed that they are not competent to take up duties in the grade next above. This has not been lost sight of in asking for the abolition of the grades, and it is only fair to admit that the Department should have the right to retain such members at their present salaries. In conclusion, an endeavour has been made to show that, as regards age (average about thirty-six years), length of service in grade (seven years for those now at top of grade, and an estimate of ten years for the members who joined it on the 1st April, 1910), total service in the Department (average twenty-five years), the salary paid to members in the ninth grade is less than what it should be in the largest revenue-earning Department of the State. The mere fact that it takes from twenty-seven to thirty years' service to attain a salary of £240 shows that the Department has not created the avenues of promotion warranted by such an extensive service, numbering 1,880 in Division I. Then, again, the cost of living has gone up. Altogether, just about the time when a man is in the ninth grade is a critical period, as he has to bear the expense of bringing up a young family.

10. *Mr. Ramsay.*] We are asking that the eighth and ninth grades be amalgamated?—Yes.

11. In reply to the Hon. Mr. Millar I think you said a man ought to go up to a salary of £260 without stopping, and what you meant was that a man only reached that salary of £260 after having been promoted from the tenth grade—that is, the promotion has to take place from the tenth grade first of all?—Yes. I was speaking of members at that time in the ninth grade.

12. *Hon. Mr. Millar.*] You made a comparison between the Postal Department and the Railway service: is there any similarity in the work?—Well, sir, I am not a member of the Traffic Branch of the Railway service; I have never worked in it, and am not conversant with the duties at all; and, while I make it my business to be conversant with the positions in the service itself, we have officers here available who have worked in the Traffic Department and have done postal work in connection with the Railway service, and they will be able to answer any questions in that connection.

13. Are you aware that promotions in the Post Office under the Classification Act are only made by examination?—Yes, sir.

14. Is it so under the Railway Department classification?—Of course, we have to be efficient, and have to be recommended by the District Officers.

15. But do you pass any examination?—Of course, the members of the Traffic Department have to pass an examination in the rules and general working.

16. That is right through; but before promotion from one grade to another, do the Railway men have to pass any examination?—No.

17. You are aware they have to pass four in the Postal Department at the different grades before they get into them?—I understand they have to pass tests.

18. Are you aware that under the Postal classification the Department has power to provide the maximum salary for any position?—Yes.

19. And they do that irrespective of the grade rates?—I take it that clause gave the Postal Department that power.

20. Now we come to your percentages: you said that when the first classification was passed there were 586 members who received an average salary of £179?—I think the number of members you have quoted is incorrect.

21. I understood you said the first Classification Act?—They have benefited, sir, by the scale. I wish to show, sir, what the Department has done for the service. I do not wish to hide anything.

22. But what I want to bring out is this: the inference you conveyed was that as far back as the first Classification Act 586 members averaged £179 per annum?—No, I do not think so. The number of members is 1,586.

23. That is in 1907; and in 1910 you say that was reduced to £173?—Yes.

24. What branches of railway were opened during that period?—I could not say offhand.

25. What class of stations have the majority of the stations been that have been opened since that took place—since 1907?—They would be in the tenth grade.

26. The whole of them?—Actually opened. I do not know that there have been many cases where a station in the eighth or ninth grade has been opened, but I understand there have been cases.

27. A terminal station may be an eighth grade, but the majority of them were the tenth grade?—Yes.

28. What I want to get at is whether the majority of stations which are being staffed are those which can only bring the lower-grade pay in, because the work is not there, as you know? What work is there between Kingston and Gore for any Stationmaster on those lines?—I cannot speak in regard to the Traffic Branch, although I should very much like to be able to answer your question, but we have men who are willing to do so.

29. You referred to the percentage of salaries paid as against the total expenditure and the total revenue of the Department, and you showed by your figures that there was a reduction of £6 per annum in the average pay by the Department to its officers. Now, in your opinion was that caused by the class of stations which were brought into existence by the opening of new lines?—It is the whole staff.

30. The request is that the ninth grade be abolished and that you should go up automatically to the eighth?—Yes.

31. Has not the class of station that has been opened made an increase in the staff and caused a reduction in the average salary? Have you any idea of the number of cadets we had in 1907 and 1910?—Speaking from memory, I think there was a less number in 1910 than in 1907.

32. Well, if that is so there must be promotions going on?—We do not refer to promotions when speaking of scale increases.

33. You are giving evidence on behalf of the institute, and is it the idea of the institute that a Stationmaster commencing at grade 10 at a station like, say, Waiouru should sit on his stool and get an increase up to £260 without any working through?—No, £200 is the maximum pay for Waiouru. He could not go up to £260 because £200 is the barrier.

34. I understand you want the ninth grade abolished, and then he goes up automatically by increases from the tenth grade to the minimum of the eighth grade. You said we were not making positions. Do you think it the duty of the Department to make positions and use public money?—No, I do not think that. You admitted yourself that the last years have been bad ones for the Railway staff.

35. We have got to show later on what your request will mean from a financial point of view, and how it will affect the public, because they have to find the money?—Yes.

36. Do you anticipate, then, that, irrespective of what the Railway earns, your salaries have to go up automatically—in other words, do you think the salaries ought to increase according to the revenue of the Department irrespective of the amount of work done by the particular officer?—No, sir, I do not maintain that at all.

37. That is your line of argument?—No, you must have misunderstood me. I do not wish that impression to be conveyed at all, but I took out the comparison for this reason: that sometimes we hear it said that salaries have been increased so much and the expenditure on salaries is going up, and I took out the comparison with the idea of comparing it on a ratio basis with the expenditure to see if it was increasing on a percentage basis.

38. Does the institute intend to give any evidence or produce figures in regard to a similar class of work performed in Australia?—No, sir.

Hon. Mr. Millar: Well, I propose to put that in.

Mr. Ramsay: We will object to them.

39. *Hon. Mr. Millar.*] You cannot object. (To witness): Do you consider an officer ought to get an increase irrespective of a recommendation or his ability?—No, certainly not. We are quite willing to abide by the recommendations of our District Officers. We have no fault to find with them, but have every confidence in the District Officers' recommendation, and, besides that, if they do not recommend us we have our remedy in the Appeal Board. That is my view of it. I am always quite willing to do the fair thing, and I think that is the desire of our institute. That is the line we are going on.

40. Then if that is the case your own petition says the contrary—"That the system of promotion in the Railway service is defective by reason of the fact that efficient officers have been superseded by junior officers without a satisfactory reason being given to the officers who have been superseded"?—That is clause 7.

41. *Mr. Ross.*] It has been suggested by the Minister in his cross-examination of you that there is no examination prior to promotion in the Railway service as applies to the Post and Telegraph Department. Are you not aware that examinations are held as to the officer's knowledge of the rules and regulations and also in the working of the tablet and in regard to the time-table?—Yes, I quite see that officers in the Traffic Branch are examined in all those details, but not those in the Maintenance Branch.

42. And you also know that no promotion is given to an officer if he fails to pass the examination?—Yes, I understand that.

43. It was suggested by the Minister in his cross-examination of you that your evidence went in the direction of suggesting that the Department should create positions. I understood you to mean by your evidence that you wished the Department to retain those positions?—Yes.

44. And not to create them?—Not to create them unless the revenue or the work warrants it, but many of our positions have not been regraded since 1902.

45. What you are complaining of is that the positions are not retained?—Yes.

46. And that officers in a lower grade are appointed to perform the duties of officers in a higher grade at a lower salary?—Yes.

47. In the comparison you made you have given the amount of salary paid to the average Railway man prior to the passing of the Classification Act and subsequent to it, which shows a reduction of £6. Are you not aware that there has been a considerable increase in the salaries of cadets, and that that increase would fully compensate for the large number of lower-class stations of late years that have been opened consequent on new lines being opened up?—Yes.

48. *The Chairman.*] In connection with examinations, you were asked if the Railway men had to pass examinations similar to those in the Postal Department, or as many as they have to pass, and I think your answer was No. Does a Stationmaster, for instance, pass the Postal examinations when he takes up the duties of Postmaster and Telegraphist for the Postal Department?—I understand he does; but, as I said before, we have got men here who have worked in those positions, who are thoroughly conversant with them and are willing to give evidence.

49. *Mr. Ramsay.*] In regard to the question of examinations, I think representations were made by the executive of the Officers' Institute to the Head Office in Wellington?—Yes.

50. And the following letter was received in reply:—"No. 423.—Head Office, Wellington, 9th January, 1911.—Sir,—With reference to the representations made by the executive of the New Zealand Railway Officers' Institute regarding the classification and examination of cadets in general and practical work, I have the honour to inform you that I find on looking into the

matter that under the present system the Stationmasters, under whose control the cadets are placed during their probationary period and subsequently, are responsible for reporting to the District Officers at least annually on the progress and qualifications of the lads, and if this duty is efficiently carried out by the Stationmasters who have the cadets continually under their control, District Officers would find no difficulty whatever in making their recommendations as to the retention of the cadets in the service or in respect to the granting of increases in salaries. The guiding principle for Stationmasters in reporting on members of their staff should be general efficiency and conduct. Where the progress or conduct of any member of the staff has not been satisfactory the officer under whose immediate control such member is placed should report accordingly and decline to give a favourable recommendation in every case in which he is dissatisfied with the conduct, progress, or efficiency of the member concerned. A strict adherence to this rule will ensure greater efficiency and be of much more value than a system of examination for the purpose of indicating the general progress and efficiency of the members reported on.—I have the honour to be, sir, your obedient servant, T. Ronayne, General Manager." So that this letter shows that the General Manager recognizes the fact that his system is superior to the system at present in vogue in the Post and Telegraph Department?—I was aware of that letter, but when the Hon. Mr. Millar asked me the question I took him literally. I understood he meant examination tests as they have in the Post Office, and that is how I answered the question.

THURSDAY, 27TH SEPTEMBER, 1911.

GEORGE CLARKE SMITH examined. (No. 6.)

1. *The Chairman.*] What are you?—Assistant Locomotive Foreman.

2. You wish to make a statement to the Committee?—Yes. With the permission of the Committee I propose to deal with clauses 8, 9, and 10 of the petition, which more or less dovetail into each other, before clause 7 is dealt with. The clauses are as follows: "8. That the provision at present made in the Act for the remuneration of officers is, in the opinion of the members of the institute, inadequate for the services required from those officers. This is particularly so in the case of those officers who also act as Postmasters, which is demonstrated by the fact that when the Post and Telegraph work is removed from railway-stations to permanent post-offices the Postal Department in nearly every instance pays the postal officer a higher salary than the Railway officer received for the combined positions. 9. That if the remuneration of the officers of the Railway Department (as set out in the parliamentary paper D.–3, 1910) be compared with that paid to the officers of the Post and Telegraph Department (as set out in the parliamentary paper F.–5, 1910), the only other Department of the Government having a classification, it will be found that in all classes the salaries of officers in similar grades are on a higher scale in the case of the Post and Telegraph than in the case of the Railway. 10. That while each of the above Departments deals directly with the public, the duties of the Railway officer entail a larger responsibility, not only by reason of the fact that the hours of duty are longer, but also that safety of human lives is dependent upon the efficient performance of those duties. Moreover, Railway officers do not receive remuneration for overtime, and are not so free from dismissal and punishment as officers in the Post and Telegraph Department." As to the position of Locomotive Foreman, the minimum rate of pay in the Act of 1896 was £210 per annum. Between 1901 and 1907 several Locomotive Foremen were appointed at £190 per annum, a reduction of £20 for the first year, contrary to the spirit of the Act of 1901, and some of these men were receiving equal to about to £220 per annum in actual cash. In 1907 the minimum rate for Locomotive Foremen was raised from £190 to £210, and in that year 50 per cent. of Locomotive Foremen were in this ninth grade, and in 1910, 62 per cent. or ten out of a total of sixteen Locomotive Foremen were in the lowest grade but one in Division I. The position of Locomotive Foreman is only attained after twenty to twenty-five years' successful service on footplates of engines train-running, and you must graduate through the various steps of Locomotive Running Department. Three examinations have to be passed, and the mechanical training required, coupled with train-running duties, to qualify for Locomotive Foreman are more than equal to any other branch, and to be promoted to the lowest grade except one is unsatisfactory. The responsibilities of this office are various. Upon them rests the responsibility of seeing that engines are despatched on to their trains in good working-order, also the control of large staffs and making the most economical staff arrangements consistent with safety. Arrangements have to be made with Traffic Branch for engines suitable for the various jobs, and at large centres it oftimes becomes a difficult problem to manipulate the staff. The Assistant Locomotive Foreman carries out this duty, and he takes charge during the absence of Senior Locomotive Foreman from headquarters. The forty-eight hour-a-week system has also materially added to the work, while consumption of fuel and stores has to be attended to. Continuous Westinghouse Brake and the Interlocking Department have been added during the past few years, speed of trains increased and improved, and heavier rolling-stock placed on line, and, although these greatly increased the working-expenses, it proves that strict economy must have been exercised to secure such good results. It seems strange that senior drivers are appointed from the highest grade or position in Division II, and in being promoted to Division I they are promoted to the lowest grade except one. The average service of the ten Locomotive Foremen at present in grade 9 is thirty-one years, the highest of any branch in the service. The total average for the 278 members in grade 9 is twenty-five years, and amongst these members 87 were recruited from Division II. The following are positions in grade 9: Workshop Foremen, Locomotive Foremen, Car and Wagon Inspectors, Brake Inspector, Foreman of Works, Permanent-way Inspectors, Stationmasters, Relieving Officers, clerks, &c., and amongst them are some of the best and most

capable officers in the service. Taking grades 1 to 6, it will be seen that in 1908 to 1910 there were in those combined grades 90 members, except 92 in 1909, 8 less in grade 8, 3 less in grade 7, 31 more in grade 9, and 102 more in grade 10. There have been practically no promotions to the higher grades during those years. As to the cases of reduction in positions, there is the case of Locomotive Foreman, Auckland. He is in charge of the whole of the Auckland District from the northern extremity to Frankton Junction, including all branch lines in the district. He draws a salary of £225, and has been in charge of the district for about three years. His clerk receives the same salary as himself. The position was formerly officered by a foreman at £300, who, if there now, would no doubt have been in the £315-to-£355 grade. With the opening of the North Island Main Trunk line the traffic has long ago reached such dimensions as to entitle this officer to a higher salary than that of his clerk—in fact, it is a position equal to the other large centres such as Christchurch, Dunedin, and Invercargill, two of the officers in charge of which are in the £315-to-£355 grade, and one in the £400 grade. In regard to the Locomotive Foreman at Palmerston North, although this officer has had his district reduced, he has now about the same number of engines to supervise and the same staff as formerly, and the disparity now made in the status of the present foreman compared with the two who were formerly there—viz., a reduction of two grades, of £80 per annum—is unreasonable. Then we come to the Inspector of Permanent-way at Hawera, which appears to be a very unsatisfactory case. This officer has been in grade 9 for a number of years, and should have graduated into the £255 grade. Cases can be given where Permanent-way Inspectors have been promoted from £210 per annum to the £255 grade and not reaching the top of £220 grade. In referring to the Locomotive Foreman in grade 9 they have averaged thirty-one years service, and I suppose their average ages are between fifty and fifty-seven years. By those men being kept so long in that grade it has two or three effects, one effect being to keep those below them down, and the other is that it affects their superannuation. It was said the other day that in the case of a young man in a lower grade it would not affect him so much, but if a man comes to be fifty-five or fifty-seven years of age before he gets out of the ninth grade it is hopeless to expect to get up to anything like £300. Apparently the Workshops Foremen in grade 9 have similar complaints. A large number of them have been in grade 9 from five to eight years, and the average proportion seems to have been gradually closing in. Then, again, there is the position of the clerk to the Locomotive Foreman in Christchurch: that position has been reduced two grades during the last five years, and that of Locomotive Foreman clerk, Dunedin, one grade during the same period. The Dunedin position was filled in 1905 by a clerk at £210, and on his decease was replaced by one at £150. If the first-named officer had not died he would have attained to the £255 grade with the clerk at Christchurch, to whom he was senior. It seems very strange that positions like Hawera and Auckland, particularly Auckland, where the position has been filled by an officer in the £300 grade for a number of years, and where the traffic is gradually increasing all the time, that it should be held so long by a foreman in the lower grade. The same may be said of Hawera. There is no doubt that the Inspector there was an old officer and had been in that grade for some time; and there seems to be no reasonable excuse why another officer who has been several years in grade 9 should not be promoted to the £255 grade. There is one other point I should like to mention, which will complete my evidence—namely, that in the large centres the Assistant Locomotive Foreman has to be specially trained to carry out the duties in regard to manipulating the staff in train-running. He has to consult the Traffic Manager and the Traffic Clerk, the Goods Agent and the Traffic Inspector in connection with trains and traffic work generally.

3. *Mr Ramsay.*] In your opinion, then, the Locomotive Foremen are not properly remunerated?—Yes, that is my opinion.

4. *Hon. Mr. Millar.*] Is not the Assistant Locomotive Foreman directly under the instructions of the Foreman?—Yes, sir.

5. You said that to fill the positions required a special training?—Yes, in the large centres.

6. Who did the work before the Assistant Locomotive Foremen were appointed?—The Senior Enginemen.

7. Even though they had not done it before?—They assisted.

8. Have not positions been created by appointing Assistant Locomotive Foremen?—Only in Christchurch and Dunedin, I think.

9. What is the grade?—Grade 9.

10. How long have you been in the First Division?—Since August, 1905. I was acting for three years as Senior Engineman doing similar work.

11. How long was Mr. McKenzie in the First Division before he got £290?—I could not tell you that.

12. You have been six years in the First Division?—Yes, and twenty-seven years in the Second Division.

13. And you are getting £220?—Yes.

14. Are you aware that the Locomotive Foreman in Christchurch started at £4 a week?—I could not say. That must be many years ago. The first I can recollect is back in 1877. It was then recognized to be about £5 or £5 10s. per week.

15. Can you tell the Committee what the Assistant Locomotive Foreman is paid in the Australian States?—Of course, the designations are different in New South Wales to what they are here. The Travelling Inspector receives £375, Outdoor Locomotive Superintendent £550, Steam Shed Inspector £400, Assistant Steam Shed Inspectors £330, Shed Chargeman £275. That is the man in charge of the shed, and he has nothing to do with the train-running. I might say that this was gazetted by the New South Wales Government in 1909. Then, again, in another section the Steam Shed Inspector receives £345, Shed Foreman £265, Steam Shed Inspector £275, two Locomotive Outdoor Superintendents £650, and one £500, the Chief Mechanical Engineer £1,200, and the Assistant to Chief Mechanical Engineer £1,000. The Steam Shed Inspectors

exercise locomotive control over the lines a distance from their sheds, such as pumping-stations, breakdowns, &c. The Sub-Inspector, Shed Foreman, and Shed Chargemen's duties are confined to the locomotive sheds and yards. In addition there is also a number of Shed Chargemen who are not classed as salaried officers who receive, roughly, about £250 per year.

16. Have you seen the Everley Running Shed?—No, sir.

17. Will you name three sheds in New Zealand which put together would be equal to the Everley Shed?—I believe there are about two hundred engines there and five foremen, besides Shed Chargemen.

18. *Mr. Arnold.*] I understand you have been in the present grade since 1905?—Yes. Six years last August.

19. And you were acting for three years previous to that?—I was Senior Engineman, and the latter part of the time I was getting more money that when I was appointed.

20. And doing the same work?—Yes, but with a little less responsibility.

21. Now, as regards New South Wales: if it can be shown that the salaries paid in New South Wales are less than in New Zealand, in your opinion is that any justification for paying low salaries here?—No, I think myself that New Zealand should stand "on its own," the same as in regard to the Arbitration and Conciliation Act.

22. *Mr. Witty.*] What were you getting before you were promoted—for the three years that you were senior driver?—I was allowed during the latter part an extra four days per month, which brought my salary up to about £219.

23. And now what are you getting?—£220 salary—about £230 including Sunday-time.

24. *The Chairman.*] What is the average salary of Locomotive Foremen in New Zealand?—In grade 9, £220; and the last Locomotive Foreman was appointed at £400. You would have add them together and divide the total amount by the number of officers. I could not say what the average is. There are ten in the £220 grade, two in the £355, one in the £400, two in the £300 grade, and one in the £255 grade.

25. *Mr. Ramsay.*] What was the lowest salary paid to Locomotive Foremen in 1881?—I could not tell you. I can only go back to the Act of 1896. £210 was the minimum then, and £210 in 1910.

JOHN GOODLET MCPHERSON examined. (No. 7.)

1. *The Chairman.*] What are you?—Stationmaster at Woodlands.

2. Have you a statement to make to the Committee?—Yes, I wish to make a statement in regard to Schedule C. The institute contend, Mr. Chairman and gentlemen, that where there are separate railway-stations and separate post-offices—that is, a town where the railway-station is under the charge of a Railway Stationmaster and the post-office is under the charge of a Postmaster—that no reason can be given why there should be any disparity between the salaries of those two men. Our contention is based on the fact that the Stationmaster has larger responsibilities. He has the safety of the travelling public to consider, the safety of the train-running, the supervision of the men under his charge, and where there is any lack of supervision in regard to the duties pertaining to those officers, such as shunters, porters, clerks, and cadets, it may cause great loss to his Department. For instance, a man may set a pair of points wrongly, whereby he may put the through express off the road. You know the rate of speed at which that train runs, and you can imagine the result. It is not long ago that a pair of points were set wrongly at Gore, with the result that one train ran into another, but, fortunately, instead of running into the carriages it struck the trucks. In that case the officer did not have to stand his trial for manslaughter, but it cost the Department hundreds if not thousands of pounds. A Stationmaster may have under him two or three porters whose duties are to handle the shunting and crossing of trains, while he has his tickets, passengers, and luggage, and everything to supervise, and he is also held responsible for seeing to and allocating the duties to those various men. I put it to you as commercial men: if a man was in the employ of a large commercial concern, such as the National Mortgage Agency, for instance, is it not a fact that if that man was capable of taking charge of two or three departments, such as the stock, grain, and the auctioneering departments, he would be worth more than a man who could only take charge of the one department? I want to put it plainly, so that I will not be misunderstood, and therefore I will dwell on that point a little. The Railway combined officer—that is, where the Stationmaster has the combined duties of the Post officer and Telegraphist—has also to attend to the registration of births, deaths, and marriages, old-age pensions, money-order savings-bank, National Provident Fund, and a hundred and one other duties that perhaps it would take me all the afternoon to enumerate. Well, gentlemen, is that man not worth more salary than the man who can only do the post and telegraphic duties? That is the point on which I base my arguments. I go further and say that the man who is handling valuable rolling-stock, and on whom devolves the duty of handling it properly, and of seeing that his station and the public are attended to, who has the checking of their luggage and a hundred and one other duties to attend to, such as the supervising of signals, that if we look at the matter fairly and on business lines we cannot get away from the fact that that man is worth more than the man who simply does operating, the taking and forwarding of telegrams, sorting of mails, attending to money-orders, and that sort of thing. The same duties, you will understand, are performed by the Railway officer who is in charge of a combined station; and I do not think it will be questioned for one moment that that man who can combine the two duties and who can run any post-office or telegraphic office outside the chief post-offices is entitled to at least the same salary as the man who can only do the one duty. Now I should like to quote the list of fines in the Postal Department and the Railway Department. The Post Office fine starts at 3d., and works up to 6d., 1s., 2s. 6d., 5s., and 10s. I am not a very old servant, but, taking the Railway fines and looking back, I can only find 2s. 6d. as the lowest fine which has been inflicted. I have heard it stated by men who have had very lengthy service that at one time they could recollect where the fine was 1s., but I have not been able to find any instances. You will see

that the Railway fines start at 2s. 6d. and work up to £5. To give you an instance, if a man in the Telegraph Department makes a faulty connection—that is, if he is testing a wire and makes a faulty connection—he is fined 1s., whereas if a man working a tablet machine at a station makes the least mistake whereby it can be proved that he is responsible for that mistake he is fined not 1s. or 5s., but £1. I say that if our duties are so responsible that if we make a mistake we must be fined to the extent of £1 or 2s. 6d., that if those lists are placed side by side and the responsibilities are to be judged from those lists, then there is no reason why the Railway man should not be paid for his responsibilities. In quoting the Postal Department as compared with the Railway service we do not for one moment say that the Postal officer is overpaid, but we say that we are underpaid. The majority of the Railway Stationmasters in New Zealand are capable of taking charge of any post-office outside the chief post-office. In addition to being able to carry out the postal business they must be competent operators, they must pass an examination in operating and connections, they must have a fair knowledge of railway accountancy, and also a practical knowledge of the various systems of signalling in use in our Department. For instance, they must understand the tablet system, the lock-and-block system, staff-and-ticket system, line-clear working, and also be capable of working trains on lines which are not protected by safety appliances, which means that on them rests the responsibility of taking telegrams from the District Officer, and the slightest error might lead to a collision. They have also to direct all operations under their charge, to see that the duties are allocated and signalling-work performed and premises kept in good order. Moreover, it must be remembered that a Stationmaster's hours are longer, more irregular, and frequently they extend from early morning till late at night. There is no such thing in our Department as a Stationmaster being off duty for any length of time even when you are not required. If you want to go away from the station you must get the authority of the Manager to leave that station for a night, and you are liable to be called out at any moment during the night or day. In the case of the Postal officer in a country town, his hours, generally speaking, average about seven per day. He shuts his office, and the public cannot get him unless in cases of extreme urgency, where they have to pay extra, and he is also paid overtime in the majority of cases. Now, the most serious mistakes a Postal officer can be guilty of are errors in telegraphic work, loss of money or registered letters, and delaying correspondence. If he loses a registered letter containing money he has to pay the amount. If a Railway officer is in charge of a combined station and he loses a registered letter containing money he has to make it good the same as the Postal officer. Therefore we are equal in that respect, but in all other instances their punishments or fines are ever so much lighter than ours. That is another argument to show that the greater the responsibility a man carries the greater the salary he should receive. Combined Railway and Post officers have to work up, and the Railway officer has to carry out those duties efficiently under the supervision of the Chief Postmaster for the district, and if the Committee obtain the gazetted salaries of the Post officers at combined stations where they have been separated within the last ten years from the railway you will find in nearly all cases the salary is equal to, if not more than, that paid to the Railway officer for doing the combined duties. For instance, I will quote the case of Wyndham, in the Southland Section. When Wyndham was separated—that is, when the Post Office sent their own officers to take charge—they only had to take over one-half of the duties. I will give first the salaries of the men under the Railway Stationmaster. The Stationmaster received £170, cadet £100, letter-carrier £80, Telegraphic Post Office messenger £26, and one labourer employed at 8s. per day—a total of £516. Now, in regard to the Post Office salaries, which figures can be verified by turning up the Post Office classification, the Postmaster received £245 when he took over the office, against the Stationmaster's £170. The postal cadet who was put there received £95, against the Railway Cadet's £100; the Postal officer took over the same other two officers as the Railway man had under him at the same salaries. The amount paid after they were separated was £840 16s. for the running of the Postal Department, while under the combined system they received only £500 odd. Therefore it costs the Government, who is the employer of those two staffs of men, £340 more; and we say we are justified in asking for larger salaries, and also in asking that our services should be equally remunerated with the Post and Telegraph, seeing that we do a lot of their duties. There are other stations, such as Rakaia, Takapau, Winton, Otautau, and Waikouaiti, where the duties of both Departments was controlled by Railway officers receiving salaries of from £200 to £255, while the Postmasters for performing the Post and Telegraph duties alone are now receiving from £20 to £60 more per annum than the Stationmaster was in receipt of for performing both duties. It has been stated that the Post and Telegraph officer had certain examinations to pass before he could get to £260. The Hon. Mr. Millar made the statement when cross-examining Mr. Dennehy in regard to the examinations. I will quote the examinations: A boy entering the Post and Telegraph Department must enter as a telegraph messenger, unless he has passed the Junior Civil Service, when he is then eligible for appointment as a cadet. The qualification to overcome £200 per annum and increase to £220 is an oral examination set by the officer in charge in regard to the rules and regulations and duties carried out at the time. Then, to overcome £220 to £260 in the various branches dependent on which the member is in at the time—*i.e.*, Telegraph Department, Postal Department, Electrical Department, and Engineers Department—the papers for the examination are set by the Department. To get an increase from £260 they have to pass the Senior Civil Service Examination. This examination was brought into force on the 13th September, 1890, and therefore I take it that the officers joining the service before that would not come under that regulation. Mr. Dennehy, in his evidence, said that the Railway officers now at the top of the lowest grade at a salary of £200, having nineteen years' service to their credit, therefore the position is that a son of any of those officers could join the service to-morrow and reach a salary of £200 in twelve years, and, according to the way that promotion has increased from one grade to another and the proportion of increases made, he would get there before his father got beyond £220. Now, gentlemen, I put it, is that a fair position so far as these officers

are concerned. If a man elects to take upon himself the duties and responsibilities of a wife and family he is at the most strenuous period, where family expenses are increasing, and we say that a man should be entitled to a salary sufficient to keep up his position. The Department expects us to occupy a social position in acordance with the position we hold in the Department—they expect us to live accordingly; and we wish to maintain our positions in the service so that it will be a credit to the Railways. We are here to-day on behalf of every member of our service, and you will see in our requests almost from the highest man to the lowest is included. We are not here simply to put our own cases. We have 90 per cent. of the members of Division I as members of our institute, and we are here to endeavour to do good for the whole of the service, and to try and point out where the remuneration is not in accordance with the duties performed. Of course, a man can certainly live on £220; but what can you call it? If he is to gain the respect of the people in the district or town in which he is working, and to carry out the duties devolving upon him, and maintain his social position in a manner that is a credit to the Government which is employing him, he must of necessity receive more remuneration than he is getting at present. That all comes under the heading of increased cost of living, and I take it the Department expects us to be a credit to our Department. When Mr. Dennehy was referring to the scale increases the Hon. Mr. Millar interjected that the Railway officers received scale increases, while the staffs in other Government Departments which had not been classified did not received any increases. Now, there is no way that we can get the papers to verify that.

Hon. Mr. Millar: The estimates will verify that: you do not need to go beyond that.

Witness: Yes. I am of the opinion that that is not perfectly correct, and I should like to see the estimates to verify the statement. Mr. Dennehy said in his remarks that if the ninth grade were abolished we should go up automatically to the eighth grade, or, if we got the Postal scale, to £260. Well, that was corrected later; but what we wish to impress on the Committee is that if we got this scale the men who the Department considered were not worthy of a greater rate of pay than £200 or £220 should stay there. We are not asking that men should go into the service and rise automatically to £260—that is not our object. We want the efficient men in the positions that carry responsibility, and which we are here to prove are worth it, to get £260; but in the case of men who are inefficient and who the Department considers are not worth it, we consider the barrier should be placed at £200. Those men have their own remedy of going to the Appeal Court if they consider they are unjustly treated. Now, the Hon. Mr. Millar made a reference to Waiouru in his remarks. He said the officer could sit on his stool all day, but I should like to add to that and say that the officers have to sit on their stools all day and night, because their duties bring them out at something like 3 a.m. and keep them on duty till 12.30 a.m. Of course, they do not work excessive hours, but a man has irregular hours. It is a great strain on his health, and he cannot get the rest that a Postal officer working regular hours can get; and the institute contends that with the strain on a Railway man, who has all these hundred-and-one duties to look after, dealing with expensive rolling-stock, the public safety, and other things which have to be handled carefully and efficiently, he should receive remuneration in accordance with his responsibilities. In any commercial business a man who has worked up and been faithful to his employers receives recognition in this respect. Now in conclusion I should just like to ask the Committee to consider these questions: Do the Railway officers work shorter hours than the Post and Telegraph officers or officers of other Departments? No. Is there less responsibility? No. Then why less salary? Boiled down, the whole argument comes to this: that we are carrying heavier responsibilities, longer hours, and greater stress and worry than any other Government Department. We are working in the great majority of cases in offices where the health of the staff is not cared for the same as in private offices. All these statements can be verified. We stand or fall by the statements we make. I do not say that in all cases the office accommodation is bad, because in some instances, such as the chief centres and Dunedin, for instance, it is very good. In a great many cases we have splendid offices, but I am referring to the rank and file, and many a man to-day is suffering from the effects of working in such offices as we have had to work in. Of course, some may say that is a matter of minor consideration; but is your health a minor consideration? No, I say your health is the first consideration and the next is your salary. Most of us have wives and families, and we want a salary sufficient to enable us to bring our families up to take positions better than we are in to-day. That is what we are fighting for, and it is to the benefit of the Dominion that we get it. These are all the remarks I desire to make.

3. *Mr. Ramsay.*] You are familiar with the Schedules B and C attached to the petition?—Yes.

4. Schedule B has been compiled from the Government Railways Act and Post and Telegraph Act?—Yes.

5. And Schedule C from D.–3 and F.–5 lists, 1910?—Yes.

6. There are three cases wrongly stated in Schedule C—the Locomotive Foreman, Dunedin, should be £355; Traffic Clerk, Christchurch, £355; Car and Wagon Inspector, Dunedin, £300; and the Storekeeper, Addington, £345. Those are the only cases?—Yes.

7. You consider that the duties performed by Railway officers are more onerous than those performed by Postal officers?—Yes.

8. And the effect of the strain of working trains has a detrimental effect on the nerves?—It has.

9. And the fact that a very slight mistake might lead to an accident with loss of life, and that always causes a Railway man anxiety?—Yes, he may be put on his trial for manslaughter, and of course such a thing as putting a train off the line at a station means his dismissal if in charge at the time.

10. Have the trials and responsibilities of Railway officers been lessened by the safety appliance?—No, they have not been lessened.

11. I suppose they require regular and constant attention?—Yes, and supervision.

12. And that practically means that the officer is on duty right throughout the day?—It would depend on the station. Some officer would have to be on duty.

13. Where the tablet system is in operation does the Stationmaster have the responsibility of altering the train crossings?—Yes, he has the responsibility of altering the train crossings to suit the times in many cases.

14. Do you know if the house accommodation supplied to Postal officers is superior to that supplied to Railway officers?—The house accommodation provided by the Post and Telegraph Department is in 99 per cent. of cases better than that supplied to Railway officers, and also I know of one if not two cases where in the same town the accommodation supplied to the Postmaster is up to date and more superior, and he is paying a lower rent although he is receiving a higher salary than the Stationmaster.

15. Therefore, although the house accommodation is superior for Postal officers, yet the Railway officers are obliged to pay higher rents?—That is so.

16. Referring to Schedule C, you will notice that in those cases towards the end of the schedule, Stationmasters are compared with Postmasters?—That is so.

17. In the case of the Stationmaster at Rakaia, he receives £255?—I understand so.

18. That was one of the combined stations?—Yes.

19. And the Postmaster at Rakaia now receives £260?—I understand so, yes.

20. At Takapau, which was also a combined station, the Stationmaster received £220?—That is so.

21. And the Postmaster now receives £260?—Yes, I understand so.

22. At Wyndham the Stationmaster receives £200?—Yes.

23. That was also a combined station?—Yes.

24. And the Postmaster now receives £260?—Yes.

25. At Winton the Stationmaster receives £220, and the Postmaster now receives £260?—Yes.

26. At Otautau the Stationmaster receives £220, and the Postmaster now receives £260?—Yes.

27. At Waikouaiti the Stationmaster receives £200 and the Postmaster £220?—Yes.

28. And until recently all those positions were combined stations?—Yes. The Stationmaster had to do exactly the same duties as are performed now by the Postmaster, and the Postmaster at Waikouaiti has to work from 9 to 5, I understand.

29. *Hon. Mr. Millar.*] Your contention, Mr. McPherson, is that the same salary should be paid in the same town to the Postmaster and the Stationmaster?—That is so.

30. You enumerated a great number of duties that the Stationmasters have to perform?—Yes.

31. How many perform all those duties?—Well, we will take Waikouaiti, for instance.

32. I want to know how many Stationmasters in the New Zealand service perform those duties?—I could not say, but it could easily be ascertained from the records.

33. When a post-office is established, who does those duties then?—The Railway man does his duties and the Post Office man does his duties.

34. I am talking about the duties you spoke of such as the Government Insurance work and registration of births, deaths, and marriages. When an office is established is the work done by the Stationmaster or the Postmaster?—At Waikouaiti the Stationmaster does not do the work of the Registrar of Births, Deaths, and Marriages; it is done by a chemist, who receives payment, but the Stationmaster receives nothing.

35. Does he not receive the fees?—I do not think so. I never received them.

36. You are taking a special case; but as a general rule where a post-office is established the Postmaster takes over all such duties that come under the heading of the post-office?—Yes.

37. Although the Stationmaster is relieved of all that class of work he is still to get the same salary which you think he is entitled to?—Yes. If his position when he did the work was worth £200, say at Waikouaiti, can you tell me any reason why the Post officer should get £20 more?

38. Your argument is again in the direction of showing that the Postal officer is too highly paid?—Not at all, but the Railway men are paid too little, and we can only compare them with another Department. I consider that the officers in the Post Office are not too highly paid for the responsibilities they carry, but I consider the Railway officers are greatly underpaid for the responsibilities they carry.

39. You did not make any comparisons between the salaries paid in other classes of work in the Railways?—The railway work is of more importance and the responsibilities carried are greater than any of the duties or responsibilities carried by a Postal officer.

40. Are the responsibilities of the Railway men in New Zealand any greater than the responsibilities of Railway men in Australia?—

Mr. Ramsay: I object to this evidence, Mr. Chairman.

The Chairman: I have followed this evidence, and I think the question has a right to be put.

Mr. Ramsay: I do not think it is right to put a question like that to the witness and ask him about things he is not familiar with.

The Chairman: It is quite competent to refer to outside railways here, because the Hon. Mr. Millar wants to get at this point: Why did the institute not compare Railway service and Railway service instead of Railway service and Postal service, seeing that it has been suggested that the Postal service is too highly paid.

41. *Hon. Mr. Millar.*] Wherever a Stationmaster has had to attend to these combined duties has he not always an increased staff?—No, he has not always had an increased staff. For instance, I am in charge of Woodlands. We open at 4.45 in the morning till 9.25 at night. The staff consists of a porter who does no postal work; a clerk who takes a shift with myself, and no other assistance. If the post-office were taken away to-morrow the railway work could not be done with a smaller staff.

42. Are you aware that in a large number of those cases there never would have been a station at all were it not for the combined offices?—No, I do not know of a single case where the railway office has been closed when the postal work has been taken away from the Stationmaster.

43. You say there are heavier responsibilities in those combined positions?—I say the Railway. I tried to point out to you that the Railway service carries heavier responsibilities and I have tried to make myself clear on that point.

44. Well, we will take positions such as combined Post officers and Stationmasters. Do you know any places where the same postal duties are done by women for £80 a year?—No.

45. Well, there are eighty in the Queensland service?—No, I do not know that.

46. Do you know anything about the salaries paid to Stationmasters in Australia?—No. I do not think it is a fair question, because of the cost of living in one country as compared with the other.

47. Do you imagine that the cost of living is cheaper in Australia than in New Zealand?—Yes, I have been informed that it is so in certain things.

48. What does the Railway Stationmaster pay for rental?—I pay 8s. a week.

49. What accommodation have you got for that?—I have six rooms.

50. Is it a good house?—A fairly good house, but I might mention that my clerk went into a new house not owned by the Department and paid only 7s.

51. But the better accommodation you referred to, are those the houses that were built when the post-offices were built?—I could not say when they were built, but in a lot of cases they have hot and cold water supplied. I do not know of one Stationmaster's house that has that. It may be the case at the Bluff, but it is not as a general rule.

52. Can you tell me of any recent house built by the Railway Department which had hot and cold water—even for platelayers?—No. I have not had experience of that, but I have been in four houses, and when I went into some of them they did not even have tubs to do the washing in, in the washhouse, nor a bath-room.

53. How many years ago is that?—Four years ago.

54. Has there been an improvement?—Yes, after considerable correspondence. It may be that the men did not represent the matter to the Department; but then the Department had inspecting officers who inspected these dwellingplaces, and I take it their duty was to supply improved accommodation.

55. What you asked for was granted?—No, not all. One of the houses had a bath planted in the back bedroom. I wanted the increased accommodation, and I applied to have a bathroom, and the reply was that there was not sufficient money to put a bathroom up. I then said we should have to have the bath out, and that it was not healthy to have two or three people sleeping in the one room, and they took away part of the coal-house and put in the bath there. That is how they got over the difficulty.

56. Do you know of any Railway Stationmaster who pays more than a day's wages for his rent?—No, I could not say that. I cannot go into other cases but my own.

57. You yourself do not pay more than a day's wages for rent?—No.

58. So that the Department finds you accommodation plus the salary you are receiving at the present time?—No, I have to pay 8s. a week. I am paid a salary of £220, and 8s. is deducted. When we get increased house accommodation more is deducted. If a man went from a £180 class station to a £190 station he is actually only getting a few shillings a month increase, owing to the increased cost of the house.

59. Do you know why that alteration?—I do not know.

60. Was it not at the request of the Officers' Institute, so that it may be counted in the superannuation?—I could not say. I am not conversant with the records. If any of those matters want verifying the records will show.

61. You are speaking now as a member of the institute?—Yes.

62. Has your institute gone into the question as to how the Superannuation Fund is going to be affected by your proposals or requests?—I presume they have, but as far as I am concerned I have not gone into it personally.

63. Then you cannot speak on the question?—No. I have taken a certain part of the case to be put before the Committee, and I have dealt with that. I have not worked out every detail, as you are aware, and I have not the time to do it.

64. You said that my statement in regard to scale increases was not correct?—I said I thought it was incorrect.

65. Can you show any proof that it was incorrect?—I am leaving it to the Committee to ask for proof. I have heard it said by men who ought to know that it was otherwise.

66. The Committee are aware of the proof as members of the House at the time I made the statement that no members of the Civil Service in unclassified Departments received scale increases?—Yes, that may be.

67. You spoke about the hours the men work at Waiouru. Do you prefer the New South Wales system of working where they have two men dividing up the time?—I have already told you that I do not know anything about that system. I cannot answer the question.

68. Irrespective of New South Wales altogether, you prefer the Stationmaster to remain on duty for twelve hours?—No, certainly not.

69. You prefer the present system?—Certainly. As far as I am personally concerned, the system of hours worked by each man is quite satisfactory, but then I maintain that the irregular hours such as we have to contend with is not conducive to the health, and causes extra anxiety and extra work not only to the man himself, but to his whole family if he is a married man.

70. And still you object to regular hours taking the place of the present system?—I do not object to regular hours.

71. Would you prefer the system of regular hours or the principle of throwing the time of the heaviest traffic on the line on the man who comes on afterwards?—No, each man should have equal hours.

72. Well, is not that a system of equal hours, twelve hours for the Stationmaster and twelve hours for the porter?—It seems that we do not understand each other in regard to the question.

73. What you complained of was irregularity of hours?—I said in making comparisons we had to put up with irregular hours, whereas in the case of the men we were quoting they had not those irregular hours to contend with that we had in country stations.

74. And I asked you in reply to that whether you would prefer a system being instituted whereby there would be regular hours?—If it was possible to have regular hours and the status the same as the officers in the Post Offices have—forty-eight eight hours a week—then I say Yes.

75. But leave the Postal Department out altogether?—We cannot.

76. Well, if you are going to make comparisons with the Postal service I am going to make comparisons with other railway systems in the world. How many trains do you handle in a day at Woodlands?—There are twelve trains a day, I suppose. Of course, we handle a great many special trains, and on Saturdays we have additional hours; but I am not complaining of my hours—I am quite satisfied as to that.

77. What revenue do you get at the Woodlands Station?—I could turn that up.

78. Have you no knowledge of it?—I have not the exact knowledge.

79. Do you not send in returns?—Yes, but I could not mention the amount right off or attempt to average it.

80. *Mr. J. V. Brown.*] Have you no knowledge what the monthly returns are from memory?—About £500 or £600 for the Railway and £300 for the Post Office per month.

81. You are in a combined station?—Yes.

82. In regard to the ten trains that you say run through in a day, do they travel mostly during the day, or are there many of them at night?—One gets in about 5 o'clock in the morning, and the late express runs past about 9.10 at night. Of course, the tablet keeps us on till 9.35 and putting out signals; and then on Saturdays we have a train leaving at 10.40 which keeps us on till 11 p.m.

83. Do the Post Office men obtain better accommodation than the Railway men?—Yes as a rule.

84. For instance, you do not know about Takapau, but others?—Yes, Winton.

85. You have a six-roomed house, and you pay 8s. per week?—Yes.

86. What would the Postal official pay when he gets his salary?—The Postal man pays somewhere about £18 a year, so I am given to understand, while the Railway man pays something like £23.

87. And what is the similarity in the houses?—I have not been in the Winton Post Office house, but I am informed it is an up-to-date and better house.

88. What is the number of rooms?—I do not know. We did not go into the question of the number of rooms. Had we thought that matter would have been gone into we should have got the information.

89. A house built now for either Post Office official or a Railway official would be more up-to-date?—That is so.

90. But what we want to know is whether the Post Office men are dealt with more liberally than the Railway men?—I understand so. They have a better sliding rent scale from £220 to £260.

91. Your evidence would tend to show that the Railway officials were not treated so well when the combined office was divided?—Yes.

92. *Mr. Ross.*] Speaking of the amount of rent you are called upon to pay the Department, it was suggested that the rent was particularly low; but that would not justify the Department in paying you a lower rate of salary than is paid to the Postal officers. What would be the average rent paid for houses in Woodlands similar to the house occupied by you for which you pay 8s. How much would you require to pay if that house were owned by a private person instead of by the Railway Department?—Well, the only instance I know of was the one I quoted, where my clerk got a house for 7s. a week. He had to leave the house because it was sold; but it was an absolutely new house, and I believe he had every accommodation.

93. In other words, your clerk was able to get a house equally as good as you had for which you paid 8s. a week, while your clerk paid 7s.?—Yes. I have also known a case where I could get a better house for the same rent at Kirwee.

94. I presume that you as a member of the institute would be prepared to go into this question of comparison between the salaries paid to Railway officers in this country and Railway officers in other countries if allowed to consider all the matters connected with the running of the railways in those countries. What you object to is merely a bald statement being put before the Committee of the details of the salaries paid to officers in this country as compared with the salaries paid to officers in other countries without a full explanation being afforded to go into the details?—That is so.

95. *Mr. Hine.*] When combined offices are separated and officers appointed by each Department is the salary of the Stationmaster reduced?—Well, in the case of Wyndham the man was transferred and another officer took his place. He would have gone up to £180 at Wyndham, and the Post Office man went in at £245.

96. Do I understand from that that the Stationmaster was reduced?—No; the position was reduced, but not the man.

97. *Mr. Arnold.*] In regard to the income from your station, I suppose it frequently happens that a train runs up and you have very few outgoing passengers by it?—Yes. Frequently on Saturday nights the train may have no passengers. The train is put on to bring the people back from town.

98. So that the income of the station is not a true indication?—No. Take Waipahi, for instance—the junction. There they are dealing with a large number of wagons and all the branch traffic and main road traffic and adjusting loads on trains, and the income there is no true indication of that station. We have no objection to the Department cutting down Kingston and

Balfour if they would increase the salaries of those who handle the trains at Mataura, Waipahi, Edendale, and other places; but they are cutting down the positions and increasing the responsibilities.

99. *The Chairman.*] Do you mean to say that a Stationmaster is responsible for the acts of his subordinates?—Yes, to a certain extent.

100. If a careless porter causes a main-line collision is the Stationmaster held responsible?—No. If he has not given the man instructions or there is any doubt about it, then he can be brought into it, but if the porter did not follow out the instructions given by the Stationmaster he would not be to blame for that.

101. He is not held responsible for the main-line points being wrong?—No. If the points are wrong and the Stationmaster pulls the signal he would be responsible.

102. You made a reference to examinations, but I do not think you completed it. You referred to examinations passed in connection with the Postal service, but can you give the Committee any idea of the examination passed by a Railway man who takes up the postal duties at a railway-station?—The Railway man has to pass the Sixth Standard to get into the service, and his work is reported on. He is examined in regard to sight and signals according to the regulations, and he has to be capable of passing an examination in operating and telegraphy.

103. Has he any additional examination to pass for postal work?—Yes, he has to be capable of passing the Postal Examination. At one time it was dealt with by the Postal Department in his district.

104. You said the Stationmaster had to get leave to go away from his station at night?—Yes.

105. Is that to go away from home?—If you want to be absent from your headquarters you have to get leave.

106. The home and the station is practically one—it is usually close to the station?—Yes.

107. And if you wish to go away into the country even after you think you have finished your work you have to get leave?—If you want to be absent the whole night from that place you have to advise the Traffic Manager.

108. Does the same thing apply to Sunday?—If you want to be away all Sunday night, but it does not apply during the day on Sunday. You can go away for an hour or two.

109. Now, supposing a man were at a station and desired to go twenty-five miles into the country for a ride?—He could do that; but the point I wish to make is that you are not to be away the whole night from headquarters without leave. Supposing I wanted to go away and stay the whole night somewhere, I should have to get leave from my District officer.

110. If you wanted to go to Invercargill, for instance?—Yes.

111. Although you started your work at 8 o'clock in the morning it would not be sufficient if you were back at 8 o'clock?—No; I would have to get the approval of the Traffic Manager.

112. *Mr. J. V. Brown.* In regard to a combined office, you said a Stationmaster is responsible if a registered letter went astray?—Yes.

113. Supposing a diamond ring was posted worth £100 and it went astray, would you be expected to pay the £100?—No. It is this way: the Post Office has a regulation in regard to a registered article to the value of £4, and if sufficient proof that the letter contained an article to that value and it is lost it has to be paid for. Take the case of a registered letter posted by a bank containing a number of bank-notes which has been sworn to by the bank officials. If the letter is registered and it goes astray or is lost in transit, and I received it at my station, I am responsible.

114. Up to £4?—No, I would have to pay the full amount then. Of course, it would have to be a firm of standing before the proof was considered sufficient.

115. It seems to me in discussing this matter that there is unlimited responsibility. You may have £1,000 in a registered packet, and you may know nothing about it; but I suppose you get your advices. If that went astray by any means then you are held responsible?—Yes, I would be held responsible for the packet. There have been cases where men have had to pay from £20 up to £50. I cannot speak now as an absolute certainty, but I understand that Postal officers have had to pay very large amounts. One guard took charge of a bag of cash to the extent of £100, and it was lost in transit, and it had to be made up by the guard who took charge.

116. If he did not pay would he lose his position?—That is a question for the Government. Whoever handled or received a parcel would be responsible. If a lad signed for the parcel, then he would be responsible. There was a case in point of which the institute could give you particulars where a lad had to pay £23 10s.

117. You made a statement with regard to being responsible for any loss, and I wanted to know whether there was a limit to the amount?—No, there is no limit. If you did not pay I suppose you would be dismissed. If we lost a letter containing £23 we may be able to pay that.

118. But if you could not?—Then I suppose we should have to walk out.

119. The combined offices of Post and Telegraph and Railways are fast disappearing?—Yes.

120. *Mr. Ross.*] Are you aware that Railway officers are such capable accountants that they are being greatly sought after by mercantile firms, and that the same applies to two gentlemen who were previously Railway officers and who are now managers of mercantile institutions, and that one man at the Bluff is now the Government Auditor doing important work in New Zealand for the Government?—Yes, I have been informed of one case where the management reckoned a man was a very efficient officer. I do not think the Department had anything against him, but he resigned his position in the Railways to take outside employment at an increased rate of only £20 per annum. The reason he gave me was that the hours and responsibilities were such that, together with certain little pin-pricks that had been raised in the Department, he would not stand it any longer.

121. Have you ever heard of a Postal officer being sought after by the public or being placed in a responsible and important position such as Audit Inspector or any other important position in the mercantile community?—No, I do not know of my own knowledge.

122. And are you of opinion that those men have sufficient knowledge of accountancy to go into the outside world and compete with the Railway men who are out of the service?—No; the Post Office accountancy is specialized to a great extent. The man attending to money-orders does only that class of work, and does not obtain a knowledge of general business. The Railway work is more on general business lines.

123. *Mr. Ramsay.*] It was suggested, Mr. McPherson, that where a Stationmaster was called upon to do the combined work of the Post-office and the railway-station he had an increased staff?—Yes.

124. If that is so he would have more to supervise, and naturally increased responsibilities?—Yes.

125. So far as the irregular hours are concerned, you do not object, but I understand you simply mentioned the irregular hours to show that the lot of the Railway officer is worse than the lot of the Postal officer?—Yes, that is my point.

126. So far as registered letters containing coin are concerned, you, of course, would only be liable if the Railway Department itself were liable. If a man posted a letter containing coin and the Railway Department was not liable you would not be liable?—Yes, I understand that is so.

ARTHUR HERBERT O'LOUGHLEN further examined. (No. 8.)

1. *The Chairman.*] What are you?—Goods Agent at Auckland.

2. What do you propose to deal with in connection with the petition?—I propose speaking mainly, Mr. Chairman, as to the duties of Stationmasters and Goods Agents at the chief centres. Goods Agents and Stationmasters have charge of particular branches in their respective services. They have very heavy responsibilities, and must possess expert knowledge of railway-work to enable them to master the many difficult problems that arise at short notice in connection with their work. Goods Agents at the principal centres control a large staff of permanent and casual hands, comprising clerks, foremen, shunters, porters, and general labourers. The work under their control involves an expenditure in wages and stores amounting approximately to £20,000 per annum. Upon them devolves the supervision of the transport of goods traffic, and they are responsible for employing such methods as will prevent damage and facilitate the handling of valuable freight. They are also responsible for seeing that the State obtains full value for the expenditure under their control. They must possess an intimate knowledge of the qualifications of each member of their staff, and be thoroughly conversant with all branches of traffic work. Stationmasters at centres such as Dunedin, Christchurch, Wellington, and Auckland must possess expert knowledge of railway-working to enable them to deal promptly with a large staff, comprising clerks, foremen, guards, shunters, signalmen, and porters. They are responsible for the despatch of all trains, and for seeing that the trains are properly staffed and equipped. They are also responsible for the safe working of all inward and outward trains, and control the distribution of the car accommodation in all trains throughout their respective districts. A large expenditure of public money is under their immediate control, and they must be capable of apportioning the work in such a way as will obtain the best results for the State. A very great responsibility devolves upon all Stationmasters in so far as the safety of the travelling public is concerned, as they are responsible to the management for the working of trains in accordance with the time-tables and the many special instructions that are issued at short notice in connection with alterations and additions to train service. Rule 168 is definite on these points. It says, "Every Stationmaster or member in charge of a station is answerable for the security and protection of the office and station buildings, and of the Department's property there. He is responsible for the faithful and efficient discharge of the duties of all the members under his charge either permanently or temporarily employed at the station or while within its limits, and such members are subject to his authority and directions in the working of the line. He is responsible for the general working of the station being carried on in accordance with the rules and regulations, and must, as far as practicable, give personal attention to the shunting and despatch of trains, and all other operations which affect the safety of the line. He must pay particular attention to the special rules for working that portion of the line on which he is engaged." Stationmasters at Timaru, Oamaru, Palmerston North, and New Plymouth, in addition to their usual duties, control train-running over certain sections of the line—that is to say, they control the movements of trains and arrange the running of special trains as required. They also have charge of the distribution of rolling-stock in their respective districts. The addition of running-powers and the control of rolling-stock to their ordinary station duties increase their responsibilities, more especially when it is noted that at each station a large staff is employed. Stationmasters who deal with train-working are charged with heavy responsibilities, and a slight omission on the part of any officer might cause an accident with serious results, and even when this does not occur the officer at fault would be liable to severe punishment. No similar responsibility is held by the Post and Telegraph officers. Instances can be quoted if necessary to prove that careful and efficient Stationmasters have by one omission due to oversight been punished with reduction or dismissal. This should be conclusive evidence that the responsibilities of Railway officers are equal to if not greater than the responsibilities of Post and Telegraph officers. It is reasonable to submit that responsibilities should be recognized by adequate remuneration. As the inadequate remuneration of Railway officers is a burning question and the cause of much discontent, we would pray that the matter receive favourable consideration in the interests of the service and the officers concerned. I think it is obvious that a capable and contented service is necessary to insure satisfactory working of such a large and important branch of the public service as the Railways, and unless this is maintained, indifferent and unsatisfactory results can only be expected. I am an officer of over thirty-three years' service, during which time I have filled various positions, including charge of combined post and telegraph and railway stations,

and am enabled to say from my own knowledge that the duties and responsibilities of the Railway officer is not only equal to but greater than the Postal officer. That being so, we urge, can there be any reason why our services to the Dominion should not be equally remunerated.

3. *Mr Ramsay.*] There are many Railway officers, I presume, who could take charge of postal offices without any further training?—Yes, many of our officers could.

4. But could a Postal officer perform the railway work without further training?—No, I have never known in my experience of a Postal officer who could take charge of a railway-office.

5. You dealt in your statement with Stationmasters and Goods Agents?—Yes.

6. And those have been compared with officers in the Post and Telegraph Department?—Yes.

7. You think that is a fair comparison?—Yes.

8. *Hon. Mr. Millar.*] How many Stationmasters could take charge of an important post-office?—I could not say how many, but a very large percentage of our Stationmasters could. I have a lot of clerks in my office, and a number of them could take charge of a combined office.

9. But I said an important post-office?—Yes.

10. Are you aware what the duties at an important post-office are?—Well, what am I to understand by "an important post-office"?

11. Say, any post-office like Palmerston North?—Yes, I think they could.

12. Have you any idea what the duties there are?—They have similar duties to what the postal duties are at railway-stations.

13. We will have a Postal officer to give evidence in that connection. You are Goods Agent in Auckland?—Yes.

14. Can you give me any instances where Goods Agents have suggested methods for improving the working on the railways?—Yes.

15. How many?—I did myself.

16. What was that?—I made a suggestion with regard to the economical working of wagons.

17. Who initiated that?—I suppose it was the conference of Traffic Managers that initiated the details.

18. As a matter of fact, Goods Agents only reply to questions which the District Managers submitted. No Goods Agent started that idea first. Can you tell me of any case where Goods Agents have in New Zealand suggested improvements which were going to benefit the railway system, and, if so, what were they?—I have mentioned that one in connection with the economical working of wagons.

19. Were you instrumental in bringing it under the notice of the Department?—I think so.

20. When was that?—Two or three years ago.

21. Was it not established in Dunedin prior to that?—It may have been.

22. Were you not asked by Mr. Piper to give him your opinion, and go into this scheme and tell him what you could in regard to the lines laid down?—Mr. Piper never spoke to me on the point.

23. Nor communicated with you?—No. I discussed the matter with my District Manager.

24. Did he submit the point to you?—No; I discussed the matter with him before he submitted it to me.

25. Have you any idea what that scheme has saved the Department, say, in your own district?—I think, so far as my station is concerned, we have saved about £1,500 a year in labour alone. That is not counting the shunting.

26. That is irrespective of the increased haulage-power?—Yes. I was speaking to Mr. Piper recently when in Dunedin with reference to the saving, and he estimated that the saving was about £10,000 a year for the whole of New Zealand.

27. *Mr. Ross.*] Can you tell me if officers generally are invited by the management to make suggestions—is there any rule on the point?—Not that I am aware of—nothing beyond the ordinary rule.

28. Do you know of cases where officers have made suggestions, and received scant courtesy at the hands of the management?—I would not like to say that I remember any particular case.

29. Do you think any suggestions made by any officers would be embraced warmly by the management?—Of course, that is a question as to whether the Department would consider the suggestion a good one or not.

30. Do you know if Stationmasters still submit a progress report at the end of the four-weekly period showing the condition of the traffic obtaining at the station, and submit reasons for the increase or decrease in the traffic, as the case may be?—That is still done.

31. Have you ever known the management having taken any steps to remedy the losses or to recover the losses which are brought under their notice through the progress reports?—No.

32. Although this progress report is furnished to the Department, so far as the average officer knows, it may go into the waste-paper basket?—I could not say what is done with it.

33. You have never seen any result of it?—No.

34. Being in charge of a district, would you think it necessary to draw the attention of the Department to the state of the traffic?—Yes.

35. Say wool was going down a river by boat instead of going by the railway, you would draw the Department's attention to that in the progress report at the end of the month?—Yes, or write a special report—either one or the other.

36. Are you of the opinion that discipline is being impaired throughout the service through the lack of sympathy between the management and the officers?—Yes, I think perhaps it may be.

37. Or, in other words, that the officers are not taken into the confidence of the management or treated as partners in a concern, and consequently—I am referring to the younger officers—are inclined to drift with the Second Division, and have sympathies against the management instead of being with them?—I could not say that I have of my own knowledge noticed that.

38. If you were asked to express an opinion, what would you say?—I have already stated that I think the officers are not taking quite the same interest in their work as formerly. The younger members do not take the same interest as we did years ago.

39. An amendment to Schedule C has been submitted this morning by the institute whereby the salary of the Locomotive Foreman, Dunedin, has been altered from £400 to £355, the salary of the Traffic Clerk, Christchurch, from £300 to £355, the salary of the Storekeeper at Addington has been altered from £255 to £345, and the salary of the Car and Wagon Inspector, Dunedin, from £255 to £300?—Yes.

40. Can you tell the Committee how the Officers' Institute came to put in this schedule figures which they are now desirous of altering? You will understand that, without an explanation being made as to the reasons for those changes, the Committee may form a wrong conclusion?—I think I can explain that. Those items that were altered were put in contrary to the statement at the top of the schedule. The schedule says, "Compiled from D.–3 return for 1910." Those alterations took place subsequent to the issue of D.–3, 1910, and, although the institute was aware of the alterations, they do not agree with the heading at the top—that is, with D.–3, 1910.

41. And as the Committee has decided to deal with nothing later than D.–3, 1910, it was necessary to make those alterations?—Yes, to make them consistent with the heading.

42. *Mr. Arnold.*] I understand there is a regulation which invites you to make suggestions?—Yes, there is a regulation.

43. And it was in consequence of that regulation that you made the suggestion that you took credit for?—I was not taking any credit for it.

44. It was in consequence of that regulation that you did make the suggestion?—Yes, it would be in consequence of that.

45. Was that suggestion made in writing?—No, verbally.

46. Has your suggestion been recognized in any way?—No, not that I am aware of.

47. Not even by a letter to yourself?—No. I believe the suggestion was favourably received by those I mentioned it to, but further than that I have not received any intimation.

48. Now, can you tell me whether it is customary for the Department to recognize services so rendered, either by a bonus or a letter recognizing that the suggestion did come forward, which sometimes carries more value to the officer than a bonus?—Of course, they do occasionally. I have known cases where the Department has given a bonus, but very few.

49. In your opinion, are the officers sufficiently encouraged to make suggestions?—Of course, I do not know of any cases where they have been discouraged.

50. *Hon. Mr. Millar.*] Mr. Ross asked you if there was not an evident desire on the part of the younger officers to break away and join in with the Second Division, and I think you said that you were not aware of that, but there was not the sympathy existing that ought to exist?—I said that the younger officers of the present day did not take the interest that the younger officers formerly did.

51. Has not that idea been advocated in your official organ, that the officers of the institute should amalgamate with the Amalgamated Society of Railway Servants?—No, sir.

52. Is it not a fact that the Officers' Institute has articles or letters appearing in its paper advocating that?—There may have been letters, but only from a small percentage of officers. I do not think the inclination of the officers generally is to amalgamate with the Amalgamated Society of Railway Servants.

53. Do you think the institute should encourage suggestions of that character?—No; I think the institute should stand by itself.

54. *The Chairman.*] You were asked by the Hon. Mr. Millar if a Stationmaster could take charge of the Palmerston North Post-office. When you were referring to Stationmasters were you not referring to the rank and file of the Stationmasters—the bulk of the service?—Yes, that is what I had in view.

55. You had not in view a position occupied by a Postmaster who was drawing £475 a year?—No, I did not go as high as that.

56. Well, that is the salary drawn by the Postmaster at Palmerston North?—Yes.

57. What grade Railway officer would be called upon to take up such duties as those at £475?—You mean to say, if they were combined duties?

58. Well, if they were combined duties, or an officer in a similar grade was taken out of the First Division of the Railway service and put into the Palmerston Post-office. If he could do the work, what grade of the Railway service would he be taken out of, judging of the grades by the salaries paid?—I should say, either the £355 or £400 grade—not beyond that certainly.

59. What class of station has a Stationmaster in that grade—what town, for instance?—Wellington is a £400 grade, also Dunedin, Christchurch, and Lyttelton. Those are the only four Stationmasters in that grade.

60. Then, to fill that position and grade of pay a man from a much higher position in the Railway would be taken?—Yes. We have not a Stationmaster of the same grade carrying the same money as that in our service.

61. Then, a man getting that higher rate of pay in the Railway service would be still more competent than the ordinary Stationmaster to fill that position in the Post-office at Palmerston North?—Yes.

FRIDAY, 22ND SEPTEMBER, 1911.

ALEXANDER THOMAS ENNIS examined. (No. 9.)

1. *The Chairman.*] What are you?—Traffic Inspector at Invercargill.

2. You wish to make a statement before the Committee?—Yes. I am called to give evidence as regards the duties of Traffic Managers, Traffic Clerks, and Traffic Inspectors. Before doing so I should like to read a statement made in the House by the Right Hon. Sir Joseph Ward in connection with the Railway Classification Bill, 1907 (*Hansard*, No. 40, session 1907, p. 641). The statement is as follows: "I want to place on record, because it is not fair, when we go into an important matter such as this is, in dealing with a great public service, that any one should select a particular officer in some part of the country and make a comparison between that officer's salary and that of another officer in another branch of the public service and send it throughout the country as a fair comparison between the manner in which the respective Departments were paid. For instance, to give a typical case of what I mean—and I do not think any one in the service, and certainly no one in the country who looks at it impartially, will say that it is a fair thing to do—take centres of the colony where there is a Railway Traffic Manager or a Traffic Superintendent, and where in the same town there is a Chief Postmaster: what has been the comparison urged with the view of showing that the Railway service is underpaid compared with the Post and Telegraph Department? You have heard the statement made that the Postmaster in one of the cities gets more than the Stationmaster in the same place. What is the relative position between the Postmaster and the officer who holds a similar position in the Railways? It is not the Stationmaster: it is the Traffic Manager. The Chief Postmaster is the one who takes the relative position to the Traffic Manager of Railways in that centre. He is the man in charge of that district. He is the officer with whom the Head Office from time to time communicates, and who is responsible for the local supervision and the local administration of the whole district. In the Railway Department the position correlative to that is that of the Traffic Manager. And I say that when an attempt is made to create an impression that the Postmaster and the Stationmaster are receiving different salaries it is unfair, because it is creating an impression that the comparison is against the Railway service, whilst the proper comparison has not been made. I allude to that for the purpose of showing that we should be right and fair in making comparisons of the kind. I cannot go into the question of a former Bill, but I have already pointed out that two grades of Postmasters are provided for in the Bill which has just been passed; they occupy the position I have stated, and, being in control of the whole of the Postal service in those districts, they are the men who are responsible for the proper conduct of the business, and they are paid accordingly and in proportion to the Traffic Managers of Railways. Some of the Chief Postmasters, however, do not receive equal pay to that of the Traffic Managers in the Railway service. These are preliminary remarks in connection with this Bill, because I want to try—and I am sure the House also does—to do what is right and fair to the Railway service of the country." I think that shows we are justified in comparing the position of Traffic Managers with that of Chief Postmasters. The Traffic Managers are in charge of the Traffic Branch in various districts in the colony, and the mileage of those districts run from thirty to over five hundred miles. The average staff under a Traffic Manager is something like 457 men. We were unable to get from the Postal statements a similar average, but if the whole of the Postal service of 6,593 members is taken that gives an average of 388 members to the seventeen Chief Postmasters of the Dominion. That is not nearly so high an average as the staff under a Traffic Manager; but then, this has to be considered in addition: that among the Postal staff there are 2,157 country Postmasters and postmistresses carrying on work in connection with the Postal service who are not permanent employees but who are indirectly connected with it. They cannot claim to be in the same position as Railway employees. The difference in favour of the Railway Traffic Manager would be much greater, and I think nothing shows better so far as the difference between the two services is concerned than the case of those country Postmasters that I have mentioned. With a few days' tuition any one of ordinary intelligence could carry on the work of a country post-office, and telephone also, whereas it takes years of training for any young man before he is considered to be competent to be put in charge of the smallest country railway-station. The Traffic Manager has to see to the organization of the staff under his control; he is responsible for seeing that the men are used to the best advantage of the Railway service, and the business being so varied it requires a large and varied class of employees to carry it on. This naturally requires more care in supervision on the part of the Traffic Manager, because the greater the number and class of employees, and the more exacting the work, the more difficult it is to supervise them. The Traffic Manager also controls the issue of stores and stationery to the Traffic Branch of his district, deals with the claims of the public, settles doubtful questions in connection with the tariff; and if the railway tariff is considered, with its thousands of rates as compared with the tariff of the Postal Department, it is obvious to any one how much more it requires a man to study it. The Traffic Manager is also responsible for the time-table of his district, and I consider this is the most important part of his work. The railways are a factor in developing the country, and unless there is a suitable time-table industries which might extend would be hampered, and, while he has to be careful that trains are not run at a great loss, he must consider whether, by perhaps straining a point now and again, he will enable industries to extend which would develop with a little encouragement. That refers to the ordinary time-table carrying the ordinary traffic of the district. They have also special time-tables for shows, races, and so forth, when abnormal traffic occurs, and those require special thought and consideration, so that they will meet the requirements of the events for which they are run and at the same time not interfere too much with the ordinary traffic. I would point out also that on public holidays, when the railway traffic is heaviest, the postal offices as a rule can close and the officers can go away and enjoy themselves, whereas the Railway Manager has to carry out the work which it has taken probably weeks to pre-

pare. The Traffic Managers at Wellington and Dunedin, in addition to the ordinary duties of District Traffic Manager, carried on the duties of Traffic Superintendents previously at those places. They supervise the time-tables for the whole of the North Isuland main line and branches and the South Island main line and branches respectively, and allocate the rolling-stock to those lines as the traffic requires, and if there is a rush at one place they have to transfer stock from another place. The Traffic Clerks are practically Assistant Traffic Managers. They have to be qualified to take up the duties of Traffic Managers and carry on their duties when they are away from the districts, and, except that they do not carry so much responsibility, their duties are pretty well the same. They have to make staff arrangements and complete time-tables as the Manager directs; they have to see that time-tables are correctly printed and supplied to those requiring them, and at the same time to attend to arrangements in connection with advertising and so forth. In the event of traffic being disorganized by floods or accident the bulk of the work in connection with emergency arrangements falls on the Traffic Clerks, and it is not unusual for them to be on duty for twenty-four hours at a stretch in such cases. The Traffic Inspectors supply orders for plant in the various districts, and they are expected to be able to do it in the most competent manner possible. They have to arrange and apply to the Manager in connection with any case of special train requirements, to work the goods traffic with which the ordinary service cannot cope; they make inquiries into causes of accident and irregularities when required by the Traffic Manager, and they have to report on the working of the time-tables in connection with the special events I have already mentioned. They have also to watch the working of the various stations, especially in connection with trains and signalling, and that is a matter on which the public safety largely depends. The public safety is the most important consideration in the work not only of those three members of the service I have mentioned, but of nearly every member employed in the Traffic Branch. An error in a time-table or a train telegram, or an omission to supply the proper man with proper train advice, may not only end in considerable damage to property, but loss of life, and I do not think that is a factor which obtains to any extent in any other Government Department. Before concluding, gentlemen, I should like to compare some of the salaries in the Railway Department which are in advance of the Post Office. We have been putting forward cases where the Postal service salaries are better than ours, but there are a few where ours are better than the Post Office. Our Minister's portfolio, I am given to understand, is considered to be the second in importance in the Cabinet. The General Manager of the Railways receives £1,250, and the Secretary to the Post Office £1,000; the Chief Traffic Manager £900, and the Assistant Secretary and Inspector of the Post Office £800. I think it is not unreasonable to suggest that in the lower grades the salaries should be more equal than they are. I think the value of the Railway and the Postal service to the community might be considered in connection with the salaries. Transportation is the basis of the commerce of the country—in fact, of the whole world—and if you consider what might happen when those services were disorganized it would give you a fair idea of the value of the respective services. The interruption to the transport services in England recently brought some of the large towns there to the verge of starvation, and a few years ago a railway strike in Victoria raised the cost of the necessaries of life to famine prices in a week. If the Post and Telegraph service stopped altogether I do not think such hardship could occur at all, and I think that is a fair ground for arguing that we should be remunerated to at least the same extent.

3. *Mr. Ramsay.*] You read an extract from *Hansard* containing a report of Sir Joseph Ward's speech to show that the comparison we made between the Traffic Manager at Invercargill and the Chief Postmaster at Wanganui was a fair comparison?—Yes.

4. Do you consider that the comparison that is made between the Traffic Clerks at Dunedin and Wellington with the officers in charge of the principal post and telegraph offices is a fair comparison?—I think so.

5. Do you think the comparison we made between the Traffic Clerks at Christchurch and Auckland with the Assistant Postmasters is also a fair comparison?—I think so.

6. I have here the annual report of the Post and Telegraph Department for the year 1909, and of the 6,593 employees in the Post and Telegraph Department are there any Railway men included?—Yes, there are some included. "Postmasters and Telegraph officers who are Railway officers, 166."

7. How many of those employed are Telegraph messenger-boys?—One thousand seven hundred and fifty four.

8. I have here a statement showing increases in traffic and revenue at certain stations for year ending 31st March, 1910, compared with year ending 31st March, 1908. Is that correct [handed to witness]?—Yes. [See Appendix.]

9. That has been compiled from the railway returns?—Yes.

10. *Mr. Witty.*] Is there as much interest taken in the work of the Department by the younger officers who are coming on as there used to be?—No, certainly not.

11. Is there any feeling or any friction between the two Divisions?—I have not noticed any: there is certainly none in our district.

12. *The Chairman.*] What grade are the Traffic Managers to be found in generally?—They are divided into about three grades.

13. Are some to be found in the seventh and eighth grades?—No, in the second, third, and fourth.

14. *Mr. Ross.*] Mr. Ennis, you told the Committee that part of the duties of Traffic Inspectors was the conducting of inquiries and investigating claims?—Yes.

15. As an experienced officer and Traffic Inspector, do you think that your real duties, which are of more value to the Department and the public, could be more satisfactorily carried out if you were relieved of those inquisitorial inquiries such as investigating claims and conducting inquiries?—Yes, possibly so.

16. And in your evidence you stated that time-tables were submitted to Traffic Inspectors for report as to how the time-table would affect the public and the service?—Yes, they report on the time-tables in connection with the various events as to how they have worked, and make suggestions if there is room for improvement.

17. In your experience have you known the management to materially alter their time-table as a result of recommendations made by Traffic Inspectors?—Yes, they have on occasions.

18. I presume you only speak for your own section?—Yes, from my experience only.

19. You do not know whether there is a general rule of the Department that time-tables are submitted or should be submitted to Traffic Inspectors for a comprehensive report before those time-tables are adopted by the Department?—There is no general rule on that question.

20. Do you know if time-tables are submitted to Stationmasters for an expression of opinion beyond an expression of opinion as to how the working of their own station will be affected by the new time-table?—They do as regards their own station.

21. But in no other respect?—No, they are not called upon to report in other directions.

22. Stationmasters are not called upon to say how the time-tables will affect the public or the traffic?—They are not asked, but they could report if they wished.

23. From your lengthy experience as a Railway officer, do you think the average Stationmaster would in reporting go beyond the questions put to him in connection with time-tables?—No, the average Stationmaster would not.

24. You are of opinion that he would not consider it advisable to do so?—Some of them would not.

25. *Mr. McVilly.*] Mr. Ennis, touching this question of special time-tables which you made reference to, is it not a fact that every Traffic Manager has a staff of trained experts to do all the detail work in connection with those time-tables?—Yes, that is so.

26. The Traffic Manager has a staff of trained experts attached to his office?—Yes, to work up the time-table that he decides on.

27. Then the Traffic Manager's function on the railways, in so far as the time-table is concerned, comes down to one of deciding on the details put before him?—Oh, no; the Manager frequently checks the time-tables to see they are correctly made up.

28. How many Managers check the time-tables?—I have known them to do it frequently.

29. What is the instruction in regard to time-tables?—I could not quote the instruction as regards Traffic Managers, but the majority of Managers look upon themselves as responsible for the time-table.

30. Does not the instruction require the Traffic Clerk and another train-running officer to plot the services on a diagram and certify that they have done so?—That is so.

31. Then it does not necessarily require the Traffic Manager?—Well, that must be a matter of opinion. If there was a serious error in the time-table that missed those two men, I doubt if the Traffic Manager would not be responsible.

32. If the two train-running men certify to the time-table being correct, how, in face of the instruction, would the Traffic Managers be held responsible?—Their names are at the bottom of the time-table, and I think they must accept the responsibility for it. I might add that some years ago a Traffic Manager was reduced for a mistake in a time-table.

33. Who was that?—Mr. Gastin.

34. Well, at that particular time was the instruction in force that is now in operation?—I could not say without turning up the books. I could not give the year he was reduced.

35. If I say it was not in force, will you accept that?—I would not contradict it.

36. Is it not a fact that the reason that particular officer was reduced was that he had not carried out the instructions that were in force at that particular time?—Well, I could not say as to that.

37. Well, if I say again that it was so will you contradict me?—No.

38. Now, you stated that the Traffic Managers at Dunedin and Wellington carry out the same duties that their predecessors did. Will you tell the Committee the frequency with which the present District Traffic Manager, Wellington, has visited the other sections of the North Island in performing the duties which were carried out by his predecessor?—No, I certainly could not do so.

39. Well, again, if I say that the Traffic Manager at Wellington has only been off his section once——

Mr. Hine: I object, Mr. Chairman, to evidence being got out in this manner. I hold that evidence should not be put on record during cross-examination which the witness cannot deny or affirm. I hold that it is altogether wrong that a person should combine cross-examination and evidence in one effort.

Hon. Mr. Millar: I maintain that in cross-examination a person has a right to ask a witness whether he will deny a certain statement, and the witness can say Yes or No. It is a perfectly fair line of cross-examination, and is accepted in other places.

Mr. Arnold: The Department, I presume, afterwards will call evidence to contradict the present evidence which is being given if they can do so, and Mr. McVilly in all probability will be that witness or one of them, so we will be asked to hear Mr. McVilly twice.

The Chairman: I think those points can be brought out by Mr. McVilly when he is making his statement.

40. *Mr. McVilly* (to witness).] You made a statement to the effect that the Traffic Clerks had been on duty twenty-four hours at a stretch. Will you quote instances?—Yes, one instance is the accident on the Kingston line some time ago. The train ran into a bullock on the line and was derailed, and the Traffic Clerk was on duty all night.

41. What were the circumstances which necessitated his being on duty all night?—They were clearing the road, and it was doubtful whether the road would be cleared in the morning for the first train.

42. Well, is it not a fact that at the Invercargill district office there is a District Traffic Manager, the Traffic Clerk, and at least one other man who has train-running powers?—That is so.

43. Well, where was the necessity for the Traffic Clerk to remain on duty for twenty-four hours?—He apparently considered it necessary.

44. Well, was it necessary?—The Traffic Clerk considered it was better for him to stay on duty. He was looking after the public interest in doing so.

45. Was his working twenty-four hours round the clock the result of insufficient or inefficient Departmental provision?—I do not suggest that at all.

46. Then it was not?—No, I did not say it was.

47. Then this man elected or volunteered to remain on?—Yes.

48. *Mr. Ross.*] I presume he thought it was necessary?—Yes, or else he would not have stopped.

49. *Mr. McVilly.*] But provision was there to carry on the work in his absence, is not that so?—But in the case of a serious dislocation like that, a senior officer would hesitate leaving it in the hands of a junior—any man would who had the interests of the service at heart.

50. How many times during a year do Traffic Clerks, not only in Invercargill but in every other important district in connection with the railway system, work their shift and nothing more: is it not a daily occurence?—At ordinary stations, yes.

51. And does it not frequently occur—in ninety-nine cases out of one hundred—in times of stress?—In times of stress the hours are generally extended.

52. In times of stress those men stop on twenty-four hours?—Not always—it depends on the nature of the accident or interruption.

53. Is it necessary for them to do so?—If I were in their position and a serious accident occurred I would be inclined to do so myself.

54. Is it necessary from a departmental point of view?—The Department may not think it necessary, but an officer may think it better that he should do so.

55. Has the Department not authorized in its time-tables applying to every section certain officers in each district office to have train-running powers?—Yes.

56. What is the object of that?—One object is so that there will be at least two men at the time-table.

57. Is not the object this: that the officers responsible for train-running may have reasonable hours of duty?—I should say so, yes. That may be another reason. Of course, in the case of Invercargill the officer next to the Traffic Clerk is only a ninth-grade man. He is practically a junior officer.

58. Notwithstanding that, is it not a fact that the Department has authorized that man to be placed in charge of train-running?—Yes.

59. And the Department takes the responsibility of the arrangement?—The Traffic Clerk would never know how he would stand in the case of a dislocation of traffic. If the junior officer made a serious error he would naturally be doubtful as to how he would stand.

60. Do you seriously ask the Committee to believe that when the Department has authorized two officers or more to control train-running, and one man that the Department has authorized happens to be a junior, that if he made a slip the Traffic Clerk would be held responsible for what happened when off duty?—I should say it would depend on the circumstances and the nature of the accident.

61. Can you quote a case where it has been done?—No, I cannot note a case at the moment.

62. You were speaking of clauses 8, 9, and 10 of the petition. Clause 9 refers to Schedules B and C. Are you familiar with those schedules, Mr. Ennis?—Yes, I have read them.

63. Schedule B purports to be a comparison between the Postal Department and the Railway Department. Now, do you see the way that schedule is put on this statement?—Yes.

64. Do you consider that a fair way to show a schedule?—I do not see any unfairness in it.

65. Do you think, for instance, that it is a fair thing to compare the first grade in the Postal Department with the third grade in the Railways?—If they are making a comparison all grades must be shown.

66. Well, do you not think it would be a fair and proper thing to start the other way about—to take the first-grade Postal as against the first-grade Railway?—Well, the list must overlap at one end or the other, and if you start at the bottom where the salaries correspond I think it is the fairest way to start the comparisons.

67. Well, you consider that the first grade should be first-grade Postal and first-grade Railway?—No, I think the comparison should start the seventh-grade Postal against the tenth-grade Railway. That is the lowest grade in the Postal.

68. And then put the seventh-grade Postal against the eighth, ninth, and tenth Railway? You will see the seventh-class Postal is £120 to £220?—Yes. That is the lowest class for a clerk in the Post Office, and it is fairest to compare it with the lowest class in the Railways.

69. What about the ninth?—That is the next grade in the Railway, as against the sixth in the Post Office.

70. If you are going to take the minimum of £200 in the Postal, then you should take the minimum of £200 in the Railway?—The minimum is £120 in the Postal.

71. But the minimum of the sixth grade I am talking about—the minimum of £200. Do you not think it fair to take £200 in the Railway?—The Postal man can go up to £220.

72. Do you not know that the £220 in the Postal is a side track?—I do not understand what you mean by "side track."

Mr. McVilly: By side track I mean—— [At this stage Mr. Graham approached to speak to the witness.] You will sit down, Mr. Graham; I am not talking to you.

Mr. Ross: I object, Mr. Chairman, to the proceedings being conducted in this manner. If the Committee is going to be run by Mr. McVilly, then we might just as well leave, as there will

be hardly any use our going on; but if the Committee is to be controlled by you, Mr. Chairman, then it may be as well for us to remain and go on with the inquiry. I certainly object to any member of the institute, when speaking to a witness, being treated in that manner by Mr. McVilly.

Mr. Arnold: I also desire to protest, Mr. Chairman, against the manner in which Mr. McVilly is conducting the cross-examination. We are not in a police-court, and Mr. McVilly is not in charge of this Committee. I do not know who Mr. McVilly is—he may be running the Railways, or he may be running the Minister, but he is not going to run this Committee.

Hon. Mr. Millar: I object to any witness in this room tampering with another witness who is giving evidence.

The Chairman: I think the point is: that Mr. McVilly spoke to Mr. Graham instead of drawing the Chairman's attention to what he considered was an irregularity

Mr. Arnold: And in a most ungentlemanly manner.

Hon. Mr. Millar: I will raise the point whenever I see any witness talking to another witness when under cross-examination.

Mr. Ross: I do not know whether it is absolutely necessary for us to prevent those gentlemen who are here assisting a witness who is giving evidence. We were here for the purpose of eliciting the whole of the evidence they are prepared to give, and we are here for the purpose of gaining all the information we can.

Mr. Graham: I did not know I was committing a breach of privilege, Mr. Chairman, but if I was the offender I wish to apologize; but I should like to say that when any one is giving evidence or the Minister is asking questions Mr. McVilly has had the right to speak to him all the time.

Hon. Mr. Millar: The General Manager and the Minister are practically on their trial before this Committee. The charges are made directly in the petition, and I claim the right to consult those men who are charged in this petition.

The Chairman: If there is going to be a consultation amongst the members of the Railway Department there may also be a consultation and suggestions amongst the officers representing the Railway Officers' Institute, and Mr. Graham may suggest to this witness, if he thinks fit, any answers that he cares to. You have the same right, Mr. Millar. The Committee wants as much information as possible—that is what we are here for, and if any point can be brought out which will assist towards that end, then it should be mentioned.

73. *Mr. McVilly.*] I should like to say this: that if I transgressed the rules of the Committee it was quite unwittingly done and through ignorance of Committee procedure. I must apologize for having unwittingly spoken to Mr. Graham direct instead of through you, Mr. Chairman, and Mr. Graham will accept my personal assurance that I did it without any feeling, but simply because it appeared to me to be wrong, judging from my past experience, for a witness to be prompted while under examination. (To witness): Seeing that the minimum there is £200, do you not think you should have it at the £200 in the Railways?—The minimum for the Railway is £200.

74. Do you not think you should take in the £200 for the Railway with the Post Office?—No, because the Postal man goes to £220. He stops a few years at £200.

75. It is the sixth grade I am talking about, and the minimum is £200. Grade 10 of the Railway is £200, and do you not think that, as you are comparing the £200 minimum in the Postal, that you should begin there with the Railway?—No, I do not think so, seeing that the Postal man eventually reaches £220.

76. Has your attention ever been directed to the unfair comparisons this Schedule B is?—No, it has not.

77. You read an extract this morning from *Hansard?*—Yes.

78. What *Hansard?*—No. 40, session 1907.

79. How long has this *Hansard* been in your possession, may I ask?—Since last night, I think.

80. Have you had it long enough to read it?—Yes, I read it this morning.

81. You read part of it this morning. What I am coming to is this, Mr. Chairman: that in this same discussion on the Railway classification, 1907, Sir Joseph Ward in the House directed attention to the unfair method that had been adopted in presenting this very same schedule before the House at that very time. However, I can get the portion put in evidence later when I am making a statement to the Committee. (To witness:) Well, you spoke about the Traffic Inspectors' duties, Mr. Ennis, and incidentally you stated that it would be better, you thought, if you were relieved of inquisitorial inquiries?—I was asked if it would conduce to the better carrying-out of the other duties.

82. What are the inquisitorial inquiries that you refer to?—Frequent irregularities among the staff.

83. Is it not part of your duty to do that?—Certainly.

84. What particular reason have you got for suggesting that you should be relieved?—I did not suggest that I should. I was asked if I could perform the other duties better if those were taken away.

85. How much time is taken up in reference to staff irregularities?—Various at times. I may put in several days over one inquiry, and again I may not have one for a week.

86. Do not your duties in the ordinary course take you about your district a good deal?—Yes.

87. Then have you not exceptional facilities for making those inquiries?—That is so. I have never objected to making inquiries.

88. No, I am not suggesting that. When you were reading *Hansard* you did not read the whole of Sir Joseph Ward's speech?—No, certainly not.

89. *Hon. Mr. Millar.*] I think you were a member of the deputation which waited on me from the Officers' Institute last year?—No, I am not a member of the executive.

90. It was a brother of yours, then?—Yes.

91. *Mr. J. V. Brown.*] You mentioned in regard to one officer being on duty for twenty-four hours, and that it was at his own option whether he went away, but apparently he stopped on, thinking he may be wanted, as some extraordinary circumstances might arise; but that does not occur very often, I suppose?—No, it was an exceptional case—there was an accident.

92. It is not usual?—It is an unusual occurrence. We might have one or two such occurrences in a year.

93. Has it been your experience to be on duty for twenty-four hours?—Yes.

94. How often?—Four or five times altogether.

95. In how many years?—Six years. It would not be much more than that.

JAMES YOUNG examined. (No. 10.)

1. *The Chairman.*] What are you?—Clerk in the District Railway Engineer's Office, Christchurch.

2. You wish to make a statement to the Committee?—Yes. In Schedule C of the petition the position of District Engineer in the Railway has been compared with that of Telegraph Engineer in the Post and Telegraph Department. I wish to give briefly some of the duties required of the District Railway Engineer. He has charge of a large section of railway in which the capital cost is more than the expenditure on telegraph lines and equipment. He is responsible for the maintenance of the running-track and structures in a high state of efficiency. This requires a highly technical knowledge. The safety of the travelling public depends on the soundness and efficiency of the various structures over which the trains pass, and the importance of such work cannot be overestimated. He has control of a large permanent staff (up to four hundred men) and a numerous casual staff. Under existing regulations he must qualify and hold the diploma of A.M.I.C.E. That is the regulation for all qualifying for Assistant Engineers; there are one or two who have not that diploma, but most of them have. On the South Island main line and branches there are three Engineers controlling 1,623 miles of railway, including sidings, the capital cost of which is £12,540,000, and the expenditure for the maintenance of the way amounted to £269,029 for the year ending 31st March, 1910, this being the latest date for which figures were available when the petition was prepared. The districts are divided as follows: Christchurch District—All the lines north of Glenavy (including branches), 632 miles, including about twelve miles of bridges and sidings. Dunedin District—Glenavy to Clinton (including branches), 533 miles, and Mosgiel duplication-works. Invercargill District—All the lines south of Clinton, 458 miles. Foremen of Works in the Railways have been compared in Schedule C with Assistant Officers in charge at principal telegraph offices. I am also acquainted with the duties appertaining to this position. He acts directly under the District Engineer, and must possess technical knowledge of a varied nature. Foremen of Work are in immediate charge of the maintenance, renewals, and repairs of all bridges, buildings, and other structures, and must be capable of compiling estimates and working out various engineering calculations. These officers have under their immediate control a large staff of skilled artisans and ordinary labourers, and they are responsible for directing the work of their staff to the best advantage so that the work will be carried out cheaply and efficiently with due regard to safety. I may say that officers of the rank and file in the Railway services all over the world have to a certain extent been poorly paid, and of course, the colonial Railway services have been originally based on the Old Country Railway services with regard to the payment of their officers. The Old Country Railway services are private companies managed for profit, and of course to a certain extent the payments to officers have been with due regard to the profits. The New Zealand railways are managed on a different basis. In my opinion they are the largest Government institution in the colony—that is, an institution worked by the people for the benefit of the people. We wish to compare that system with the next largest Government system in the colony—that is, the Post and Telegraph service. We think that is a fair comparison to make instead of comparing it with other railway systems which may be based on the capital of the concern and worked solely for profit. That is briefly what I wish to say to the Committee.

3. *Mr. Ramsay.*] Then you consider that the comparison made in Schedule C between the District Engineers in the Railways at Dunedin and Auckland with the Telegraph Engineer of the Post and Telegraph Department is a fair comparison?—Yes, I do.

4. *Mr. McVilly.*] Mr. Young, you spoke about the pay of the Railway officers throughout the world: have you any idea what the pay of the Railway maintenance officers is in Australia?—No, not particularly.

5. What, for instance, is the pay of the Maintenance Clerks in Australia?—I do not know.

6. Well, coming to your own particular case?—I am not speaking of my own particular case—I am not voicing my own case.

7. I do not mean your case personally. Coming down to the payment of the Maintenance Clerks in New Zealand, what was the payment of the Maintenance Clerk in Christchurch in 1897?—I do not recollect what it was—I was not there then.

8. Can you tell us what the pay was in Dunedin or in the principal districts?—I think it was about £250 or £260—something like that.

9. In 1897?—Yes, as far as I can recollect.

10. What is the pay now?—£355.

11. You cannot state definitely what it was in 1897?—No, but it was something like what I have mentioned.

12. Have you any personal knowledge of the work of the Telegraph Engineers that you spoke of?—I have a fair knowledge I think. I know a good many of them by meeting them in the course of business.

13. Can you tell me what their duties are—that is what I asked you?—Their duties are in connection with controlling the maintenance and telegraph-lines, telephones, and services in that direction.

14. Are not their duties in connectin with the Postal Department and the public business of the country equally as responsible in their way as those of the railway?—Not in my opinion.

15. Wherein lies the difference?—In the first place they have not the staff under them—not the Telegraph Engineers; and in another direction he has not to go through the same training that a Railway Engineer has to go through.

16. Well, is not that the result of two engineers following different professions—one has a training as an electrical expert?—I do not think so—not as an electrical expert as far as I know. They qualify from telegraphists. I do not think they are electrical engineers in the general acceptance of the term.

17. What do you call an electrical engineer?—An electrical engineer is a man who is qualified in electricity and electrical works. Of course, there are grades.

18. There is the electrical engineer who is an expert in transport and the electrical engineer who is an expert in telephony and telegraphy?—Of course it pertains to electricity, but what I take to be a modern electrical engineer is a man who has to do with electrical power, more particularly an electrical tramway engineer.

19. Would you expect a man who was going to attend to telegraphy and telephony to devote his time to telegraphy as compared with transport?—No, I think he directs his time to what is required in his Department.

20. Is not that expert?—It is to a certain extent, and I do not wish to say he is not entitled to all he gets, but I wish to emphasize that I consider a Railway Engineer at £525 is not paid in proportion to the Telegraph Engineer at £600.

21. You said the Telegraph Engineer gravitated from a telegraphist?—Yes, in most cases.

22. What does the Railway Engineer gravitate from?—He has to be educated as an engineer. Most of our engineers have had a university education.

23. Have all of them?—Not all of them, but most of them have.

24. Are those men who have not had a university education any worse than those who have or any better?—I could not say whether they are any worse.

25. Are they any less efficient?—I could not say, but I think if it were so, what would be the use of the universities?

26. That may be all right, but how many of our men have graduated from the ranks?—Of the present district officers?

27. Yes?—I know of two or three at present, and I know that one of them has had a university education and has obtained the diploma of A.M.I.C.E. Another of them was prepared for his examination but I do not think he went up, but he is a man who has been a great student, and I know he has a big library and has studied his profession very carefully. The third one I do not know much about.

28. There has been in the past nothing to prevent it, and some of our men have got through as District Engineers in exactly the same way as you say the Telegraph Engineers have got through?—Yes, some of them.

29. *Mr. O'Loughlen.*] Can you tell me what has been the increased cost of living since 1907 up to the present day?—No, I could not tell you the proportion. I know it has increased, that is my experience as a family man, but I do not know how much.

30. Can you say whether the work in your office has increased?—Certainly it has. The strenuousness of it has increased ever so much.

31. Assuming £100 more per annum is paid now for the position you occupy in Christchurch than was paid in 1897, do you think that is sufficient and adequate to cover the increased cost of living and the increased work attached to the office?—Of course, my evidence would be comparative. I did not raise any question about my own position—I was referring to District Engineers; but as the question has been raised I say that if the salaries in our own branches and other branches had been raised or increased by £100 a year, that with the extra responsibility and extra work it is only reasonable.

32. The comparison has been made, and that is why I asked the question?—Yes.

RICHARD WILLIAM MCVILLY further examined. (No. 11.)

1. *The Chairman.*] What are you?—Chief Clerk of the New Zealand Government Railways.

2. *Hon. Mr. Millar.*] You have heard the evidence, Mr. McVilly, of the last four witnesses in connection with their demand for increased pay.* Kindly give information to the Committee in reply to that as to the total cost which will be incurred by the Department, and the total it would amount to within eight years?—I think, sir, that the first witness called yesterday by the institute, Mr. McPherson, raised the question as to the insufficiency of pay for Stationmasters. He laid particular stress on the large amount of work that was done by Stationmasters acting in the combined positions of Postmaster and Stationmaster. He spoke generally of the Government life-insurance business, registration of births, deaths, and marriages, post and telegraph, money-order and savings-bank business, and referred to the very great stress under which those duties had to be carried out. Well, taking a line through the majority of country post-offices at combined railway-stations, the amount of business that is done by a country Stationmaster in his capacity as Registrar of Births, Deaths, and Marriages is very small indeed. I question very much if the whole of the work that such men have to do in connection with births, deaths, and marriages averages at railway-stations six entries per month. I question that very much, and I think if time had allowed I should have been able to obtain facts that would have put beyond any doubt my assertion in that direction. I am not speaking as a layman in this connection; I have been through the mill, and I have acted as Registrar and collected Government insurance premiums. I think it was contended that all this work was done as a labour of love. Well, carrying my memory back when Mr. McPherson was giving his evidence, I had some vague recol-

* See Exhibit No. 6.

lections at the time that I used to get paid a commission of 1¼ per cent. from the Government Life Insurance Department for collecting life-insurance premiums.* I should have put a question to Mr. McPherson at the time, but I was not certain, and wished to be certain of my grounds before making any statement. I, however, communicated yesterday with the Commissioner of the Government Life Insurance Department, and asked him to state what commission, if any, was paid to country Postmasters, including those at combined railway-stations, for the collection of Government life-insurance premiums. Since I came into the room this morning I have received a note from my office stating that the Government Insurance Commissioner telephones that the rate paid by the Government Insurance Department to Postmasters is 2 per cent. That shows that that portion of the Stationmasters' work is not done as a labour of love. The payment may be small, but still it is made, and by another Department. Then, great stress was laid on the grave responsibilities of Stationmasters in crossing trains; but under the tablet system the crossing of trains is quite a simple matter. The worst thing that can happen is a delay of a few minutes. The Stationmaster in a case of that kind has only to give an explanation showing that he had reasonable grounds for the action he took, and that ends the matter. The person who is responsible and who takes the responsibility is the man who gives the "line clear" from the other end—not the man who sends the train on. The work connected with the crossing of trains at the present time is altogether different to what it used to be before the Department installed the tablet. Before the tablet was installed there was great responsibility, and the whole of the train-running was carried out and directed from the District Traffic Manager's office by telegraph. Now the Stationmasters and tablet-men have authority to send a train on under safety of the tablet. We will suppose, for the sake of argument, that the tablet porter at B is told by the man at C that the train is three-quarters of an hour late, and two trains pass at B. If there is time for B to get the train on to C, he just obtains "Line clear" and sends it on, and saves delay. Then we had the statement made by Mr. McPherson about the enormous increase of work that had taken place at stations. Well, the Department knows very well that an increase has taken place; with increased settlement that naturally follows: but the Department likewise knows that for the small business it was doing years ago it was paying practically the maximum cost for the minimum service and minimum revenue. You cannot expect, and no system or no business expects, that the ratio of cost is going to continue at the highest all the time irrespective of the business. A business man expects that the greater the business the lower the working expenditure will be in proportion, and so with the Railway Department. However, it has not been so with the Railways, because coincident with the increase in the business wages and salaries have gone up all along the line, and so have other costs increased. Now, just to show what some of those enormous increases in traffic have been, I was curious enough to look up the business at Woodlands. That is the station Mr. McPherson is at. My recollection of Woodlands dates back to 1882, and my recollection of the place at that time is that it was very busy, and that there was then a considerably larger traffic than there is at the present time. On looking it up I found that the traffic at Woodlands for the year ending 31st March, 1883, was £13,000 in round figures, with a staff of three men. The traffic at Woodlands to-day is about £5,500. The staff, Mr. McPherson has told us, is three; but there is this difference: that the Stationmaster to-day gets paid £220 per annum, and the Stationmaster in 1882 was getting £140. Then, the next statement Mr. McPherson made was that Railway officers were experts who had been very much sought after by outsiders, or were keenly sought after to fill important positions. He mentioned one instance, in reply to Mr. Ross, I think, of a gentleman who was filling an important position as auditor, and he said that a Postal officer could not do that kind of work. The list of Postal officers who have succeeded in outside work is somewhat large, and I will read it later on. Then, he stated the Postal officers were unable to do the work of Railway officers, while the Railway officers were quite able to do all or any of the work of a Postal officer. Now, I have done the work of both Departments, and, while I am quite prepared to admit that a Stationmaster at a country station can do without very much difficulty the work of a small combined office, it is a totally different matter altogether to undertaking the work of a large office. The work that the Railway Department's officers do for the Postal Department is of a most unimportant character—that is, it is the simplest class of postal work. Now, with regard to the statement that Postal officers could not undertake Railway work, I just drew on my memory, and I will give you a few cases of men I know. Mr. T. E. Donne was transferred from the Postal Department and took charge of Caversham Station with no training, and he ultimately attained to the position of District Traffic Manager. Mr. Russell was transferred from the Dunedin Postal Department and took charge of Abbotsford, subsequently at Waikouaiti, and was an Audit Inspector when he left the service; Mr. Wallnutt the same; and Mr. Wellsted Stationmaster in charge of a district. There was also Mr. McKellar, of Outram, Mr. Baxter, Stores-manager, and so on. I have a list here of twenty-five names which I will put in of those men who came to the Railway Department from the Postal Department, and without having previous experience they unquestionably made excellent Railway officers. Then a statement was made that a large number of Railway officers resigned because the conditions of the Railway service were irksome. General statements of that kind are easily made and just as easily refuted. Now, I have had taken out a list of officers in the lowest grade who have left the service since April, 1910. I will not give the names. The first was dismissed for drinking, the second was superannuated, the third was dismissed for being intoxicated while on duty, and the fourth resigned to avoid dismissal owing to drinking habits. In that case the Department accepted his resignation in order to give him a chance outside. The fifth was superannuated, the sixth resigned as he refused to accept transfer which was necessitated on account of misconduct, the seventh resigned through drinking habits, another for a *bona fide* reason, another resigned owing to the fact that application for extended leave was declined, another dismissed for shortage of cash, another for unsatisfactory work, another for shortage of cash, another suspended for being under the influence of liquor, four cases of *bona fide* resignations,

* See Exhibit No. 5.

four more for unsatisfactory work and cash irregularities, another resigned on account of being suspected of theft, another resigned on account of unsatisfactory work and failing to account for cash collected, another resigned on account of the office-work affecting his health, another dismissed for peculation, and another dismissed for being under the influence of liquor. Out of the whole lot there are twelve cases of *bona fide* resignations since 1st April, 1910, up to date. I think that is a sufficient answer on that point. Now we come to the pay of stations, and I think the contention was that practically nothing had been done—that the pay was very unsatisfactory. Well, in connection with that I would like to quote the pay of Stationmasters in Australia.

Mr. Ramsay: I propose to object to that, sir. I object to the quoting of any evidence with regard to the pay of Postal officers in Australia at all, for the reason that we are not able to refute the statements, and it is most unfair that outside conditions should be introduced into the evidence to be given.

Mr. McVilly: It deals with Railway Stationmasters.

Hon. Mr. Millar: I maintain that the Railway Officers' Institute has had plenty of opportunity of getting copies of the figures from Australia of the same classifications we have got. It is a fair comparison for the same class of work exactly, and the responsibilities are the same. I wish to show that the Railway men in New Zealand are being treated fairly for the work they are doing, and the only way to obtain a fair comparison is to take similar classes of work.

The Chairman: Such evidence has already been admitted before to-day, and in view of that fact I think we ought to admit statements regarding Railway men in Australia. It is a point I have given consideration to since our last meeting, and I have decided we can accept the evidence.

Mr. Ramsay: The evidence before was brought out in cross-examination.

The Chairman: Still, it was a reference to the pay of men in other countries.

Mr. Ramsay: Some men were asked the question, "What was the pay in Australia?" and it was brought upon us—we were not responsible for that.

The Chairman: It is competent for the members of the institute to criticize the pay given to members of the service in Australia, but I think the evidence ought to be admitted.

Mr. Ross: I presume a note will be taken of the objection to the comparison of the pay of the officers in Australia. In making that objection I have no doubt the officers have been prompted by the knowledge of what takes place in the Arbitration Court in this country. When the men seek to obtain a higher rate of pay than they are drawing no Arbitration Court would accept evidence as to the rate of pay in other parts of the world. It would not be admitted as evidence worthy of being placed before that tribunal, and, personally, I am of the opinion that if we do admit this evidence it is not worth the paper it is written upon.

The Chairman: That is for the Committee to judge.

Hon. Mr. Millar: And it is for the public to judge.

Mr. Ross: Yes. I am expressing my own opinion upon it, and I want it to be placed on record that as a member of this Committee I am of the opinion that the evidence is altogether out of order and in no way affects the position as stated before the Committee by the officers, and as being refuted by the Department.

Mr. Arnold: There is also the question as to whether the employees in Australia are satisfied—whether there is a state of unrest.

Hon. Mr. Millar: Of course, there is a state of unrest; it can all be brought in.

The Chairman: Each member of the Committee will please himself what value he attaches to this evidence. Although the evidence is admitted, we cannot attach much importance to it unless we are conversant with the general conditions in Australia.

Witness: First of all, sir, I will place on record the pay of the stations in New Zealand for the years 1895, 1897, 1902, 1907, and 1910.* In 1895 there were four first-class stations: One was receiving £250, two were receiving £275, and one was receiving £300. Houses were attached to those positions. In 1897 one was receiving £300, two were receiving £275, and one was receiving £250. I want to point this out to the Committee: that prior to 1901 Stationmasters at first-class stations began at £250 and a house. After ten years as a first-class Stationmaster there would be £25 additional, making the pay £275 and house. After fifteen years as a first-class Stationmaster he would get £300 and a house. In 1902 four were receiving £315; in 1907 four were receiving £355; in 1910 three were receiving £400, and one was receiving £370 (less house-rent in these cases). In 1895 there were six stations in grade £315–£355 now—two receiving £200, and four receiving £250. In 1897 there were four receiving £250, one receiving £210, and one receiving £220. In 1902 there were four receiving £315, one receiving £260, and one receiving £330. In 1907 there were four receiving £355, one receiving £345, and one receiving £315. The man at £315 was, of course, the result of one man having gone up. A man had reached the top of his grade, and another man had been promoted. In 1910 there were two receiving £355, three receiving £330, and one receiving £345. In Victoria there are 109 stations receiving £140, 160 stations receiving £160, 74 stations receiving £180, 44 stations receiving £200, 16 stations receiving £225, 12 stations receiving £250, 8 stations receiving £275, 9 stations receiving £300, and 2 stations receiving £350. I desire to say that the information I have last quoted was prepared and handed to me by the Secretary of the Victorian Railways. The date is 21st April, 1910. The average pay for Stationmasters and Goods Agents in New Zealand at the corresponding date to that was—New Zealand, £224; New South Wales, £186; Victoria, £168; Queensland, £158.

3. *Mr. Witty.*] What about house-rent there?—The men in Victoria get house-rent free. I will deal with that later. Now we will compare the first-class Stationmasters in New Zealand with the Victorian men. First, we will take Flinders Station. There is a man there who deals with 1,184 passenger-trains in a day, and the revenue is £135,000, and others are as follows: Spencer Street—436 passenger trains, revenue £431,034. Against this we have got Christchurch, Dunedin, Wellington, and Lyttelton. The highest number of time-table trains at any of those

* See Exhibit No. 4.

stations is: Christchurch—101 trains, revenue £92,402. In the next grade, £325–£350 Victoria and £315–£355 New Zealand: Williamson—133 trains, revenue £180,000; Ararat—19 trains, revenue £26,000; Stawell—12 trains, revenue £30,900; Seymour—25 trains, revenue £17,345. Those trains are exclusive altogether of goods, but in the case of the New Zealand in the comparison I am making I am putting in all time-table trains, whether goods or passenger. Against that we have Napier, Oamaru, Palmerston North, Timaru, Wellington, and Invercargill, and at the latter place there are 55 trains and the revenue is £76,999. Next grade, £260–£300 New Zealand, £260–£300 Victoria: Castlemaine—30 trains, revenue £26,259; Caulfield—206 trains, revenue £24,280; Dandenong—47 trains, revenue £15,208; Warrnambool, 19 trains, revenue £32,629; North Melbourne—432 trains, revenue £45,000. Against that you have New Zealand stations such as: Addington—61 trains, revenue £10,534; Ashburton—24 trains, revenue £22,994; Balclutha—23 trains, revenue £20,200; Bluff—18 trains, revenue £29,263; Taihape—15 trains, revenue £18,492; Woodville—22 trains, revenue £13,302; Wanganui—27 trains, revenue £51,285. Grade £235–£250 Victoria, £240–£255 New Zealand: Newport—140 trains, revenue £21,676; Richmond—706 trains, revenue, £23,863. Against that you have New Zealand stations such as: Clinton—20 trains, revenue £5,630; Huntly—20 trains, revenue £69,231; Morrinsville—13 trains, revenue £10,460; Waipukurau—18 trains, revenue £10,072. Grade £210–225 Victoria, £210–£220 New Zealand: Burnley—334 trains, revenue £34,000; Essendon—167 trains, revenue £18,260; Footscray—194 trains, revenue £43,832; Sunshine—54 trains, revenue £19,231. Against that you have New Zealand stations such as: Abbotsford—54 trains, revenue £5,558; Glenavy—11 trains, revenue £2,431; Hunterville—12 trains, revenue £9,019; Ngaruawahia—20 trains, revenue £5,951; Pelichet Bay—46 trains, revenue £1,971; Granity—16 trains, revenue £59,388. Grade £185–£200 Victoria, £180–£200 New Zealand: Albert Park—142 trains, revenue £15,723; Armadale—203 trains, revenue £15,831; Branxholme—11 trains, revenue £3,101; East Cambwl—194 trains, revenue £6,450; Jeparit—12 trains, revenue £14,430; Malvern—203 trains, revenue £28,235; Prahran—170 trains, revenue £14,287. Against those you have New Zealand stations such as: Cust—4 trains, revenue £1,491; Farndon—24 trains, revenue £5,088; Herbert—14 trains, revenue £1,226; Pukerau—12 trains, revenue £3,021; Pleasant Point—4 trains, revenue £3,434; Rangataua—8 trains, revenue £10,200; Runanga—12 trains, revenue £20,780. In Victoria there is a large number of stations which are paid from £160 to £175 per annum. Then, there is a list of stations at £150 per annum, such as: Collingwood—218 trains, revenue £4,389; Flemington Bridge—74 trains, revenue £1,216; Middle Footscray—66 trains, revenue £1,856; South Kensington—257 trains, revenue £67,140; Ultima—2 trains, revenue £15,000. The following is the list of Stationmasters in the various classes in Victoria and New Zealand: Victoria—434 Stationmasters; 2 in £350 class, 9 in £300 class, 8 in £275 class, 12 in £250 class, 16 in £225 class, 44 in £200 class, 74 in £180 class, 160 in £160 class, 109 in £140 class. New Zealand—214 Stationmasters; 4 in £400 class, 6 in £355 class, 16 in £300 class, 28 in £255 class, 71 in £220 class, 88 in £200 class.

4. *Mr. V. Brown.*] Did you say that at Richmond there were 706 trains in a day?—Yes, it is a tram service practically; it is almost an incessant move. They work about eighteen or twenty hours out of the twenty-four. From the statements I have read, gentlemen, I think, having regard to the frequency of the train service, the comparisons I have made indicate clearly that, for the work performed by our men, the pay in New Zealand compares more than favourably with the pay of Railway men outside, and so far as the Stationmasters are concerned, they have certainly no cause for complaint on the score of the salary paid in New Zealand. Then, I think Mr. McPherson made some complaint about the houses and accommodation. Now, in respect to that it is only necessary for me to point out that the Department has over a period of several years been spending a very considerable amount of money in bringing houses that were recognized to be out of date into a better condition. More accommodation has been provided, and any reasonable request that a Stationmaster has made for increased accommodation has been met so far as the Department knows. The newer houses are, of course, very much better than the older ones, but the Department is going on with a gradual betterment in that respect.

5. *Mr. Arnold.*] Do they also receive in Australia free coal, kerosene, or lighting?

Hon. Mr. Millar: The Commissioners told me in Australia that Stationmasters were always allowed that.

Witness: I am not quite clear at the present moment whether they do get that concession, but I will look the matter up and put in a statement. Then, Mr. Smith touched on the question of the position of Locomotive Foremen. Now, with respect to that I should just like to say that no doubt Mr. Smith is aware that the position that is held at the present time by many assistant Locomotive Foremen was originally held and the duties were discharged by Senior Enginemen, and at the present time in some of the sheds, such as Christchurch, Wellington, and Auckland, and a number of other depots, there are Senior Enginemen who, in the absence of the Foreman and Assistant Locomotive Foreman, carry on a certain amount of the Assistant Foremen's duties. When the position of Assistant Locomotive Foreman was made it was for the purpose of enabling the Department to provide for men who had held the position of Senior Enginemen for some time going into the First Division. The men who were picked originally for the positions of Senior Enginemen were taken because it was recognized that they were probably the best men available at the time for training for Locomotive Foremen; but what happened was this; that from time to time, after those men were put into the position of Senior Enginemen and carried on the duties, drivers who were senior to them on the list, but who at the time the first men took up the Senior Engine-drivers' position were not recommended as suitable, subsequently got another and a favourable recommendation—this happened on more than one occasion—and the man who was on the footplate doing the driving then came in and was appointed Locomotive Foreman over the head of the man who had been acting as Senior Engine-driver. The Department desired to stop that, and wanted to encourage the men to qualify themselves for Locomotive Foremen, and for

that purpose a number of positions of Assistant Runing-shed Foremen were created, and those men who had been recommended and who occupied the senior position as Senior Enginemen were put into those positions and retained seniority although they were not always the senior men on the list. That is how Mr. Smith and one or two others came to be Assistant Running-shed Foremen. There are drivers senior to them who would be probably recommended to-day for the position, but Mr. Smith having held the position for a long time has been transferred to the First Division, and if he has not got altogether as much pay as he thinks he ought to get—but about which question the Department has another view—then Mr. Smith has got his chance, which is to get a Running-shed Foremen's position in due course. With regard to the time it has taken to attain those positions, it must not be overlooked that the men who occupy those positions are men who worked up from the Second Division, and all necesary work in the Second Division entails long service to get through. The Second Division is a big division, and when men enter the Second Division as engine-drivers or any other grade they have a pretty big row to hoe—a pretty long list of men to get through—and in many cases they can only get through by seniority and good service. In other cases they get through by qualifications. So far as the question of pay is concerned, the original Running-shed Foreman in Christchurch, Mr. Dickenson, got £300 a year before he retired. I am speaking from memory. Mr. McKenzie, his successor, after seventeen years in the First Division rose to £290. Another man after long service in the Second Division, who is now Running-shed Foreman, was getting £290 after six years' service in the First Division. Now, contrast the position to-day with 1897. In 1897 they started at £210, and after seven years' service they still got £210. To-day they start at £210, get to £220, and then they have to wait for vacancies or until the Department considers that the duties are of sufficient importance to justify it in raising the position a grade. You cannot deal with any one position in the service by itself. I want to emphasize this fact: when the original Classification Act was introduced it provided specifically certain grades for Stationmasters, &c. For instance, Locomotive Foremen were shown by themselves, Inspectors of Permanent-way were by themselves, and so on; but there was so much difficulty and so much dissatisfaction among the men that when the Act of 1902 was introduced the Department, at the urgent solicitation of the staff—and there is no question about that— decided to adopt a classification on the same basis as the Postal service—that is, to classify everybody so that irrespective of what position a man held he was put on the D.–3 list in his relative position to everybody else. The cry and contention then was that a Stationmaster did not know his relative position with a clerk—nobody knew it but the Head Office. Well, that was practically true at the time. To get over that the present system of classification was introduced, and now if you want to put up a Locomotive Foreman you have to consider the relative value of the position of the Locomotive Foremen, Inspectors of Permanent-way, Bridge Inspectors, Foremen, and clerks right through, and where there are three hundred men in a grade, every one of those men is going to question that Foreman's promotion. It is all very easy to say, "Oh, this is so-and-so," that may satisfy the Department, but you cannot satisfy the men concerned. Every man thinks he ought to be in a very much better position than he is. At the same time, the unfortunate thing about it is that we are not judges of our own qualifications; there is somebody else over all of us who is responsible for the administration of the Department so far as the railway is concerned, and who has to say what is going to be done. If Mr. Smith or anybody else thinks he has got a grievance if passed over by a junior, he has got the Appeal Board, and that is where he should go and thresh out any personal matters; but so long as the position remains as it is, I submit it would be most unfair to the bulk of the men, and not in accordance with the spirit and intention of the Department and the Government when the Classification Act of 1902 was framed and put into its present form, to single out certain men for favourable treatment if the Department considers that other relative positions on top of those are worth just as much money. The expenditure must be governed by the revenue. The Department has got nearly £31,000,000 of capital invested, and we are approaching the time when we will have fully that amount of capital to pay interest on. You have got to keep steadily in view the fact that at 31st March each year you have got to have £1,162,500 to meet interest. I submit to the Committee that when the position is like that it is necessary to go very cautiously indeed in making promotions or spending any money. Now, I should like to ask how many members of the Railway service ever think what an increase of one penny per day per man means in expenditure? I suppose it would surprise any one to know that it is nearly £20,000 a year. You can take it that we have—reduced down to full time—about 12,885 men; but if we take every man working we employ, including casuals, there are over 20,000 men in the Railways. The number is reduced when broken time is taken into consideration. One penny a day means 26s. a year per man. The question, however, gentlemen, is the sufficiency of the pay. I will tell you what the Locomotive Foreman get. Mr. Smith quoted some figures yesterday in regard to New South Wales to show that the men there got up to £900 a year. The average rate of pay for Locomotive Foremen, Boiler Inspectors, Car and Wagon Inspectors in New Zealand is £261; New South Wales, £286; Victoria, £299; and Queensland, £250. Now, we know that we are lower than New South Wales and Victoria, but we are higher than Queensland. Well, I suppose it will be admitted that the pay should bear some proportion, at all events, to the services. I should like Mr. Smith to put an hour or two in the depôts at Eveleigh or in Melbourne, and then tell me if he thinks that the New Zealand men, having regard to the duties carried out over there as compared with the duties here, are underpaid. The man in charge of the engine-drivers at Eveleigh has about nine hundred engine-drivers, firemen, and cleaners under him, and the other depots have from two hundred and fifty up to four hundred men under them. They have an enormous number of engines, and a train service that we do not realize in New Zealand. I am quite satisfied, as a result of my own personal observations and inquiries, that, having regard to the circumstances under which those men work there and the conditions under which our men work, I know which is the best place and the best pay. I will look up some instances later on

and place them on record. Now, Mr. Smith made reference to the Foreman at Palmerston North. Well, what was the position there? The statement was made that the previous Foreman at Palmerston North received £255 a year and the present man received £220. The position is this: that the Palmerston North Locomotive Foreman controls his own engine-shed and Foxton, and train-run up as far as Woodville. That is his district. It is perfectly true that the man who was there before the present Foreman received £255 per annum. Why? Because the Railway Department did not want to reduce on the eve of his retirement a man who had had long service with the Department but whose conduct latterly had not been satisfactory. He was transferred from a more important place to Palmerston, not at a reduction, and subsequently transferred from Palmerston to New Plymouth, and was paid at the higher rate of pay so as not to interfere with his superannuation allowance. We did the same thing in the case of two or three other Stationmasters. It is a wonder we have not been accused of lowering the status of Carterton, because we applied the same principle there. I have another station in my mind where the same thing is going on. We sent a Stationmaster to that place on account of ill health, and that man is getting a higher pay than the station he is at warrants. If circumstances compelled his retirement and we then put another man at that station at the proper salary, I have no doubt we should in due course be accused of pulling the station down. That is what the Department gets when it does a generous thing. We got accused of pulling Palmerston North down because we were generous, and probably will have the same thing fired at us in connection with these two other stations, and also in connection with a station which was very prominently before the Committee the other day.

TUESDAY, 26TH SEPTEMBER, 1911

RICHARD WILLIAM McVILLY further examined. (No. 12.)

1. *The Chairman.*] Will you now continue your statement, Mr. McVilly?—When I left off on Friday, sir, the question was raised as to whether the Stationmasters in Australia were allowed fuel and light. Well, in accordance with the promise that was made, I cabled to the Secretaries of Railways in Adelaide, Melbourne, and Sydney asking the question. The reply from New South Wales is, "Stationmasters pay fuel and light; quarters only free." From Melbourne—"Stationmasters occupying departmental quarters allowed free fuel and light." From Adelaide—"Stationmasters not allowed free house, fuel, or light."

2. *Mr. Ross.*] What are the conditions in Queensland?—Free house, and in some cases fuel and light, but not in all.

3. Did you quote the conditions as to salaries of other cities?—I quoted the salaries for Queensland, Victoria, and New South Wales. In South Australia there are six grades, ranging from £150 to £330; New South Wales, £130 to £350; and Western Australia, £140 to £400. I want next, sir, to touch on the question of the average pay of Foremen in the New Zealand Railways. In 1897 the average pay of Inspectors of Permanent-way was £224, and we then had men with service in the First Division up to twenty-six years who were getting the maximum of £266, minimum £180. In 1902 the average pay was £244, the maximum rate was £275, to men who had been thirty-one years in the First Division. Minimum pay, £190. Inspectors of Permanent-way: 1897—Minimum salary, £180. 18 in 1897; 22 in 1902; 31 in 1910. Highest rate, £300; lowest rate, £210; average, £242 5s. Foremen of Works: 8 in 1897 — Highest rate, £235; lowest rate, £180; average, £215. 9 in 1902—Highest rate, £275; lowest rate, £210; average, £249. 9 in 1910—Highest rate, £355; lowest rate, £220; average, £293. Coaching and Goods Foremen: 21 in 1897—4 at £140, 6 at £160, 2 at £164, 2 at 165, one at £180, 6 at £187. 34 in 1902—5 at £160, 20 at £170, 3 at £180, 3 at £187, 3 at £190. 48 in 1910—3 at £190, 17 at £200, 26 at £220, 2 at £255. Average in 1897, £166; average in 1902, £172; average in 1910, £212. The lowest pay at the present time is at £190. Traffic Foremen now start at £180, whereas they used to start at £140. Locomotive Foremen: 10 in 1897—4 at £210, 2 at £235, 4 at £290; average, £247. 12 in 1902—3 at £315, 3 at £260, 1 at £250, 1 at £235, 3 at £220, 1 at £210; average, £256. 19 in 1910—3 at £210, 7 at £220, 2 at £255, 2 at £300, 5 at £355; average, £266. In regard to these I might say that the Assistant Foremen are paid for two Sundays in every four-weekly period in addition to their ordinary annual rate of pay—that is, as regards Locomotive Foremen and Assistant Locomotive Foremen. Workshops Foremen: 15 in 1897—3 at £190, 5 at £210, 3 at £220, 4 at £240; average, £216. 17 in 1902—2 at £190, 1 at £200, 2 at £210, 5 at £220, 5 at £235, 2 at £260; average, £223. 31 in 1910—6 at £210, 14 at £220, 6 at £255, 5 at £300; average, £238. Car and Wagon Inspectors: 6 in 1897—Lowest £180, highest £220; average, £203. 6 in 1902—2 at £235, 4 at £250; average, £245. 8 in 1910—Lowest £220, highest £300; average, £263.

4. *Mr. Ross.*] Are you putting in a statement of the salaries paid in Australia in connection with the officers you have just mentioned?—I read the averages on Friday last of New South Wales, Victoria, and Queensland. Some stress was laid, sir, on the fact that a number of men in the £220 grade take a very long period to get through. Well, I want to show the comparison in a few cases. I will not read the whole list, but will put the list in afterwards if the Committee desire. Under the Acts of 1897, 1901, and 1907, officer "A" started at £150: 24 years before he got £180, 5 years to go from £180 to £220. That man would have remained at £150 but for the passing of the Classification Acts of 1901, and at £180 for a considerably longer period than he did but for the Act of 1907. "A" and "B" joined as trained men. Officer "B": 10 years before he got £140, 4 years to go from £140 to £180, 11 years to go from £180 to £220. Officer "C": 5 years before he got £140, 11 years to go from £140 to £180, 10 years to go from £180 to £220. Officer "D" started at £150: 18 years before he got £180, 9 years to

go from £180 to £220. Officer "E" started at £140: 21 years before he got £180, 7 years to go from £180 to £220. Officer "F" started at £140: 27 years before he got £180, 3 years to go from £180 to £220. Officer "G" started at £180: 11 years before he got £220. Officer "H" started at £170: By increment he got £180, 10 years to get from £180 to £220. Officer "I" started at £160: 4 years before he got £180, 23 years to go from £180 to £220. Officer "J": 14 years before he got £140, 12 years to go from £140 to £180, 3 years to go from £180 to £220. I have a lot more instances, but I think those will serve the purpose. Now I want to direct the attention of the Committee to what was the cost of the alteration under the scale of 1907. An officer of the Department under the 1896 scale would receive £1,085 during the first twelve years' service, and under the existing scale he will get £1,540 for the same period. At the present time we have 1,313 men affected by the scale rate of pay. This represents a difference of £597,000 in excess of the amount that would have accrued to those men under the 1896 scale. Taking a period of nineteen years, and the difference between 1896 scale and 1907 scale, the pay to 1,313 members would be £1,168,570 in excess of what they would have got under the old scale (1896); the difference between the scales of 1901 and 1907 would be £695,890, an increase of £61,500 per annum comparing 1896 with 1908, and £36,600 comparing 1901 and 1907. Then, in addition to that the rate of advance under the present scale is 33 per cent. faster than under the old scales, for the reason that the increments are £15 per annum instead of £10.

5. Has the amount paid by officers for rent been deducted?—The amount paid for rent has not been deducted. I am quoting the differences in the actual rates of pay, but I think there appears to be some misapprehension among the Committee as to the question of the amount of rent. The amount of house-rent paid by the bulk of our men is from 4s. per week to 9s. 6d. per week. There are 215 officers who are paying less than 10s. per week for house-rent at the present time.

6. Can you give the Committee the amount paid for house-rent per annum throughout the whole service to the Department?—I could, but I will require to add it up. I will give it later on.*

7. *Mr. Witty.*] It would be of no use unless it was a comparative table?—I will give that. I may say this, sir: that I take it that in any comparison of rent that may be drawn, the comparison must be between the actual amount of rent that the Department debits the officer with at the present time, and not the paper value. The 1896 Classification Act assessed house-rent at £25, £35, and I think £40. I think the maximum was £40. I take it that any comparison I make will be between the actual charge that we now levy, and not the departmental value. A man, for instance, who is paying £10 for rent will not be able to claim that his house was then worth £25 to him.

8. *Mr. Ross.*] I do not think they would want to say that?—I just want to make that position clear. Now, sir, the scale-increases granted under the Acts of 1901 and 1908 for ten years amount to £164,680—that is, to the First Division. The amount for ten years for both divisions is £339,951, and the cost of promotions during the same time is £63,122. The increases provided under the existing Act for the First Division amount to £17,410 for one year. To comply with the request to put lower-grade Foremen a grade higher is going to cost the Department an additional £4,400 a year. I come now to the question of what the institute asks. As I understand it the institute is asking that all men who are now in the tenth grade should go up to £260. Is that so?

Members of Institute: No.

Mr. Morgan: One grade at £200, and another at £260.

Witness: Very well. On the basis of the staff on the 31st March, 1910, the additional costs for first year to the Railway Department if officers were brought under the Post and Telegraph Classification would be £6,820—that is, over and above the ordinary scale increases.

9. *Mr. Ross.*] That is assuming the increases would be granted to every man?—Provided the scale of pay is made the same as the Postal Department.

10. That is assuming the increase was recommended to every man?—I pointed out that the scale of pay, if it was automatic, and the scale increases are regarded by the staff as being automatic——

11. *Mr. Morgan.*] The institute is not asking that?—I take it they are asking for something which is going to be automatic.

Members of Institute: No.

Witness: Well, if the institute is not asking for that, then I should like to know exactly what they are asking for. If the institute is dealing with one or two grades, then I desire to know what particular grades they are. I think it was stated by Mr. McPherson most emphatically that it was the Postal classification they wanted and nothing but the Postal.

12. *Mr. McPherson.*] I said we did not want an automatic scale—that we wanted inefficient men to stay at £200 or £220?—Then you want the Postal classification.

13. And promotion on merit?—Then we come down to the question of who is to be the judge of merit. I have pointed out already that wherever the Classification Act provides for a minimum and maximum that the men automatically go up to that maximum. The men are recommended year by year, the increases are granted year by year, and in many cases the men are recommended for promotion to a higher grade, and when you come to compare the recommendations of one year with another and question them, as we do, we find the recommendations cannot always be sustained. I am perfectly satisfied after experience that compliance with the request to give the institute exactly the Postal Department classification would mean that we would go on as we are—that is, we would have automatic increases. On that basis in five years you would have an additional cost of £114,000 over and above the scale increases at present provided by Act; in ten years £390,000; and in fifteen years, £816,000 additional. Now, that is dealing with the lower grade. If you deal with the lower grade in that way, what is going to happen in regard to the men who have got up through merit and ability to the £220 and £255 classes? Are

* See Exhibit No. 1.

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.

15. We have no evidence that the men actually travel those distances?—My experience is that the men apply for passes over the whole of those distances. Those cases are not exaggerated—they are only a few typical journeys. 150 miles is Wellington to Wanganui, 200 to Napier, 230 Christchurch to Dunedin, 251 Wellington to New Plymouth, 369 Christchurch to Invercargill, 426 Wellington to Auckland, and 428 Wellington to Rotorua. Now, on the point of privilege tickets, a railway employee can get a privilege ticket for himself and his wife once a week. Taking a line over same distances for one adult and two adults, it works out: 150 miles—one adult, 9s. 5d.; two adults, 18s. 10d. 200 miles—one adult, 12s. 7d.; two adults, £1 5s. 1d. 230 miles—one adult, 14s. 5d.; two adults, £1 8s. 10d. 251 miles—one adult, 15s. 9d.; two adults, £1 11s. 6d. 369 miles—one adult, £1 3s. 2d.; two adults, £2 6s. 4d. 426 miles—one adult, £1 6s. 11d.; two adults, £2 13s. 10d. Those are return fares, at one-fourth of the rates paid by the public.

15A. *Mr. Witty.*] The time would not allow a man to use the full distance in one day?—But a man may get a privilege ticket and go off on leave when he cannot get his pass. If a man is away sick he travels on a privilege ticket. His wife also gets them.

16. *Mr. Buick.*] Privilege tickets are practically at half prices?—Quarter. The Department will be told that this is not worth anything. Very well, the actual cash value saved by the railway staff in respect of privilege tickets is £25,000 a year.

17. *Mr. Ross.*] By the officers?—I am talking about the staff. The officers save a considerable amount.

18. We are dealing with the First Division?—The First Division participates in those privilege tickets, and I am entitled to take a line through those and say the First Division make a considerable saving.

19. *The Chairman.*] Is that the saving on actual tickets?—Yes. Our staff actually pay the Department, according to the figures about eighteen month ago, in round figures, £8,000 for privilege tickets, and they actually make in round figures a saving of £25,000. It would be more if the figures were taken out to-day. Then we have been told, sir, that they want the Postal classification. I take it they want the same thing as the Postal officers. Well, I should like to ask the members of the institute whether they are prepared to bind the Railway servants down to pay the same rate for superannuation as the Postal and other Civil servants pay? I want to know whether the members of the Railway service realize the benefit they are getting by way of reduced superannuation rates. It will probably surprise members of the Committee to know that the Railway men are paying £20,275 per annum less for superannuation than is paid by a similar number of officers in the Postal Department and Civil Service.

20. *Mr. Hine.*] Which is sound and which is not sound?—I am not discussing that at present. Then, sir, when a member of the Railway service retires on superannuation he gets a free pass for the period of leave that he is granted on his retirement. Sometimes it is one month, sometimes three months. Members of other Departments do not get that privilege. We have already issued passes of that nature to the value of about £4,900. In addition there are uniforms, which amount to £1,577 for the First Division. Well, taking a line through the whole service, the benefits that the Railway men derive from free passes, privilege tickets, and in other ways run out roughly to 8d. per day per man for the whole service. That is about £10 per man per annum. I think that is a fairly considerable sum, taking the aggregate. I want now, sir, to point out the position in respect to Maintenance Clerks. Where in 1897 some were getting £250, they are now getting £355. Some who were getting £220 are now getting £355, others who were getting £160 are now getting £300. Where the position was £180 it is now £300; where it was £150 it is now £255; and where it was £140 it is now £255. The last position was held by a man who was reduced. He was getting £300 when he went out of the service. Now, sir, on Friday when Mr. Young was giving his evidence he spoke about the railways of the world. I do not know whether I would be in order in making a statement as to the rates of pay ruling on some of the foreign railways.

21. *The Chairman.*] I would point out that while making that statement I do not know whether you have attached sufficient importance to the fact that members of the Committee may not take it into consideration owing to the fact that you will not be able to give us the conditions existing in those countries?—So far as I am personally concerned I am not particular whether I put the statement in or not.

The Chairman: I do not rule it out.

Mr. Buick: It is my opinion that the conditions are altogether different.

The Chairman: My own opinion is that the information will not be of very much help to the Committee. It is a question for Mr. McVilly.

Mr. Ross: It is only fair that the Department should have every opportunity of bringing everything out.

The Chairman: Unless the conditions of living are placed before us it will not be of much use.

Witness: My object in getting it out was that I thought possibly the question might be asked, and I got the information ready. I will take the Hungarian railways. First-class Stationmasters get £75 to £133 6s. 8d. They have to wait three years between each increment. The increments vary from £4 3s. 4d. for the first two to £8 6s. 8d. for the subsequent. It takes twenty-five years in the class to get the maximum; the intervals are three of three years and four of four years.* Second-class Stationmasters get from £50 to £83 6s. 8d. They have to wait two years each for the first two increments, then one of three years, then two of four, and fifteen years in the grade to attain his maximum after his appointment. In the Austrian State Railways, first-class Stationmasters receive from £50 to £108. They are twenty-four years in the first grade before they get the maximum. Second-grade Stationmasters, £37 to £75; thirty-two years in the grade below before they get the maximum. Then, in the German railways the pay of first-class Stationmasters is £100 to £175; they are fifteen years in the grade, and get five triennial incre-

* See Exhibit No. 2.

ments to reach the maximum. First-class clerks, £62 to £112, with same period, and they get house allowance, which varies from £4 10s. to £22 10s. according to location. The average rate of pay on the Bavarian railways is £64 2s. 6d.; the Prussian railways, £57 15s.; Imperial German, £60 19s. 2d.; and Palatinate, £61 16s. 8d. South African railways at the Cape: Whites average £141 per man per annum. Central South Africa, average £229; Natal, £168. The average for the whole of the South African systems is £174. The average on the Central South African railways is very high because of the climatic conditions.

22. *Mr. Witty.*] What are the hours?—I have not got the hours of the South African railways here. On the Continental railways they work from twelve to eighteen hours according to the nature and condition of the work, and seven days a week. After eighteen hours they have to have twelve hours off. Telegraphists and Stationmasters, twelve to sixteen hours continuous. Intermittent work, eighteen hours. Those in receipt of regular pay, seven days per week, overtime not paid for. Uniforms are compulsory, and have to be found by the higher officers; others are provided with £6 towards the cost. They get free passes for themselves, wives, and families after one year's service, available for use on slow trains only. Passes not granted for short distances, and are not available for fast trains except upon payment of the difference in the fare between fast- and slow-train rate. Where a long journey is being undertaken—that is, a journey over 100 miles—special application has to be made for permisison to use the pass on fast trains and for permission to pay the difference between fast- and slow-train rate. They make all employees travel on slow trains. For short journeys half-rates have to be paid, and the tickets can only be used on slow trains. Two children under ten travel on one adult fare, but if only one goes full fare is charged. Leave of absence is granted as follows: Principal officers—one to ten years, fourteen days; ten to twenty years, three weeks; over twenty years, four weeks. Secondary officers—one to ten years, eight days; ten to twenty years, ten days; over twenty years, fourteen days. In all their positions they require education qualifications. Officers have to graduate from a university or pass the Civil Service Examination, which is stiff. Half of the principal positions have to be kept open for officers who have served either in the army or navy, and age of joining is forty years. Two-thirds of the subsidiary positions have to be kept open for the same men, so that the civilians have not very much chance.

23. *The Chairman.*] Are you putting in statements in regard to the American railways also? I have not got the scales of the various American railways.

24. *Mr. Arnold.*] Could you give us any information in regard to the Canadian railways as to the pay or conditions?—No, I have not the full details. I stated on Friday that I would hand in a list of the Postal officers who have joined the Railway service, and I want also to touch on the question raised by Mr. Ross in regard to Railway men who had gone to outside positions, and to put in a list showing some of the Postal officers who have taken up outside positions at the same time. The following Postal officers have left the Postal service and entered into private employment or business:—

Name.	Date resigned.	Salary.	Present Occupation.
		£	
Copeland, W.	30/6/06	220	Farming.
Grey, G. H. R. C.	30/4/01	200	Barrister and solicitor.
Moorhouse, G. W.	26/9/04	220	Hotelkeeper.
Burke, W. E.	5/12/1899	180	Journalism.
Smyth, W. E.	1893	100	Medical practitioner.
Barr, J.	1893	150	Farming.
Baxter, T.	1894	180	Barrister and solicitor.
Wood, M. E.	30/9/06	180	Stock-buyer, loan company.
Mann, G. H.	28/4/06	180	Hotelkeeper.
Walsh, W. A.	31/1/07	100	Reporter, *Evening Post.*
Beasley, T. N.	20/5/05	100	Reporter, *Dominion.*
Oram, N.	30/4/03	145	Manager, Smith and Smith.
Andrew, W.	30/11/05	180	Electrical engineer.
Coyle, J.	22/9/06	180	Secretary, Hospital Board.
McLeod, H. N.	30/11/05	180	Land and estate agent.
Smith, R. F.	17/3/1898	160	Barrister and solicitor.
Avery, J. D.	5/5/06	180	Public accountant.
Nicholas, C. G.	25/5/1897	180	Farming.
Appleton, W.	23/4/10	95	Accountant, Haynes and Co.
Thompson, H. V.	31/3/11	165	Wireless company.
Bailey, W. L.	2/4/11	65	Storekeeper.
Cook, H.	3/5/11	95	Storekeeper.
Hamilton, H. A.	31/5/11	150	Bank of New Zealand.
Apperley, G.	31/6/11	135	Wireless Company.
Shaw, O. J.	11/4/11	150	Farming, Canada.
Geel, J.	30/9/04	275	Private business, London.
Maginnity, A. T.	..	400	Solicitor.

25. *Mr. Ross.*] To bring that into line with the list of officers of the Railway Department who were dismissed for drunkenness and other causes, will you supply a similar list connected with the Postal service?—I do not know that I can do that. It might be possible to get it.

26. *The Chairman.*] Without giving the names?—Yes. Those I have mentioned were a few that were drawn up from memory. The records were not searched.

27. *Mr. Ross.*] For how many years?—Two in 1893, one in 1894, one in 1899, and the others from 1901 to 1911. The following is a list of some of the Postal officers who have been transferred to the Railway Department:—

Name.	Position at Date of Retirement.	Position at Present.
Donne, T. E.	District Traffic Manager, Auckland, (£400).	
Russell, C. L.	W.R. Audit Inspector, Wellington (£300).	
Wallnutt, C.	W.R. Audit Inspector, Wellington (250).	
Wellsted, G. G.	Stationmaster in charge, Gisborne (£250).	
Day, H. J.	..	Stationmaster in charge, Gisborne (£300).
Greatbatch, J. T. B. ..	..	Clerk, Christchurch Goods (£220).
McKellar, A.	Stationmaster, Outram (£200 and house).	
Tully, M. C.	..	Stationmaster, Inglewood (£220).
Hislop, J.	..	Private Secretary (£355).
Aldridge, T. A.	Stationmaster, Rotorua (£255).	
Fahy, J. T.	..	Electrician, Wellington (£355).
Baxter, H.	..	Stores Manager (£525).
Firth, J.	..	Clerk, Accountant's Office (£300).
Kirton, A. W.	..	Stationmaster, Mosgiel (£255).
Mooney, H. F.	..	Stationmaster, Balclutha (£290).
Duncan, P. A.	..	Stationmaster, Oamaru (£355).
McCarthy, C. J.	Stationmaster, Abbotsford (£175).	

28. I suppose you know that a number of those officers were temporary clerks or messengers?—The only man I know of who might be a temporary Postal man or messenger, as you say, would be Mr. Kirton. There is just one other thing I should like to reply to, and that is the statement about the large number of resignations received in the Railway service. In 1907 we had just exactly the same statement made by the institute. The statement then was that "the flower of the service was resigning." Well, the flower of the service has not resigned as far as I know. When things are good in any country in every walk of life you will find men changing, and when there is a tightness you will find men hanging on to their jobs. It is the same in the Railways and every walk of life, no matter what position you take; and where you get a large body of men the same as in the Railway service it stands to reason that you will have from time to time a number of resignations; but the question is not the number of resignations, but the proportion they bear to the whole staff. I am quite satisfied that if we take the Railway service as a whole the proportion of resignations is very small indeed. However, there is one thing very carefully forgotten, and that is the large proportion of the men who have resigned and who come along afterwards and beg and pray to get back again. I am not exaggerating when I say that there is not a week goes past that I have not men through my office asking to be allowed to withdraw their resignations, and, where they have gone out, to be taken back. It is almost a daily occurrence. I am quite satisfied about this; that if we were to take out a list of the men who have resigned during five years and the men who have wanted to come back during the same time it would entirely dispel the impression that seems to exist as to the true position. Just at the present moment I have in mind two cases where men sent in their resignations, and before the ink was dry they sent in asking to withdraw them. That is constantly occurring in connection with both the First and Second Divisions. The last two were from the First Division. It follows that where you have a large service you will have resignations—we cannot blink the fact. Some men get dissatisfied and act on the heat of the moment, and are sorry afterwards. Sometimes the repentance is too late, and they regret it for a very long time. That is all I wish to say, gentlemen.

29. *Mr. Ramsay.*] In regard to Schedule B, Mr. McVilly, in the comparison between the pay of the Railway and Postal Departments: If the Postal officers in class 7 fail to qualify for class 6, that is £200 to £260, the maximum pay is £220 per annum, is it not?—No, that is not correct. The maximum salary that they can attain to is what the head of the Department considers they are worth.

30. That is not my point. If they fail to qualify, then they remain at £220?—No, that is not so. They remain at such sum as the head of the Department likes to fix.

31. Supposing the Department fixes the salary, can they ever rise above £220 if they fail to qualify?—If they fail to qualify the head of the Department fixes the salary. Here is a man on the list at a maximum of £200.

32. And what is the maximum salary which the Department fixes?—The Department can fix any salary which the head wishes to fix. He has that power under the Act.

33. Does he ever fix it over £220?—Yes.

34. I understood you to say the previous day that the £220 was the side-track. What did you mean by that?—Here is a man at £230 maximum: that is more than £220. What I mean by "side-track" is this: where officers in the service joined the Department prior, I think, to 1890, those men do not have to pass the senior examinations, but, although they do not satisfy this requirement of the Department in that respect, they may, nevertheless, go up by increases to £220 if the head of the Department is disposed to let them, and that is their maximum. They can never get past £220—they are side-tracked; but the maximum is not £220 a year, but any rate either higher or lower than the head of the Department fixes.

35. I will go back to Schedule B later on. I understand that your point is that the remuneration of officers should depend on the percentage of the net earnings to the gross earnings, is that so?—My point is that the remuneration of an officer should be reasonable for the services he performs, that the Railway Department should be the judge as to what is reasonable, and that the working-expenses of the Department must bear some reasonable ratio to the revenue in order that the public interests may be protected and the general taxpayer not be called upon to put his hand in his pocket to make up large deficiencies brought about by paying the Railway men an unreasonably high rate of pay.

36. That may be so, but you recognize this: that the other Departments lean to some extent on the Railway Department?—I do not recognize that, and I do not know where such an erroneous idea came from.

37. Put it this way: members of Parliament travel free?—I am not discussing members of Parliament.

38. I want to show that it is not fair to take the percentage of profits to earnings when you do not take into consideration the many privileges that other members enjoy at the expense of the Railways?—My reply to that is that it is not fair for the institute or yourself to put the position the way you are puting it and at the same time to discuss the pay of Railway men independent altogether of the privileges that the Railway men enjoy over and above the privileges of other members of the public service and the general community.

39. That is not my point?—But it is mine.

40. I want you to answer my question. My question is that certain privileges are enjoyed not only by members of Parliament, but by the public, for instance, and you must take that into consideration. For instance, is it not a fact that the Railway Department is often required in the interests of the public to carry grain free?—Not often; no.

41. It has been, has it not?—I cannot recall any case.

42. It was done in Central Otago?—Yes, feed for starving stock—not grain. That is a matter of public policy. I am not discussing policy.

43. That is not taking into consideration your argument. The fact that the Railway Department do certain things for nothing is not taken into consideration in arriving at the profits?—Well, a little more knowledge of the working of the Department would have prevented a question like that being put, because, although it may not be known to the staff generally that payments are made for those things, the Railway Department has lots of ways of getting payments apart altogether from the station accounts. There are such things as head offices dealing with head offices.

44. You mean, lots of ways in which to get payments?—What I mean is this: that the head of the Railway Department claims on the head of another Department for certain services rendered, and those adjustments are made in the Railway Accountant's office, and the value of the services rendered is put in the Railway receipts.

45. What has that to do with it?—That has everything to do with it. The services rendered are put in the Railway receipts and appear in the revenue.

46. What I understand is this: that if you carried food in Central Otago for nothing, to overcome a drought or something like that, the value of those services would be credited in the public accounts?—I am not discussing Central Otago in particular.

47. Where food is carried free to a certain place, is credit taken for that in the Railway receipts?—Yes, it has been done.

48. *The Chairman.*] If is debited to another Department?—Yes. Generally we arrange it here in Wellington.

49. *Mr. Ramsay.*] Have you got the amount of the revenue for the last time?—I have not for the last time—that is only a few months ago.

50. No, I mean years ago?—If you are talking about years ago, then we have the amount.

51. Then you carry racehorses and charge carriage only one way?—I do not think that enters into the matter. That is a service that is performed for the British public the same in this country as in any other country. There are certain concessions given on certain classes of traffic which induce a larger number of people to travel, and thereby brings to the Department business which it would not otherwise get.

52. That is done elsewhere?—Yes.

53. We do not disagree with the practice, but we want to know whether consideration is taken for this or not. Then there is another important aspect where the railway precedes settlement: you cannot in a case like that expect the railways to make a fair return on the capital cost?—Well, my view of that matter is this: that if you are going to eliminate—and this is the line of argument you are taking up—that you must eliminate the profitable from the unprofitable lines, and must base the pay of the Railway servants on the profitable lines and must not take into consideration the unprofitable ones at all, but let them live on the fat line all the time. I want to know if that position is going to be followed when we are going to have railways in some of the outlying districts. In dealing with a railway system you have got to take the system as a whole. You cannot adopt a principle such as you are advocating without adopting the principle

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.

75. If I was to say it was not taken into consideration, would you deny it?—I would probably contradict you, and say I would want the evidence of the Secretary of the Post Office on that point.

76. Do you know whether the Telegraph and Telephone Branches pay interest on the capital cost?—I have already told you I did not go into the management of the Postal Department at all, and I am not going to be drawn into a discussion on that subject.

77. So that you do not know?—I am not going to admit anything of the kind.

78. Do you admit or do you deny it?—I have already told you I have no personal knowledge of the internal administration of the Postal Department.

79. You heard Mr. Smith, the Assistant Locomotive Foreman at Christchurch, giving evidence?—Yes, I heard Mr. Smith give some evidence.

80. It was to the effect that men became Locomotive Foremen after twenty or twenty-five years' service on the footplate and engine-running, and after having graduated in certain steps and passed certain examinations?—What are the examinations for? I have heard him make no such statement. He passed no examination to enable him to take up his present position. He passed an examination while in the Second Division.

81. You heard him say that the average age of Locomotive Foremen was between forty and forty-five?—Some statement was made regarding the average age by somebody, but I do not know who it was now.

82. Do you consider that a man with this experience and length of service is on being promoted to Division I at least entitled to be placed in grade £240?—No, I consider a man should be placed in the position at a rate which the Department considers fair value for the work he is doing, and although a man has been forty years in his previous position it does not follow that he is fit to take up First Division work: he has to be trained to it.

83. Upon whom does the responsibility rest when a man is transferred from Division II to Division I?—Upon the General Manager.

84. And upon whose advice does he act?—On the advice of the head of the branch.

85. Have the recommendations of the head of the branch been always carried out by the General Manager?—No, certainly not. If the General Manager does not agree with the recommendation of the head of the branch he is not going to carry it out if he thinks it wrong.

86. So that the fixing of the salary finally rests with the General Manager?—Yes, finally.

87. So that he may fix the salary and yet have very little knowledge of the duties carried out by the particular man?—That is not so.

88. Then, take a Locomotive Foreman: have you any practical experience of his work?—If you are talking of me personally, then I say you are absolutely wrong. I said the General Manager decides the matter.

89. So that the question of fixing the salary ultimately devolves upon the General Manager?—He fixes them after consultation with the officer who is qualified to advise him, and where the General Manager disagrees with that officer the officer in question is given the reason—that is, if he is discussing the matter with the head of the branch. The head of the branch knows what the position is, and he concurs in ninety-nine cases out of a hundred after hearing the reasons. Reasons are always given. As a matter of fact, I may tell you in reply to that question that there are many cases in which the General Manager fixes a higher rate of pay than the head of the branch was prepared to recommend.

90. Can you name a case?—Not straight away.

91. Would you be able to name a case later?—Yes, I have no doubt at all

92. And will you supply us with a list of those cases?—Yes.

93. Do you know what the minimum rate of pay was of the Locomotive Foremen thirty years ago?—The minimum was £4 10s. or £4.

94. So that in a period of thirty years the minimum wage payable to Locomotive Foremen has inceased by the large sum of £2?—Locomotive Foremen of those days and of the present day are different people altogether: the positions are different and the districts are different. A considerable number of the Locomotive Foremen at the present time are in what we consider, comparatively speaking, unimportant positions. There has got to be some relation between the pay at the smallest locomotive depot and the pay at the largest. If you fix a high rate for the small man, where are you going to stop with the other man?

95. But is there not a difference now between the qualifications required to become a Locomotive Foreman as compared with 1881?—It is rather too far back for me to talk about what the qualifications were in 1881, but I know the men who were holding the positions in 1881. Some of them were men who had had their training at Home.

96. Do they receive a better training at Home than here?—At that time they did, and I am not sure that they do not now. I know that at Home it takes very much longer to become an engine-driver than it does here, where a man gets out on the footplate after he has been three or four years in the service.

97. I take it that, generally speaking, you are familiar with the regulations under the Act. Regulation 40 states—"(1.) Whenever a vacancy occurs, or a new position is to be made, the member who has been standing for the longest period at the nearest inferior rate of pay to that attached to such vacancy or position shall be appointed thereto if the General Manager certifies (*a*) that it is necessary in the interests of the Department to make the appointment; (*b*) that the member named is suitable and qualified to fill it; (*c*) that he has passed the prescribed examinations; (*d*) that he is the member best entitled to the appointment. (2.) If such member does not fulfil these conditions, then another member shall be selected in like manner, and so on until the list is exhausted. Every member who has been promoted and who fails to efficiently perform the

duties of his position shall be subject to reduction or such other punishment as may be determined." Is the Department carrying out the spirit and intention of the Act with regard to promotions?—Yes, it is.

98. Take the case of the Foreman of Works on the West Coast; he is now in the £220 grade?—Yes.

99. What officer in the Department is blocking his promotion?—You come down then to the value of relative positions. I stated that distinctly the other day. You have to consider the value of the Foreman of Works as compared with the Stationmaster, Inspector of Permanent-way, and so forth. You have to compare them, and I stated definitely that when we had from 1896 to 1901 all those men separated in the Classification Act there was an eternal growl. The Inspector of Permanent-way complained, the Locomotive Foreman complained, Stationmasters and clerks complained—no one knew the relative position one with the other, and ultimately the Department agreed to adopt the same system as the Postal—*i.e.*, to put them all into a common line in their relation one to another. There is a certain grade, and the men are graded irrespective of whether they hold the position of Foremen or clerks.

100. Does the promotion of, say, Inspector of Works depend in any way on the Foreman of Permanent-way or Locomotive Foreman?—Yes, it does—it depends on the relative value of the two positions. If an Inspector of Permanent-way is considered by the Department to be worth £220, £240, or £260, then the Department has to consider all the other men who are in front of him and in relative positions of importance. If you take this man down here, then you have to say, Very well, that is his position; but here is a Stationmaster, an Inspector of Permanent-way, and Locomotive Foreman all of the same relative importance, and the whole thing has to be considered comprehensively. I have a case in my mind which is *à propos* of the question. We had promoted a Second Division man to the position of Foreman and we had a howl from some of the clerks because this man was put in a position he had been trained for. The Department had great difficulty in convincing the three or four men who complained that he was put into a position that was not considered promotion for them. The man was an Outside Foreman, and here were the clerks wanting to go into competition with him straight away.

101. Do you think the promotion of a man in a particular Department should depend on the promotion of another man when one could not fill the position of the other—do you think that is fair?—The Railway Department is a Department——

102. Very well, do you consider, taking a particular grade, that it is a proper system of promotion that a man in one branch should depend for his promotion on a man in another branch, when one man in one branch may not be able to fill the position of another man in another branch?—You come down to the relative positions. If one position is higher than another, then you have to decide as to the qualifications of the men, but so long as the positions are relative positions, then you have come down to the D.–3 list.

103. At the time the appointment of the present Traffic Clerk at Christchurch, was he the next officer in order of promotion?—I think I have already explained that.

104. We will have it again?—The present officer probably was not the man who was first in order for promotion. The first suitable man was the Traffic Clerk at Wanganui, and he was put up at Wanganui to save the Department from having to put two round men in two square holes. The man in Christchurch had been born and bred there, he has got the whole of the local requirements at his finger-ends, and if we had pulled that man out and sent him to Wanganui we should have had to send the Wanganui man down to Christchurch, where he would have had to undergo for the first two or three years a training in local knowledge.

105. Then, was the Wanganui man promoted to as high a position as the Christchurch man?—Yes, he was.

106. You say the Wanganui man was the next in order. Then between the positions occupied by the Wanganui man and the Traffic Clerk were there any other men who were suitable to fill that position?—There was no other man, so far as I know from memory, that had the local knowledge to fill the position, to take the work up and do it straight away.

107. Apart altogether from local knowledge, if a man is a competent Traffic Clerk he could fill the position, could he not?—I say he could not, and I say that in positions of that kind local knowledge is of very considerable value, particularly where you have to pull out your senior assistant, which would have had to be done in Christchurch.

108. So that you may override the Act altogether so as to provide for this local knowledge?—No.

109. Why not?—We do not override the Act. We made one promotion in one case. The Department was unable to make a shift round for departmental reasons, but it put one man up when it took another man out.

110. Had the Traffic Clerk at Invercargill any local knowledge when he went there recently?—Yes, the Traffic Clerk at Invercargill had knowledge of the Hurunui-Bluff Section. He had been in Dunedin for many years, and from the fact that he worked intimately with both sides he got a local knowledge, and that man is as good almost as the man on the spot. He was the best man available for the position. He had a good local knowledge of the Southland business.

111. Coming to the position of the Stationmaster at the Bluff, this was grade 6 before—grade £315–£355?—Yes. I touched on that matter on Friday last.

112. Were there no officers in grade 7 suitable in terms of Regulation 40 when this position was filled by a man in grade 8?—The Bluff is a £500-a-year station. I told you on Friday that the Bluff was treated in the same way that we treated Carterton. This man was promoted while at the Bluff not because we raised the grade of the station, but to enable him to maintain his position. We paid him at the higher rate temporarily and intended to shift him, but in the meantime his health became bad, and he went off duty on sick-leave. We intended to shift him when he resumed duty, but, unfortunately, he died.

113. But the position was reduced?—It was not reduced.

114. Do you not reduce it in this sense, that the man who is now there——?—The position is that we never raised the grade of the station. We left the man there until such time as we could find a suitable place for him. That is another case in which the Department's generosity gets it into trouble.

115. Do you consider that the Locomotive Foreman at Auckland is properly remunerated at £225, seeing that his predecessor received £300, and the clerk receives the same salary as himself?—I question whether his clerk does receive the same salary.

116. You could look it up?—I do not happen to know who he is, but at any rate in regard to this question of remuneration, as I have already said, the man is fairly remunerated and he will work through. He knows that.

117. Only the grade he is in at present?—And he will get promotion in due course. You are getting into this position, and I want to make it quite clear—you are going to force the Department to make a hard-and-fast rule in every case, which is going to mean that in the end the positions will not be increased. There are men that we now put up in D.-3 until such time as we can place them, and men that we leave and sometimes pay in their positions more than they should be paid. It will not be possible to do that kind of thing if we are going to be forced into the position that when a vacancy occurs we cannot take a suitable man who is on the spot, but have to take somebody else who could be provided for elsewhere, and we will just put the first man into the position, and then the last end will be worse than at present. I am speaking with an intimate knowledge of what goes on, and I can say without fear of contradiction that what the Department does is in the interests of the staff.* We never try to pull down at all. The tendency is to put up all the time. We put up so many men that all avenues for promotion became blocked, and we got into the position of having men throughout the service that we could not suitably place for many months. That had to stop. The General Manager knows that. Each year the maximum number of men was put up and their appointments approved, and finally we reached the limit. One man was fourteen months before we could place him.

118. So far as the Locomotive Foreman at Auckland is concerned, I understand from you that he is next in order for promotion?—I have not said that. I have said he will work up in due course. I am not going to give you a specific answer now because I do not know his position at the moment; but if he is not the first in order the position will be this: that the man who is first in order for promotion will have to go there, whether he likes it or whether he does not, and get the promotion.

119. Now, you have said that the Stationmasters at combined stations perform the simplest class of postal work?—Generally speaking, yes.

120. If that is so, how do you account for the fact that when those very simple duties are taken over by the Post Office the Postmaster receives a higher salary than the Stationmaster received for the combined duties?—I think you might answer that yourself, Mr. Ramsay. That is a question which the Secretary of the Post Office would have to discuss.

121. I want your answer. You are a man of considerable railway experience, and also had a combined station yourself?—Yes. The unfortunate part of it, however, is that my experience has not caused me to take the same mighty exalted view of the hardships that our men now say they undergo in the work they undertake. My experience has been that the postal work, registration work, and work that is done by the Railway people for other Departments is of absolutely the simplest character.

122. Then, that being so, can you give any reason why Stationmasters should not receive as high a rate of pay as the Postmasters?—Yes, I can give you this reason: that the Stationmaster is receiving as much as the position is worth, and what the Postal Department pays I am not concerned with.

123. Does it follow from that, then, that the Postmaster is being too highly rewarded?—As you have put it in that way I will give you my opinion. The Postal Department is too highly paid, and if anything is done it should be put on the Railway level. You have asked for that, and you have got it.

124. Are there not, Mr. McVilly, a number of Railway officers who would be competent to take charge of a post-office such as Palmerston North?—I should say not. We may have some, but they would all want to be trained.

125. So that you may have in the Railway Department some officers who are competent to take charge of a post-office such as Palmerston North?—I have no doubt we have, but they would require some training.

126. Then I may mention some officers: W. Bowles, J. Bevan, A. K. Harris, R. Hislop, P. A. Duncan, H. C. Smith, J. McDonald, A. H. Millar, A. W. Morgan, H. Williams, P. E. Bean, I. Faris, T. Cooper, George Barclay. Now, do you consider that those men could take charge of the post-office at Palmerston North?—Yes, with training.

127. How much training?—I should say that those men to take charge of a postal district would require at least twelve months' training.

128. And then they would be competent?—They might—some of them would. There are some there that I would not put in charge.

129. Are there not some officers competent to take charge of post-offices such as Hawera?—With training, yes.

130. I will mention some names: H. J. Day?—He is an old Postal officer. He was getting £260 in 1881 when I was a junior in the Railway service.

131. E. Cameron, J. O. Duff, G. Andrews, J. R. Boswell, F. Grant, A. W. Hutchings, T. Foweraker, I. H. B. Jeffares, A. W. Kirton?—Well, I am not so sure that all those men would be competent to take charge of the Hawera Post-office.

* See Exhibit No. 3.

132. Would a number of them?—One or two might, with training. I will go further than that and I will say that any man, it does not matter in what walk in life, but any man with intelligence who likes to apply himself and who has a fair amount of education could take charge of lots of things in this world.

133. I want to deal now with Schedule C. Take the cases marked—that is, the stations that were until recently combined stations but are now separated: Rakaia—Postmaster £260, Stationmaster £255?—That is the same grade.

134. Takapau—Postmaster £260, Stationmaster £220?—The Stationmaster at Takapau is getting as much as the job is worth.

135. Wyndham—Postmaster £260, Stationmaster £200?—The Stationmaster there is very fortunate in getting £200. He owes that to the Classification Act of 1907.

136. Otautau—Postmaster £260, Stationmaster £220; and Waikouaiti—Postmaster £220, Stationmaster £200. Now, until very recently those stations were combined stations, so that the whole of the work was performed by the Stationmasters?—Yes.

137. Now, can you give any reason at all why in each of those cases the Postmaster should receive when the duties were separated so much more than the Stationmaster when he performed the combined duties?—Well, I can tell you this: that, speaking with a knowledge of the work, the Stationmaster was amply remunerated for the work he did at the combined station, and so far as the Postal officers are concerned, I have already told you about that. If you want me to repeat my view, then I say your question is another argument for pulling down the Postal.

138. It is not a question of pulling down?—You are asking me for a reason, and I say the Postal men are overpaid, and the Railway men are amply remunerated.

139. Then, you stated in evidence that the Railway Department classifies stations in which combined work is carried out in a higher grade than it otherwise would do?—It does in many cases.

140. Can you name stations in which it has occurred?—I cannot, speaking from memory, but I know we have done it, and I can tell you, further than that, that we increased the staff at those stations which we otherwise would not do.

141. If you increase the staff at those combined stations, does it not follow that there is an increase in the responsibility?—No, it does not necessarily follow. Now you come to the responsibility I want to say this: that in the course of my inquiries from time to time respecting requisitions for additional staff at stations, I have asked on many occasions for a list of the duties performed at the various stations by the various members. Speaking generally, you get this sort of thing—"Mr. So-and-so deals with passengers, parcels, abstract inwards, goods outwards. Mr. So-and-so deals with parcels out, goods in, G.–76. Cadet So-and-so does so-and-so. Stationmaster keeps the C.–7, replies to correspondence and supervises." In many cases I have wanted to know, if Mr. So-and-so dealt with all the passengers and all parcels business, and Mr. So-and-so and the cadet dealt with the goods business and the general business of the station, what the Stationmaster thought he was being paid for, and I have promptly pulled a man out of those stations. You talk about responsibility: I say that wherever we give the men additional staff the tendency is for the Stationmaster to at once throw the responsibility on to the other chap and put his hands in his pockets and supervise. In other words, the man in uniform thinks it "*infra dig.*" to take a fair share of the work.

142. Is not the supervising the responsible part?—There is such a thing as too much supervision. There is supervision and supervision. My opinion of supervision is not to walk about on the platform with your hands in your pockets. My idea of efficient supervision is to go round the station-yards from time to time and inspect things and supervise things properly and do a portion of the work yourself.

143. But the man who has the supervision cannot do the work?—I am speaking from experience.

144. Take the combined stations in Schedule C, were those stations classed at their present grades for the reason that they were combined stations?—I cannot say straight off, but I can tell you this, that we always take into consideration the work being done, whether combined offices or not. The positions are reviewed from time to time. We run through the stations every year.

145. You stated that the responsibility for each Department was equal?—I said the responsibilities were equal so far as the general public were concerned—that is, in so far as the postal business is concerned, it is just as necessary to the public that that work should be efficiently done as it is that the railway work should be efficiently done.

146. Coming back to the responsibilities, if a man in the Railway Department makes a mistake, is he not much more seriously punished than a man in the Postal Department?—I do not know what the punishments in the Postal Department are now-a-days, but speaking as a Railway man, when I was doing the combined office-work the thing that used to trouble me most was the little queries that we got from the Postal Department if you forgot to cross your t's or dot your i's. So far as the Railway Department is concerned, we get our "Please explains," but I used to feel very annoyed with some of the queries of the Postal Department.

147. You have a better opinion of the Railway officer?—The Railway officer is not so pernickity and he is broader-minded in that respect.

148. You have a better opinion of him?—I hope so—I am in the Railway service.

149. For mistakes the punishment in the Post Office is 3d. to 10s. in fines?—Yes, I know they used to have a minimum of 3d.

150. And in the Railway Department the fines are from 2s. 6d. to £5?—Yes.

151. Then does that not show that the responsibilities of the Railway officers are greater than the Postal officers?—No, not at all. It is the Department's view of the seriousness of

certain things. We may take a more serious view of certain things than the Postal Department does, and not so serious in other respects. For instance, we never ask a man for an explanation if he drops out a "t" altogether.

152. You referred to six men who were transferred from the Postal Department to the Railway Department and had made successful Railway officers?—As a matter of fact I referred from memory to seventeen men who had been transferred from the Postal Office. Those men not only made successful Railway officers, but were also successful outside. Mr. Donne is Trade Commissioner at Home now.

153. You also mentioned a number of men who had gone to outside work from the Postal Department?—Yes.

154. Did any of those men seek employment in the Railway Department?—I am not sure that they did. I think the probability is that at the time they retired they left the Department to take outside employment or go into business. If a man is not satisfied with the conditions of his employment and he has any spirit of independence he says, "Very well, I will strike out and sail along by myself." I would not stay twenty-four hours in the Department if the conditions were distasteful to me.

155. Referring to those men who were transferred from the Postal Department to the Railway Department, when did the last transfer take place?—I cannot tell you that—it is some years ago probably. Mr. H. F. Mooney, who is now Stationmaster at Balclutha, was Telegraphist at Timaru when I remember him first. I believe he left the Postal service, and I know Mr. Mooney was very glad to get into the Railway service. That is probably twenty years ago.

156. *Mr. Brown.*] Did I understand you to say that Locomotive Foremen at the present time got £2 more than they did thirty years ago?—No, they started at £4 per week then, and they start at £220 a year now; but the men mostly start at small jobs and are assistants. The man who got £4 10s. years ago controlled the district from Christchurch right down to Oamaru. The man who controls a part of that district to-day gets £355 and has an assistant at £255.

WEDNESDAY, 27TH SEPTEMBER, 1911.

Mr. Ramsay: Before continuing the examination, Mr. Chairman, I have an explanation which I should like to make. When we came before the Committee yesterday I was under the impression that each witness would be entitled to ask Mr. McVilly questions relative to his own evidence. I am not, as you are aware, connected in any way with the Railway Department: I appear here simply as counsel. My intention was to put some general questions and then to call upon each witness to ask questions in turn. We were therefore, sir, placed at a decided disadvantage when I was informed by you that only one person would be allowed to put questions. The explanation, however, which I desire to make is that I adopted yesterday a line of examination of which the members of the institute strongly disapprove. I quite unwittingly, sir, questioned the policy of the Government in making concessions. Members of the institute desire me to say that they all recognize that they have no right whatever to question the policy of the Government, and that once the Government have decided upon a policy that it is their duty to abide loyally by it whatever their individual opinions may be. This is the stand, sir, that the members of the institute have always maintained and ever will maintain, and I trust, sir, that you and the members of the Committee will accept this explanation in the spirit in which is is made.

The Chairman: Yes. In connection with the disadvantage at which you say you are placed, Mr. Ramsay, it was clearly explained to you at the opening of the proceedings that the Committee had decided on a definite course, and that course was that all your witnesses could give evidence, but only one could ask questions on each side, so that you were at no greater disadvantage yesterday—if you say it is a disadvantage—than you were on previous occasions. The Department is in exactly the same position. Mr. McVilly, Mr. Ronayne, and the Minister cannot ask questions of one witness—they must choose which one of the three is to do so.

Mr. Ramsay: Yes, from what you said I understood that was the position at the very first, but I understood as we went along that the procedure was being changed. Yesterday I was under the impression, from what you had said, that I would be entitled to ask questions, and then the witnesses would be called and they would be allowed to ask questions

The Chairman: You may have understood from my statement that the members of the institute could confer as to the questions they should ask. You will also remember that we decided to allow any member of the institute to question on any one clause, and that gave you the advantage of choosing any expert on any particular clause to question the Department's witness. It gives you an advantage in that you can choose different questioners to deal with the different clauses.

Mr. Ross: It would have been an advantage to the officers of the institute and the Department if every officer who has given evidence and has a special knowledge of the evidence were to have the opportunity of asking Mr. McVilly questions in connection with that evidence. It must be quite plain to us all that an officer who has given evidence and whose evidence was traversed by Mr. McVilly in his statement would be foolish to hand his questions to another officer who has no knowledge of the facts which support his evidence on that point.

The Chairman: But when he is giving his own evidence would he need to ask questions? You said, giving his own evidence. If there is anything additional to be brought out any member on his own side can question him.

Mr. Ross: That is not the point. An officer gives evidence, and that evidence is traversed by Mr. McVilly in reply. Then according to our rule of procedure those officers who have given evidence, in cross-examining Mr. McVilly, must cross-examine through one officer only, and the result is that we have, as we had yesterday, questions emanating from a gentleman who had given evidence, but being put to Mr. McVilly through one advocate, and the result was quite apparent to the members of the Committee—namely, disastrous to the institute—because the advocate is not

conversant with all the facts in connection with the question he was asking, and I can see plainly that it would be very much better for those gentlemen if they had not asked the questions at all. Although it may delay the proceedings a little, I think it may be the fairer way to allow each officer who has given evidence, and whose evidence was traversed by Mr. McVilly in reply, to put questions in regard to that portion of the evidence which has been traversed by Mr. McVilly direct by himself to Mr. McVilly instead of through a third party. I presume neither the General Manager nor the Minister nor Mr. McVilly would object to that.

Mr. Ronayne: The General Manager would object. The method of procedure has been decided.

Mr. Ross: We can alter that.

Mr. Ronayne: The method of procedure has been decided, and we have been working four days on that procedure, and I think we should go on. I believe that is the Minister's opinion.

The Chairman: Of course, each member can ask questions on a particular clause if he has specialized on any section of the petition. Referring to the procedure, we have already fixed that by resolution of the Committee at the very beginning, and we have continued along those lines for some time now. Of course, I am in the hands of the Committee, but, still, I do not know that it would be an advantage to either side to alter now.

RICHARD WILLIAM MCVILLY, examination continued. (No. 13.)

1. *Mr. Ramsay.*] When we left off yesterday, Mr. McVilly, I was asking you certain questions as to the men transferred from the Postal Department to the Railway Department. You referred in particular to Messrs. Donne, Russell, and Wallnut. Did you not wish the Committee to believe that each of the above persons was appointed directly as Stationmasters?—I may have made such a statement. I said that Messrs. Donne, Russell, and Wallnut were transferred from the Postal Department to the Railway Department, and Mr. Donne's first position in the Railway service was Stationmaster at Waitati. Mr. Russell was, I believe, at Abbotsford. I have not looked up the record of Mr. Wallnut, but I believe he was Stationmaster also.

2. So that they were all transferred direct from the Postal Department to the position of Stationmaster?—I say I believe they were. I will require to look it up, but, speaking from memory, I believe they were transferred from the Postal Department to the Railway Department, and they became most excellent Railway officers from the outset.

3. Is it not a fact that at the time those men were transferred the Railway Department had to take all kinds of men to be trained as Railway men?—No, it is not a fact.

4. Would you take the responsibility of appointing similarly untrained men for the position of Stationmasters at the present time?—If I could get Donnes, Russells, and Wallnuts I would take them every time, and would be quite prepared to take the responsibility of placing similar men in similar positions in the Railway Department to-day.

5. You would not take the others?—You particularly referred me to those three gentlemen. If you want me to deal with generalities you come along and I will deal with them.

6. In regard to rents, you stated that in a large number of cases the amount of rent paid for railway dwellings was from 4s. to 9s. 6d.?—I said there were 215 cases, I think, in which the rents were below 10s., and they ranged from 4s. to 9s. 6d. I will give you the complete answer, which is as follows: 31 pay £25 per year—that is, 10s. a week; 13 pay £24 14s.; 9 pay £23 8s.; 9 pay £22 2s.; 8 pay £20 16s.; 80 pay £20; 13 pay £19 10s.; 21 pay £18 4s.; 8 pay £16 18s.; 6 pay £15 12s.; 8 pay £14 6s.; 1 pays £13; 1 pays £10 8s. There is a range from about 4s. to 9s. 6d. per week.

7. Are all those men Stationmasters?—Those are rents of station houses.

8. Are they occupied by Stationmasters?—I cannot say that—I believe they are. At all events, my list shows the rentals paid by Stationmasters, and if the houses are not occupied by Stationmasters, then the Stationmasters have let them probably without in such cases obtaining the sanction of the management.

9. Those 215 houses are houses which are set apart for Stationmasters only?—I am talking about the rent of houses for Stationmasters.

10. I want to know if those 215 houses are set apart for Stationmasters alone?—They are set apart for Stationmasters.

11. And as far as you know they are all occupied by Stationmasters at the present moment?—Yes, I know the Stationmasters are charged the rent.

12. You have referred to the salaries paid to Foremen in 1897 and 1910?—Yes.

13. Do you know whether the duties have increased during the last thirteen years to your own knowledge?—I do not know of my own knowledge, but I should say that, having regard to the amount of money that the Department has spent in improving the conditions of the line, the duties are, comparatively speaking, easier now—that is, there is not so much anxiety on the men now as there was years ago.

14. You do not know of your own knowledge whether the salaries have increased?—Of my own knowledge I know the salaries have increased.

15. But do Foremen of Works deal with the line?—Foremen of Works deal with bridges and structures.

16. But not the line?—That is part of the line.

17. Well, does he or does he not?—Bridges are part of the line, certainly.

18. But they do not lay the lines?—That is the Inspector of Permanent-way's job.

19. So that they do not deal with the line?—Yes, they deal with their particular portion of the line.

20. Do you know that bridges are constructed largely of steel in place of timber, and that renewals in steel are now the common practice, and that the Foremen of Works now require a more varied knowledge?—It is a matter of opinion whether the Foreman of Works does require a more varied knowledge.

21. You are not acquainted with it?—I am not an iron and steel expert.

22. Now, Mr. McVilly, coming to this Victorian comparison you have produced, the statement showing the salaries paid to Stationmasters in Victoria as compared with those Stationmasters in New Zealand: We do not admit that the comparisons are relevant to the petition before the Committee. We wish to make a comparison with the next largest democratic institution in the Dominion working under similar conditions in our own Dominion and under our own Government. Do you not consider that is reasonable?—No, I do not.

23. As you insisted on making a comparison with the Victorian railways and quoted the Victorian rates of pay, are you prepared to quote the amount paid as compensation for accidents? —Accidents to whom?

24. Accidents on the railways resulting in loss?—I do not think that has anything at all to do with the staff.

25. So that you are not prepared to quote that?—I am not going to quote accidents.

26. If I state that the compensation in connection with the Richmond and Sunshine catastrophes alone amounted to £250,000 would you deny it?—I should not be prepared to admit it unless I looked up the facts for myself. It may be so. I know a large amount was paid.

27. Do any of the Australian Stationmasters quoted by you perform postal duties besides their railway duties?—That I am not prepared to say, but I believe some do. I cannot say definitely.

28. Is there not a greater disparity between the pay of the managing officers and the rank and file in Australia than obtains in New Zealand?—Yes, there is, but for the purposes of this petition the Railway Department is not disposed to discuss with the institute the question of the pay of the management. That is a question between the managing officers and the Government.

29. Of course, you cannot say whether you are in favour of introducing a similar system in New Zealand or not?—The question as to whether Railway Commissioners are to be introduced into New Zealand or not is a question of Government policy. Yesterday I quoted the total working-expenses from 1882 to 1887 and 1889, and I reminded officers then and we all know what happened in 1887, 1888, and 1889 when the expenses went up, and I have come back now——

30. You read that yesterday?—Pardon me, you raised the question whether I am prepared to discuss the question of Railway Commissioners, and I am just reminding you——

31. I never asked any questions about Railway Commissioners at all?—Pardon me, you did. That is the inference. You asked me if I was prepared to say whether I agreed to the same system being adopted in New Zealand that is adopted in Victoria, and that is the Commissioner system.

32. That is not so: my question was, Is there not a greater disparity between the pay of the managing officers and the rank and file in Australia than obtains in New Zealand?—I answered that question, and you followed it up with the other.

33. Will you deny that the maximum salary in the lowest grade per annum, including house-allowance, for Stationmasters in Victoria now is only £4 10s. less than in New Zealand, and that the highest salary is £52 more; also that the privileges in regard to free passes are very much better than they are in New Zealand?—Where are you getting your £52? I stated yesterday that in any statement of comparisons for the purpose of bringing in house-rent the value of the houses would have to be based on the same principle as in New Zealand for the purposes of comparison.

34. Why is that?—Because you cannot take inflated rents into consideration in one place and the minimum in another. If the Railway Department, instead of charging a paper value, lets a house for £14, then, if you want to make a fair comparison between a Stationmaster here and a Stationmaster elsewhere, you have to take this value for the house.

35. But is not a definite amount allowed for house-accommodation in Victoria?—Not that I am aware of.

36. Would you be surprised to know that there is a definite amount allowed?—I have the book here, but I have not looked it up.

37. Will you look it up?—Yes. It says, "Stationmasters, if in receipt of less than £200 per annum, 17s. 6d. a week."

38. So that a definite amount is allowed?—Yes.

39. So that in regard to your point about similar rent and conditions there is nothing in it? —Yes, there is something in it. That is a paper value, and the comparison is still here. It is a house for a house.

40. Still, the fact remains that if a house is not provided they are allowed, where the Stationmaster receives less than £200 a year, 17s. 6d. a week?—Yes.

41. Will you deny that the maximum salary in the lowest grade, including house-allowance, in Victoria for Stationmasters is only £4 less than in New Zealand?—As from the 1st June, 1911; but you are dealing with 1910. As I explained the other day, what you are dealing with is a comparison in the statement furnished to me by the Railways Secretary in 1910, which I also quoted, and in which the pay of the Stationmaster was £130 per annum and a house.

42. This scale had been in contemplation for some time back?—It is not a question of what has been in contemplation for some time back. When I quoted 1911 the other day you were careful to get it struck out. For the purpose of being open, I read what were the conditions of pay in 1910 compared with our 1910, and then I read out what the conditions were under the new regulations, because I wished to be perfectly open with the Committee. I am quoting now the comparison to be made with those Stationmasters which I read out yesterday and advised the Committee——

43. But before you go on I want my question answered. Will you deny that the maximum salary in the lowest grade, including house-allowance, in Victoria for Stationmasters is only £4 less than in New Zealand?—I said as from June, 1911.

44. And that the highest salary is £52 more than in Victoria than in New Zealand, including house-allowance?—It may not be.

45. I am talking about the present condition of affairs?—Where Stationmasters have houses in Victoria I am not going to admit that they get a cash value of £52 per annum. You have got to assess the value of their houses on the basis we are doing here.

46. We simply wish to find out whether the statements you made so far as Victoria is concerned are correct?—Both the statements I made are correct. When you compare the business in New Zealand with the business in Victoria, then I say that the New Zealand Stationmasters in corresponding grades to what they are in Victoria would be getting from £50 to £60 a year less than we are paying.

47. That is what you say?—That is a fact.

48. Is it not a fact that the labourers receive 7s. to 7s. 6d. per day in Victoria, whilst in New Zealand they receive 8s. to 8s. 3¾d per day?—That is a fact, and the reason is that in New Zealand we pay wages which involve giving the greatest good to the greatest number.

49. Is it not reasonable that officers should receive in New Zealand proportionately increased remuneration?—No, it is not. You are urging that we should pull down the labourer to less than a living-wage, reduce the rank and file of the Railway service, to put it on the top end.

50. That is not my argument at all?—I said you are urging that.

51. That is not the inference to draw from my remarks at all, Mr. McVilly. What I want to ask you is that, considering the fact that the wages of the working-men are higher in New Zealand than in Victoria, is it not reasonable that officers should receive proportionately increased remuneration?—No, it is not.

52. Can you say whether Stationmasters in New South Wales perform similar duties to those performed by Stationmasters in New Zealand?—In a general way they do.

53. What do you mean by "a general way"?—Well, taking the general routine of station-work. Of course, I know that at larger stations——

54. But are you intimately acquainted with the work they perform?—I have just as much acquaintance as a Railway man can have after having personal observation.

55. Then are you aware that the Chief Booking Clerk in Sydney receives a higher rate of pay than the Stationmaster?—Yes, I am aware of that.

56. Does that not prove that the Stationmaster is not a superior officer in Sydney to the Chief Booking Clerk, and that the positions are not able to be compared with similar positions in New Zealand?—No, the organization is different.

57. Therefore the positions cannot be compared?—The Stationmaster in Sydney performs the same work as our Stationmasters do in the large centres.

58. Referring to Schedule C, Mr. McVilly, certain stations are mentioned, and I desire to ask you whether the duties of the Stationmasters in those particular cases are not at least equal to the duties performed by the Postmasters?—My recollection is that this matter was discussed yesterday.

59. I never asked you about Stratford or Marton—I was dealing with the combined stations?—My recollection is that it was dealt with yesterday. The comparisons made in Schedule C are: Stratford—Postmaster £315, Stationmaster £255; Marton—Postmaster £315, Stationmaster £255; Rakaia—Postmaster £260, Stationmaster £255; Takapau—Postmaster £260, Stationmaster £220; Temuka—Postmaster £260, Stationmaster £220; Wyndham—Postmaster £260, Stationmaster £200; Mataura—Postmaster £260, Stationmaster £220; Winton—Postmaster £260, Stationmaster £220; Otautau—Postmaster £260, Stationmaster £220; Waikouaiti—Postmaster £220, Stationmaster £200. In a number of those positions, until quite recently, combined work was performed. Having heard those positions read, do you not consider that the duties performed by the Stationmasters at those particular places are equal to the duties performed by the Postmasters at the same places?—The duties of Stationmasters and the duties of Postmasters are matters for two different Departments. The Railway Department, as I stated definitely yesterday, amply remunerated its officers for the services they performed for the Department. Whether the Postal Department overpays its officers for the work they do is a matter that should be discussed with the Secretary of the Post Office, and not with me.

60. So that you decline to give me an answer to my question. My question was, Are the duties performed by the Stationmasters at those particular positions equal to the duties performed by the Postmasters, and you decline to answer?—I have not declined to answer. I have stated the position. I am not going to discuss the Postal officer. You must discuss those with the Secretary of the Post Office. I say the Railway Stationmasters are amply remunerated for their work and responsibilities.

61. That is not what I want?—Well, that is the answer.

62. The answer is Yes or No?—Pardon me, I am not going to allow you to put words into my mouth.

63. Then I will put it this way: I put the question to you, and you decline to answer Yes or No?—I decline to discuss the postal business, which is under the head of another Department.

64. Do you consider, Mr. McVilly, that the officers were properly classified in 1908?—The officers have been properly classified in 1908 and every other year.

65. You stated in your evidence yesterday that the positions were reviewed every year: is that so?—Yes, that is so. I stated what was a fact.

66. Then I propose quoting to you a few stations where the traffic has increased, and I desire to know whether certain positions occupied at those stations should be regraded. The figures I will quote will show the increase in 1910 over 1908. Auckland Passenger-station: Increase of passengers, 1908–10, £46,109; increased revenue, £45,151; pay of Stationmaster in grade 6, maximum salary (less house-rent), £355. The Stationmaster is still at the same salary in 1910 as he was at in 1908?—Well, has the grade been pulled down?

67. Now do you consider that this position should be regraded?—I consider the position amply remunerated. It is for the management to determine the value of a position.

68. Then the position has not been reviewed every year?—It has been reviewed every year.

69. When was it reviewed last?—On the 1st April of this year.

70. Was it reviewed in 1909?—It was reviewed in 1908, 1909, 1910, and 1911. It has been reviewed every year, and the man who is in that position is in the position of other people I mentioned the other day—working through.

71. He is still in grade 6 notwithstanding the enormous increase in revenue?—He is still in grade 6. The increase in revenue has been compensated for by additions to staff.

72. Which carries more responsibility to the Stationmaster?—Oh, we know all about responsibility.

73. Palmerston North: Staff employed, 1908, 72; staff employed, 1910, 84; increase, 12. Increase passenger traffic, 13,708; live-stock increase, 4,864; goods tonnage increase, 1,551; revenue, £17,346: Maximum salary of Stationmaster—1908, £355 (less house-rent); 1910, same. You do not consider that that position should be regraded?—No, and the Stationmaster evidently concurs. He was offered promotion, which he declined to take. He was so satisfied with his position that he elected to stay at Palmerston North at the present pay.

74. That is no reason why it should not be regraded?—The Department is the judge of regrading. I have already stated that the regrading is considered every year, and in the opinion of the management £355 is a reasonable pay for the position.

75. Napier: Increased revenue, £3,866; maximum salary of Stationmaster—1908 (less house-rent), £355; 1910, same. What have you to say about that?—Yes, that is right. He will continue to remain in that grade till the management is satisfied that the grade of the station should be raised.

76. Timaru and wharf: Increased passenger traffic, 4,937; parcels increase, 9,677; live-stock, 11,041; goods tonnage, 47,714; revenue, £3,680: Maximum salary of Stationmaster—1908 (less house-rent), £355; 1910, same. Do you not consider that position should be regraded?—No, I do not.

77. Wellington Goods: Increased revenue, £18,733; maximum salary of Goods Agent—1908, £355; 1910, same. You do not consider that position should be regraded?—I did not say so. It may surprise you to know that it has been regraded in accordance with the review of the staff in April, 1911. On the review of the staff in April, 1911, certain positions were regraded and that is one of them.

78. Frankton Junction: Increase of staff, 13; increased hours open, 8½; passenger traffic increase, 10,732; revenue traffic increase, £7,486; Stationmaster, 7th grade, maximum salary £300 (less house-rent)—1908, £300; 1910, same. Do you consider that position should be regraded?—I consider that station is fairly remunerated for the work, and I do not think it should be regraded at the present time.

79. Feilding: Passenger traffic increase, 5,366; live-stock increase, 31,579; revenue, £9,441: Stationmaster's salary—1908, £220; 1910, £255 (less house-rent). Do you consider that man is sufficiently remunerated?—Yes, I do.

80. Hawera: Passenger traffic increase, 7,629; revenue increase, £5,551; Stationmaster, maximum salary (less house-rent), 1908 and 1910, £300. Do you consider that position should be regraded?—No, I do not. I consider those positions are fairly remunerated at the present time, and I have stated that when the Department is satisfied they should be regraded then the regrading will be done, and I have quoted instances in which regrading has taken place.

81. Marton: Staff increase, 10; passenger traffic increase, 8,421; revenue increase, £4,713; Stationmaster, maximum salary (less house-rent), 1908 and 1910, £255. Do you consider this position should be regraded?—I consider the pay attached to that station is reasonable for the services performed.

82. Stratford: Passenger traffic increase, 12,380; goods, 10,059; revenue, £4,738; Stationmaster, in grade 8, maximum salary (less house-rent), 1908 and 1910, £255. Do you consider that position should be regraded?—I have already stated the position with regard to regrading. I consider all those stations are fairly well remunerated for the positions, and when the Department is satisfied that they should be regraded, then the Department will consider the matter and give effect to it.

83. Eltham: Passenger traffic increase, 2,428; revenue increase, £1,891; Stationmaster in grade 9, maximum salary (less house-rent), 1908 and 1910, £220. Do you consider that this position should be regraded?—Not at the present time.

84. You consider he is adequately remunerated?—I consider he is amply paid.

85. Wanganui: Coaching and goods, increased staff, 45; revenue increase, £3,497; Stationmaster, grade 7, salary (less house-rent), 1908 and 1910, £300. Do you consider that this station should not be regraded?—That case has been fully considered by the Department, and the remuneration attached is what the Department considers the position is worth.

86. Notwithstanding the very large increase of 45 in the staff?—The increase in the staff has been put there to cope with the increased business, and the expenditure has gone up accordingly.

87. Foxton: Passenger traffic increase, 1,178; goods tonnage increase, 2,854; revenue increase, £4,352; Stationmaster, grade 8, salary (less house-rent), 1908 and 1910, £255. Do you consider that position should be regraded?—I consider that station is well paid.

88. Oamaru and Breakwater: Passenger traffic increase, 7,825: revenue increase, £5,165; Stationmaster, grade 6, salary (less house-rent), 1908 and 1910, £355. Do you consider that that position should be regraded?—No, it is not worth any more than Timaru.

89. The Booking Clerk in that position has been reduced from grade 9 to grade 10?—The position of the Booking Clerk has not been reduced. £220 a year was never assigned to the position of Booking Clerk at Oamaru. That happens to be one of the results of the Department puting up more men than it could place.

90. Gore: Passenger traffic increase, 11,201; revenue increase, £5,248; Stationmaster, in grade 7, salary (less house-rent), 1908 and 1910, £300. Do you consider that that man is adequately remunerated?—I consider he is fairly well paid for his work.

91. Do you consider the Booking Clerk at Christchurch is properly remunerated in view of the fact that the revenue has increased by £1,594, the total revenue being £79,525 in 1910, and he only receives £220?—I think I have given you the answer to that question already. I have stated that all positions are reviewed at the end of every financial year, and that the Department itself attaches to the position the pay that the management considers is reasonable for the position held.

92. So far as those stations I have referred to are concerned, with the exception of Feilding, how long have those in the North Island been at the present grade?—In order to answer your question I will place on record now the gradations of all the stations in New Zealand from 1895 till 1911. That statement gives all the stations and shows the exact positions they were in. [Statement put in—Appendix B.]

93. Will you first confine your answer to those stations I have mentioned?—I am going to put this statement in, and it deals with every station in the New Zealand Railways, and I have also the summary here. [Produced.]

94. I was quoting from 1908 to 1910, and this is no answer to my question?—You have quoted figures to show nothing was done, and I am putting in figures to show what we have done.

The Chairman: If you were making a statement, Mr. McVilly, you would be entitled to put that in, but as you are answering questions it is different. In the meantime what Mr. Ramsay wants to get at is a summary of some of the stations he has mentioned this morning.

95. *Mr. Ramsay.*] With regard to those stations I have mentioned in the North Island, with the exception of Feilding, how long have they been graded as at present?—Palmerston North, 1904; and others as follows: Hawera, 1902; Wanganui, 1902; Marton, 1905; Eltham, 1902; Stratford, 1902; Frankton Junction, 1907.

96. Now we come to the last point I propose dealing with, and that is the estimated cost of carrying out what we desire—that is, putting the Railway men on a similar classification to the Post and Telegraph Department.* Now, do you consider an estimate of the cost of ten years hence reasonable, seeing that the conditions in the next ten years cannot be estimated?—Yes, I consider that is reasonable, and the experience of the Department shows that all estimates we make in connection with these matters are understated, not overstated, for the time. I consider the figures I have quoted will be the lowest cost of giving what you say you want.

97. You also consider that an estimate of the cost nineteen years hence is reasonable?—I have simply indicated what the cost will be assuming the present staff—that is, the nineteen years, based on the staff as at 1st April, 1911—the additional cost if the Railway officers were brought under the Post and Telegraph Classification Act. Those amounts shown are in addition to the scale increases which have to be provided for, and I have told you that that amount in fifteen years would be £816,415 for that particular class. Then you have got to deal with the question of promotions, and by the time you have done with 278 men who have been promoted three times who will object to the automatic, and then 215 men who have been promoted about four times and would also have to be pushed up again, it would be £1,082,095, and in eleven years £83,000 in addition for scale increases.

98. That statement of yours was prepared on the assumption that the increase in the grade would be automatic?—This statement was based on the assumption that you were asking that the men should go up to £260 a year.

99. No, I will make that quite clear. We say nothing of the kind. Our point is this: That the present Railway scale of grade 10, minimum £120 and maximum £200, will become the ninth grade at the same minimum and the same maximum. The increase in the maximum will be nil, and the increase in the number of officers — ?—Pardon me, do you say the increase in the maximum will be nil?

100. That is right?—You propose to put 1,313 officers up and give them £20 more and you tell the Committee that the cost will be nil. You propose to make the bottom grade £220: that is putting £20 on to every man.

101. No, we propose to make it £200?—Then you propose to put up every man £40—the 278 men.

102. That is correct, yes—that is our proposal. We do not say that those men should automatically go up from grade to grade; we recognize that the grade barrier must exist, and that no promotions can be made from one grade to the other grade unless there are vacancies in the grade to which promotions could be made?—That is what you say in theory.

103. That is what we say in practice?—No you do not, pardon me. I asked the question yesterday before I quoted figures. I wanted to know exactly what it was the institute did want, because different members of the institute had made different statements. Mr. Ramsay, I think, in his opening address stated that they wanted the Postal and nothing but the Postal, and Mr. McPherson made the same statement.

Mr. McPherson: I did not make the same statement. I corrected Mr. Dennehy on the same point, and I also said we did not want any automatic scale, and still Mr. McVilly says that I did say that.

The Chairman: Well, you denied that yesterday, Mr. McPherson; but, in any case, if Mr. Ramsay were to ask now what he wants to know and state what the institute wants, and then ask Mr. McVilly what that costs, it would explain matters.

Witness: That is what I want to get at. I asked the question yesterday before I quoted my figures, and I certainly gathered from the reply that I got then that what was wanted was £220 to £260, practically the Postal scale. If that is so, then the position comes down to this: that if I am told exactly what you want, then I must go and make other calculations, because my figures are based on what we understood from the petition the institute was wanting.

* See Exhibit No. 7.

The Chairman: I understood that the institute wanted the bottom grade maximum salary fixed at £200.

Mr. Ramsay: Yes.

The Chairman: And the maximum of the next grade fixed at £260.

Mr. Ramsay: Yes; and the next grade £315.

The Chairman: The next question that arises is, what would it cost the Department if the bottom grade were fixed at a maximum of £200 and the next grade fixed at £260, promotion to take place as at present.

Witness: That practically means the tenth grade remains undisturbed.

104. *Mr. Ramsay* (to witness).] Yes, it would be called the ninth?—The Postal has a bottom grade of £220, and that is what I call the side-track, and that is for men like Telegraphists and men of long service.

105. In regard to your statement, you said the cost the first year would be £6,820: do you mean by that the elimination of the ninth grade alone?—I could not say for sure. I worked out so many figures that I could not say what those were based on. I want to make the position perfectly clear to the Committee. I worked out the position on what I understood the institute was wanting, and before I quoted my figures I was careful to ask because I was in doubt. Certain members had put certain positions, and according to my way of thinking were in conflict, and that is why I asked.

106. I have got a statement here and I propose to put it in. I will read it and give you an opportunity of saying next day whether this statement is correct or not.* Have you any objection to that?—No, I think not.

107. Our idea is that the tenth grade will remain, minimum £120, as at present, and maximum £200, but under the new scale it would be called the ninth grade. This statement shows that the total estimated cost in four years would be £30,260. The yearly cost of the proposed scale would be—first year, £14,625; second year, £9,010; third year, £4,555; fourth year, £2,070. That, as a matter of fact, is the very highest estimate that can be made, because we recognize that some men could not go up. I propose to put this statement in and give you an opportunity of going through it and saying whether it is correct or not?—Yes, I should be glad to do that, because I want to be fair over the thing, and if I have misunderstood the position, well, I can only say I am very sorry. I saw the difference between Mr. Dennehy and Mr. McPherson, and I think Mr. Ramsay in his opening address made some statement. All our figures have been worked out on the Postal scale, but I will look into this statement you have prepared.

108. *The Chairman.*] I want to know, Mr. McVilly, if the fines are classified according to the offences, or have individual officers the right to fix fines—that is to say, has a man at the Bluff the right to fix his own idea of what a fine should be, and the same with the man at Auckland, or is there a scale?—No, where a man is recommended for punishment, or where a man commits a breach of the regulations, the reports are sent to the Head Office, and then the matter is referred to the Punishment Board to review the evidence and make a recommendation, and that recommendation is finally reviewed by the General Manager, who agrees or modifies the fine of the Board as he thinks fit.

109. You gave us a list of officers who left grade 10 in 1910—the men who resigned?—Yes.

110. Could you give us a list of the men who left grades 9 and 8?—I could give a list of the lot. A statement was made that a number of officers had resigned, and I had a list of the men taken out who had resigned during the last eighteen months, and that was the list I read out.

111. For the information of the Committee I thought it might have been better if those who had left grades 9, 8, and 7, were also referred to as well as those who left grade 10?—I can split them up.

ROBERT CARHAMPTON MORGAN examined. (No. 14.)

1. *The Chairman.*] What are you?—General Secretary of the Railway Officers' Institute, Dunedin.

2. I understand you wish to make a statement in regard to clause 7?—Yes. The clause in the petition reads—"7. That the system of promotion in the Railway service is defective by reason of the fact that efficient officers have been superseded by junior officers without a satisfactory reason being given to the officers who have been superseded." I do not propose to go into the matter at any great length, but I recognize that a statement of that kind cannot be made unless we are prepared to advance something in support of it. I will take simply one instance which proves, in my opinion at all events, that the system of promotion in the Railway service is defective to a certain extent. The case I intend to quote deals with four men who were in grade 5 of the service in 1906. They were No. 3, No. 9, No. 11, and No. 15 in that grade. No. 3 was Goods Agent, No. 9 was Stationmaster, and Nos. 11 and 15 Traffic Clerks. In 1907 Nos. 11 and 15 had somehow got ahead of Nos. 3 and 9 on the D.–3 list, and the numbers then read 11, 15, 3, and 9. The two men who were superseded or passed over appealed, I believe, but the appeal was never actually heard, and they were informed that they had been replaced where they were before, and when the D.–3, 1908, came out they found that that was so. Nos. 3 and 9 were back in the same positions again. But in 1910 No. 9 had got ahead of No. 3, and No. 11 had also got ahead of No. 3, so that the numbers were 9, 11, 3, and 15. My argument, sir, is that some of those men were wrongly treated. Either Nos. 11 and 15 were badly treated when put back, or else No. 3 was badly treated when passed over, put back in his place, and then passed over again. Three of them had long service in the New Zealand Railways, and the fourth a lot of service in the Old Country and a fair amount of service here in New Zealand. No. 3 was brought out here as a Railway Manager for a start, and he has been passed over for a Railway Manager's position. I do not intend to go any further into that clause. There are other cases which can be looked up, I suppose.

* See Exhibit E.

3. *Mr. McVilly.*] Referring, Mr. Morgan, to No. 3, you say that in 1906 a certain position arose. Are you aware that the gentleman you have referred to went to the Appeal Board?—I understand that both went to the Appeal Board.

4. Are you aware that No. 3 went to the Appeal Board?—I am not aware of my own knowledge; I only understand so.

5. Do you not know that the case of No. 3 was actually put before the Appeal Board in Dunedin?—I was not aware that this particular case was put before the Appeal Board. I know he had a case before the Appeal Board, and that he lost it.

6. Well, on that occasion are you aware that the gentleman was advised fully as to what the opinion of the departmental responsible officers was respecting his qualifications and suitability for promotion?—No, I am not.

7. What was done with No. 9: is it not a fact that the positions held by Nos. 3 and 9 were regraded?—Well, there were a large number of positions regraded in 1908.

8. I am referring to 1906?—I could not say. It did not come to my knowledge before 1906. I understood that is how they stood in 1906 and previously.

9. Well, is it a fact that those two gentlemen were put back in their respective positions—that is, Nos. 3 and 9 as compared with Nos. 11 and 15?—On the D.–3 list in the following year.

10. Subsequently No. 3 was superseded by No. 9 and No. 11?—That is so.

11. Well, when No. 3 was superseded the second time did he go to the Appeal Board?—No, he did not

12. Do you know the reason?—He told me that he did not think it was any use, as the Appeal Board was no good.

13. In other words, he knew that the case that would be put before the Appeal Board would be such as to satisfy the Board that he was unsuitable for the position?—I did not take that to be his meaning at all.

14. Will you say what you understood?—His opinion was that if he went to the Appeal Board and got a favourable decision it would be of no use to him, because it would be vetoed.

15. Can you state any case in which the veto has been applied in a case of that kind?—No, I cannot.

16. Now, you spoke of this gentleman as a Railway Manager: do you know the line on which he was Manager?—Yes, I do.

17. Can you tell the Committee the salary that he received at the time?—No, I do not know that.

18. Was it an important line?—Yes, it was.

19. Will you tell the Committee where it was?—It was the Midland Railway.

20. What was the mileage?—I do not know.

21. And you say it was an important position?—Yes, he had been there for some years when the Government took it over. It must have been a fair mileage. The work had been in progress for a good number of years.

22. What would you call a large mileage?—With a railway of that description—a railway opening up new country—I should say a hundred miles would be a fair mileage.

23. Well, when this gentleman was taken over by the New Zealand Government Railways can you tell the Committee what position he was put in?—I am not quite sure. I think he was made Goods Agent to start with.

24. At what salary?—I do not know that.

25. Well, seeing that the Department took him over as Manager and put him into the position of Goods Agent, is that an indication that the Department would have done anything that was unfair to him or was unfairly disposed to him?—I cannot answer that question.

26. Well, would you not regard it in your opinion as being an indication that the Department was inclined to deal liberally with him—that is, to take a new man over from a small private railway and put him into an important position?—I should take it as an indication that they dealt fairly with him if they put him into a position equal to that which they took him from.

27. Well, can you give me any other cases like this in 1906 in support of your statement that the system of promotion in the Railway service is defective by reason of the fact that efficient officers have been superseded. That is a general statement?—That is so. I quoted this one case in support of it because I thought that would satisfy the Committee. I have another case if you wish it quoted.

28. Yes, I should like it quoted?—It deals with the case of a man a great deal lower down—in grade 8 now. He was in the old grade 8 when the new classification was issued in 1908. After the 1907 Act had been passed he was placed in new grade 8. The position as I worked it out is as follows: In 1908 you will find him in new grade 8, and just about the bottom number in that grade. In 1907 he was No. 180 in old grade 8, and 179 men of various kinds ahead of him. Of the first 74 of those 179 men 36 were promoted; 13 of the 74 names were missing, and 26 passed over for departmental reasons. Of the remaining 106, 2 names were missing, and that left 103 that were passed over. Then the next in order was promoted — the gentleman I have referred to. Everybody in the Railway knows that some of the 106 were not suitable for this position, and no objection could be taken to their being passed over; but there were some men who could fill the position which he was promoted to, and they were passed over and did not get a satisfactory reason. Any of those who asked for a reason got one, I think. I was in the service at the time, and applied for and was given a reason, but it was not a satisfactory reason. Other members got a similar reason. That is another reason why we consider that that system is defective.

29. Was this an ordinary position or a special position?—It was a special position.

30. Then a selection was made, is that so?—Yes, a very long way down the list.

31. The man was taken that the Department considered best qualified?—That must have been the reason why the Department took him. That is what we complain of—that in some of these cases, at all events, the men who are passed over because the Department does not consider they are qualified do not get an explanation of the reason.

32. Did any man who was passed over appeal?—Yes, one.

33. What was the result?—The result was that he tried to conduct his own case and failed.

34. Is it not a fact that he withdrew his appeal?—Yes, he failed to establish his case, and he withdrew.

35. He asked permission to withdraw?—I do not know whether he asked permission, but he withdrew it.

36. Well, others had the same opportunity?—They did.

37. And did not avail themselves of it?—No. There was one who asked for leave to appeal, but he had allowed the time to elapse, and was not granted leave, I believe, until later on.

38. Is it not a fact that this officer was told he could appeal and he did not do so; then subsequently he was told he could appeal and did not take advantage of it?—Yes, I believe that is the position.

39. Have you got any other cases?—No, I am not prepared to quote any other cases.

40. Those are five cases you have quoted?—I look upon them as two or three.

41. Very well, you quote those two cases to substantiate a general statement that the system of promotion in the Railway service is defective by reason of the fact that efficient officers have been superseded by junior officers without a satisfactory reason being given to the officers who have been superseded. You have admitted that one man appealed and then withdrew the appeal, and that another man had an oportunity and did not go on with it?—Yes, that is so.

42. Is it within your knowledge, Mr. Morgan, that officers in charge of men are invited by the Department to make recommendations annually in respect to the various men under them?—They are.

43. You are aware that is a fact?—Yes.

44. Can you say from your own personal knowledge if it is done—you worked under the supervision of the Stationmaster in Dunedin?—Yes.

45. Can you say whether he reviewed his staff and sent reports in?—Yes.

46. *Hon. Mr. Millar.*] You said an officer stated that he was afraid of appealing because the Appeal Board's decision would be vetoed?—That was the impression he conveyed to me.

47. Will you say how often a recommendation has been vetoed since the Appeal Board has been in existence?—No, I cannot.

48. Can you quote any case where the recommendation of the Appeal Board has been vetoed?—I cannot quote any case from my own personal knowledge.

49. Do you think it would be proper to hand over the control of the public purse to two junior officers of the Railway Department?—No, I do not think so.

50. Well, that would be the effect if the Minister had not the power of veto, and if the veto was taken away the control would have to be placed outside the Railway Department altogether?—I do not think that.

51. *Mr. Brown.*] In the course of evidence it came out that a man had been raised to a grade above owing to his having been ill, and he was ordered to a certain position where the climate might suit his health. Was that one of those men you referred to, Nos. 3, 9, 11, and 15?—No, that is not so.

52. *Mr. Ross.*] Are the officers or is the management responsible for the composition of the Appeal Board?—The Board was first of all set up by Parliament, I understand—they provided the machinery.

53. And consequently Parliament and the management is responsible for the composition of the Board, and not the officers?—I do not exactly see that the management are any more involved than the officers if Parliament set the Appeal Board up, as, of course, we know they did.

54. *Hon. Mr. Millar.*] The members of the Appeal Board are elected?—Yes.

55. *Mr. Ross.*] Then the Minister and the Government are responsible for the composition of the Appeal Board?—Yes, it amounts to that.

56. When the Minister asked you if you thought the Government would be justified in handing over the public purse to two junior officers in the Railway service, is that any fault of the officers that that position has been brought about?—No.

57. The responsibility was brought about by Parliament?—Yes.

58. *Hon. Mr. Millar.*] Parliament gave the power of veto, did it not?—Yes.

59. *The Chairman.*] Have the Railway employees, in your opinion, confidence in the Appeal Board?—Not as it is at present constituted.

60. Do you know if any fear exists amongst the men in the service of their being marked men if they appeal and if they oppose the Department before the Appeal Board?—No, I do not think such a feeling exists.

61. At any rate, in the First Division you do not think it exists?—No.

62. Well, should the present constitution of the Appeal Board be altered in your opinion and in the opinion of the Officers' Institute?—Yes, we consider it should be.

63. *Hon. Mr. Millar.*] Will you give us your idea of how the Board ought to be constituted?—Equal representation from the management and the staff, with a Judge of the Supreme Court to preside. The management have no representation on the Board now. You have some one to appear for you, but no representation on the Board.

64. That is to say, No. 1 Division and the management would have their own representatives on the Board, and the Second Division would appoint another representative?—Yes. We do not consider we have any right to ask for the abolition of the veto unless the Board were so constituted that the management were represented.

65. *Mr. Ramsay.*] The point of the institute is this, is it not: that where one officer supersedes another officer or officers, that the officer superseded shall receive a reason?—Yes, a satisfactory reason.

66. And I think in that direction representations were made by you as general secretary of the institute to the Railway Department?—That is so. I would not say by myself—it may have been made before I came there.

67. Representations were made by the general secretary to the Department that where officers were passed over they should be given a reason?—Yes, a satisfactory reason.

68. And did the Department make any promise in connection with that?—Yes, a promise was given that it would be done.

69. Did they ever adhere to that?—They might have at first, but it fell back into disuse afterwards.

RICHARD WILLIAM MCVILLY further examined. (No. 15.)

1. *The Chairman.*] You wish to make a statement in reply to the institute in regard to clause 7 of the petition?—Yes, sir. I submit on behalf of the Department that this is one of the most extraordinary statements made in the petition. Here we have a number of gentlemen representing the Railway officers of New Zealand. There are, at all events, five holding positions which they claim are responsible. Now, each of those gentlemen knows perfectly well that every year he has to report on the qualifications of every man working under him, and that those reports form the basis on which the various District Officers review the staff. I cannot speak from personal knowledge of what the practice is at the present moment on some sections, but I can say this from my own personal knowledge: that when the system was first inaugurated each District Officer obtained personally written reports from the various men in charge of the stations or goods-yards, locomotive-yards, and workshops, and all other branches of the service where a man had men under him. I know that at the present time the District Officers and the Foremen, Stationmasters, and Goods Agents confer at some time during the year respecting the men under them. When I say "confer" I mean that written reports are obtained in some cases—in fact, in most cases—and where the District Officer has any doubt I believe he makes further inquiry from the officer in charge of the man direct. Now, if this statement means anything it practically means that the Officers' Institute is admitting that the members of the institute are not carrying out in a fair way the responsibility of the positions they are in, they are not discharging the responsibility of the positions they hold, and that they are not giving the Department the benefit of their own opinions and information respecting the various men that they have under their control. Now, that is what it means when you come down to bed-rock, because, so far as the Department is concerned, nothing will give the administrative officers greater pleasure and an easier job than to be able to accept without question the recommendations that are submitted to them year by year, to be able to take the list and deal with that straight away without having to ask any further questions. But what are the facts? There is not a solitary year passes in which the Head Office does not write hundreds of letters calling attention of the District Officers to the fact that the recommendations for the year do not compare with the preceding year's recommendations. I may say this: that if a man is stated to be unsuitable for promotion, or is otherwise reported adversely on in, say, 1909, and when the recommendation for 1910 comes in that man is reported on favourably, the Department does not stick that up. If there is a doubt, or if the man has been in trouble during the year, we make inquiry from the District Officer to know whether he is satisfied that his latest recommendation—that for, say, 1910—is justified by the man's conduct. If we get an answer in the affirmative we accept it—that is, we give the man the benefit of the doubt. Now, that, I submit, is a reasonable precaution which ought to insure efficiency. That is what we want. The Department recognizes full well that the strength of the chain is the strength of the weakest link, and we know if we have got an inefficient man in any position that that man weakens our system; but the inefficient man gets into his position on the report of the officer under whose immediate control he is working. The head of the Department wants efficiency; he cannot possibly have a personal knowledge of every individual man in the service. There are any number of men in the service that I do not know except by name. All we can do is to deal with the men on the D.–3 list on the recommendations that are made respecting them. I propose now to let the Committee see how we deal with these matters, and I want to say this: that this method of dealing with the men is not something that is born of to-day or yesterday, but it is a system which has been steadily followed for the last eight years. I have not got here the recommendations for those men who have been mentioned, but I have got the action that we took as a result of the recommendations. I could, however, easily get the whole of the correspondence if the Committee expressed a desire that way. Now, when the staff was reviewed in 1903 an officer who had consistently been recommended year by year, and who was known to be a very excellent officer, was reported on adversely. Now, if the Head Office had been in the habit of accepting, as it has been contended that it ought to accept, unquestioned the recommendations of the District Officers—which, as I say, are merely the reflex of the officers in the lower grade in immediate control of the men—that man would have had a grave injustice done to him. We did not accept it. We compared the recommendation of the previous year with the recommendation of 1903–4. After those recommendations had been compared, wherever there was a difference against the man the matters were brought under my notice. This letter was written in respect of this first officer: "10th December, 1903.—In making recommendations on H/69, the qualifications, not the wishes, of each member are the subject for consideration, and the recommendation should be made on that basis alone. If a member who is fit for promotion to certain positions declines when offered he has to suffer certain penalties as a consequence of his action, but it is utterly wrong to make a recommendation which will place a competent

member in a false position, and result in his losing the promotion to which he is fairly entitled. Had Mr. —— not called attention to the matter he would have unjustly lost his position for all time, and as it is the Department is made to appear ridiculous. The position is quite indefensible, and the question naturally arises as to whether any other members in your district are in a similar position to Mr. ——. Please remark as to that phase of the question. Head Office has to be guided by the District Officers' recommendations, and these should be made with mature deliberation, and on grounds that can be thoroughly justified." We were corresponding with the district as a result of having compared H/69, and the officer himself became cognizant of the fact that he had not himself been recommended, and he also wrote. So far as the Head Office is concerned, it had no desire in 1903 to have anything but the right thing done. Here is another case in which the officer was reported for a long period as being inefficient, but when it came to a question of recommendation a qualified recommendation—a Yes-No kind of thing—was given. Head Office did not agree to that, and wrote—"As you are unable to recommend payment of increase in pay which would ordinarily be due to Mr. —— on 26th April, 1904, a certificate has been given in terms of section 7 of the Government Railways Department Classification Act, 1901, that he is not entitled thereto. Please inform Mr. —— accordingly. Your proposal that Mr. —— be informed that his case will be further considered in six months' time cannot be given effect to unless you are prepared to make a specific charge, and recommend withholding of salary for six months as a punishment." This was a case in which I say an inefficient officer was not recommended, but it was proposed that he should be allowed to slip through six months hence ahead of men who were recommended. That sort of thing did not commend itself to the Head Office. It wanted efficient men. 24th August, 1906, from Traffic Manager: "I enclose H/6 for Clerk ——'s scale increase due on 6th June. The report from the Stationmaster in regard to the progress of this member, whilst not being as favourable as might be desired, is not sufficient to warrant me in further withholding the increase. As Mr. ——'s progress at the time the report in connection with his scale increase was ordinarily due was not satisfactory, and as it is only now, apparently as the result of the warning he then received, that the increase can be recommended, I do not consider he should receive the increase before the date quoted on H/6—viz., 22nd instant. I enclose for your information copy of queries submitted to the Stationmaster as the outcome of considerable indefinite correspondence which passed in regard to Mr. ——'s performance of his duties, and copy of replies thereto. When advising —— of the decision to grant his increase this year I propose informing him that next year's increase will not be approved unless a substantial improvement is shown in his work, which must compare favourably with that performed by other members of similar service." The reply of the Head Office was: "The reports of the Stationmaster are most conflicting and unsatisfactory. —— is either suitable or unsuitable. He has been reported as unsuitable, and a number of statements have been made against him which, in view of the Stationmaster's memo. of 6th August, are not warranted. If ——'s work was improperly done and neglected, how does the Stationmaster justify the statement of promptness? Mr. —— also appears to have reported adversely without sufficient cause, if his memo. to —— is to be relied on. The Department cannot permit any unjustifiable reports to go unnoticed, and the further remarks of the Stationmasters are required." There were two Stationmasters and a Chief Clerk in that lot. In 1909 this man was still adversely reported on after the Head Office had gone to considerable trouble. I might say that an adverse report was not made on this man until he had got things in an absolute tangle, and the Stationmaster had to report adversely on him to put the blame on the man to save himself. "11th January, 1910.—In view of the unsatisfactory reports regarding Clerk ——, please call upon him to show cause why his services should not be dispensed with. He is to be given full particulars of his shortcomings." That shows the Department fought for the man as long as it could. It insisted finally on his going, but wanted the charges substantiated. It instructed that the man should show cause why he should not be retired, and that he should be given reasons. That shows that, so far as the head of the Department is concerned, he wants the men to know their position. When the charge could not be substantiated the man got the scale increase, but he was warned. When he did not improve he had to get out.

2. *Mr. Brown.*] Was it ignorance or inattention?—Both. The Stationmaster's report is here. We did not get a satisfactory report on this man till we changed the Stationmasters. "3rd December, 1909.—I am unable to add or take from what has already been stated in my 09/46 of 1st October respecting Mr. ——'s capabilities, or to offer any justification for withholding the execution of the General Manager's instructions. During Mr. ——'s career he has only qualified for filling the positions enumerated in my above-quoted memo., and also that of Shipping Clerk, but he requires to be kept under close supervision in order that his work may be kept up to date. This, to my mind, places him, taking his service and age into consideration, beyond any hope of ever redeeming his lost opportunities, or ever again regaining the confidence of the management. It is to be regretted that in his and that of the Department's interest he has placed himself in this very unfortunate position."

3. *Mr. Ross.*] The evidence goes in the direction of showing that the Department should have withheld his scale increases?—No. The position was that we had not enough to go on—we only had inference, and we want facts. As there was a doubt we had to give the man the benefit of the doubt. That is the practice we follow. If the management cannot be satisfied it errs on the side of making a mistake in favour of the man rather than the other way. That is the Court procedure, and I think it is supposed to be one of our planks of British justice. Now, here is a case in which a special position was vacant. The gentleman was leaving. "The officer next in rank, and who has had most experience in the work, is Mr. ——, and, although he is the best man in that branch, he is, in my opinion, not suitable; but if a man in the service is to be appointed, he is the man entitled to the position." Well, there is a Yes-No recommendation.

The Department looked into that, and as a result a second recommendation was made: "As already reported, the position can only be really satisfactorily and efficiently filled by a man with wider experience and other qualifications than are possessed by Mr. —— or any other officer at present in the service. Mr. —— has carried out his duties energetically and carefully." As a result of that letter and a personal explanation the man got the appointment. Then, after he had had it for a while, he found that the position was one that he could not satisfactorily fill, and he had to ask to be relieved, and he was relieved. "21st July, 1907.—Mr. —— has sent me the attached memorandum of application for promotion. His present rate of pay—£250 a year—is unquestionably too low for an officer occupying the position he does. Mr. —— is painstaking and trustworthy, and as the work has considerably increased in his office, and his present salary is insufficient, I recommend that he be promoted to the sixth grade at a salary of £260 a year." That is within three months of the date when the man had to ask to be relieved of his position. The head of the Department was never told that the man was not qualified. You have to hunt for all those things. Now we come to another case. This is a case that occurred in 1907. It refers to the Second Division, and it shows the trouble the head of the Department goes to to see the fair thing done. "If the only reason for withholding the recommendation for ——'s promotion to Leading Hand in 1907 is as stated—viz., that 'his experience has been too limited to qualify him for promotion'—please state the grounds upon which you recommended him for promotion in 1901, seeing that he was then more inexperienced than now. Also state how you reconcile your memo. of 4th September, 1907, with your previous communications wherein you have made the following statements with respect to ——: July 10, 1906: Leading Boilermaker—only two men suitable to act are —— and ——. July 11, 1906: Apart from case (for which he had been punished) he is a good tradesman and intelligent. August 4, 1906: It was on account of past irregularity, for which he was fined, that he was not recommended. February, 1907: You asked if —— could be allowed to act as Leading Boilermaker *vice* ——, and this was approved. —— acted as Leading Boilermaker for about eighteen days, and you should now state whether he gave satisfaction. You were distinctly instructed on 10th August, 1906, that the fact that —— having been fined in 1904 was not to debar him from promotion, and the reason now advanced shows either that the recommendations made prior to 1904 were made without due consideration or that the recommendation of 1907 is not capable of justification."

THURSDAY, 28TH SEPTEMBER, 1911.

RICHARD WILLIAM MCVILLY, examination continued. (No. 16.)

1. *The Chairman.*] Yesterday we were at clause 7, and you were giving evidence on behalf of the Department?—Yes. I was discussing, I think, the question of promotions. I propose now to read another instance of the failure of officers to carry out their duty in the matter of making proper recommendations to the Head Office respecting members of the staff. "28th May, 1908.—On your H/72 of the 21st May you recommended Mr. ——, Stationmaster at ——, for scale increase from £235 to £250 per annum, notwithstanding the fact that on the 19th May you found it necessary to make a special report in which you state that Mr. —— is not competent to satisfactorily fill the position of ——. In view of the conflicting recommendations made by you within two days of each other, I shall be glad to have your further remarks setting out the correct position. If Mr. —— is not capable of carrying out the work of —— Station, then it is evident that he is not fit to remain in grade 7. Any officer who is in a particular grade must be competent to fill any position in that grade. If he is not, of course he must be reduced. Recommendations for scale increases following an adverse report are valueless for the purpose of this office, and place the Department in an invidious position when dealing with the member concerned. If you are now of opinion after reflection that Mr. —— can satisfactorily carry out the duties of ——, then you should modify or altogether withdraw your report of the 19th instant. If, on the other hand, you are quite satisfied that your report of the 19th May sets out the true position, then the recommendation for scale increase must be withdrawn and an amended H/72 substituted." "11th April, 1908.—District Traffic Manager,—The remarks regarding Mr. ——'s record since being in charge of the booking office are not at all consistent with the certificates given on H/6's for scale increases. These have been regularly recommended, and the usual certificate of capability and efficiency given. If Mr. —— had not profited by the warning given by Head Office in July, 1906, the increase for 1907 should not have been recommended. The circumstances do not warrant his reduction at present, but he is to be distinctly advised that his efforts do not commend themselves to the Department, and unless an improvement takes place and is maintained his increase will be withheld and reduction will inevitably follow." In July, 1908, the Department had the same officers before them. "District Traffic Manager,—The irregularities disclosed by the recent audit inspection of —— Station indicate clearly that the Stationmaster has entirely ignored his responsibility for the proper conduct of the work generally, and failed utterly in the matter of supervision. Even when the series of short payments aggregating a large sum was brought under his notice by the Booking Clerk he failed to realize the position of affairs, and dismissed the matter from his mind in the most casual manner, and when he found by a chance inquiry a few days later that the matter had not been adjusted he allowed it to remain unsettled instead of at once personally investigating and adjusting it. Mr. ——'s inaction in this matter, and his general want of supervision as again disclosed, are the more reprehensible in view of the fact that he was clearly and specifically warned as the result of irregularities reported on a previous audit inspection. It is evident from the adverse reports

made on —— during Mr. ——'s *régime* that he is incapable of satisfactorily performing the duties required of an officer in the sixth grade, and in the circumstances I regret that it will be necessary to reduce him to the seventh grade and to remove him from ——. With regard to ——, it has from the outset been apparent that he was not qualified for the position of clerk in grade 9. He has signally failed ever since he was promoted, and must be held primarily responsible for the unsatisfactory condition of the booking office, and in the circumstances there is no alternative but to reduce him to grade 10. Please notify him accordingly. Arrangements will be made to transfer him to the North Island in connection with the changes that will shortly be necessary. With regard to Cadet ——, the position has been accentuated by the failure of the Stationmaster and Booking Clerk in the matter of supervision, and it has been decided to give —— the benefit of the doubt. He is, however, to be severely reprimanded and notified that his increase will be withheld for twelve months, and also informed that unless he forthwith improves in respect to both the accuracy and method of conducting his work his services will be dispensed with."

2. *Mr. Ross.*] What is the object of putting all this on record?—The object of this is that the Officers' Institute have made a statement in the petition to the effect that the present system of promotion is unsatisfactory because inefficient officers are promoted. I say that no officer is promoted unless the man immediately in charge recommends him, and I am showing now that the Stationmasters and other men in charge of clerks, and even District Officers, who are responsible for the recommendation of men to higher positions, are not making proper recommendations, and therefore they are placing the Head Office in a false position. It has got to fight from the 1st January till the 31st December every year to do the square thing and to get it done. It has to question a large number of recommendations, and I am reading copies of correspondence that has taken place respecting them.

3. But that last report had no bearing on the question of promotion?—Pardon me, it had. It had this bearing: Those men were promoted on the recommendation of the District Officers, who allowed inefficient men to remain in positions right within their own line of vision—under their immediate notice. They never made an adverse report until a series of irregularities were brought under the notice of the Head Office, and the Head Office took action.

4. It is not borne out in that last statement?—Pardon me, we disagree on that point, I think. "25th September, 1908.—At the last review of staff my recommendation was 'Scale increase recommended,' and I proposed that he should be classified in grade 4, maximum £450; but I observe from the D.-3 list just issued that Mr. —— has been promoted from grade 4 to grade 3 (£470 to £525). Had I understood that the recommendation for scale increase could be construed to mean promotion to a higher grade I would have reconsidered the matter, and I think it is to be regretted that my attention was not called to the matter, as I shall now have the unpleasant duty of declining to certify for scale increases, because I consider that Mr. ——'s services are amply paid at £450." I want to direct attention particularly to that. On the 30th September the Head Office then wrote: "Previous to 1st April last Mr. —— was classified in grade 3 of Act of 1901, which allowed him to reach £500 by annual increments provided certificate was not forthcoming that he was not worthy of the increase. The Act of 1907 could not take from him any rights he enjoyed under the previous Act, and he had to be placed in grade 3 (£470 to £525) from 1st April. If you are satisfied that his services are not worth any more than £470 per annum you should certify to same when next annual increment is due in April next." Now, up to the present time that officer, notwithstanding that first letter, has been recommended for his increase up to £525 by the same officer who told us in April, 1908, that the man was only worth £450. Now, what is the Head Office to do in a case of that kind? You compare the recommendations, you ask the officer responsible for explanation, and you are told Yes to-day and No to-morrow. When you give a man something which he is legally entitled to you are told, "If I had known such-and-such I would have recommended so-and-so." Then we say we cannot withhold from this man something to which he is entitled unless you are prepared to certify that he is not worth it and make a recommendation; but we do not get that recommendation. In another case a clerk was not recommended: we got one of those Yes-No reports. When we were asked whether, as this man had not had a chance to qualify in certain work, he was to get his increase or not, the answer was—"The question is, does —— give proper attention to his work and display a desire to acquire a knowledge of the business? If so, the fact that he has not qualified through lack of opportunity is not sufficient reason for withholding the increase. Please remark as to this." The remark we got to that was a recommendation for increase, and he has had the recommendation every year since. Here is another case.

5. *The Chairman.*] You are reading those, Mr. McVilly, to show that the Head Office is not responsible for keeping some of the men back, but that their own immediate officers are responsible?—Yes, that is so.

6. Well, I should like to draw your attention to the fact that in clause 7 the institute does not allege that the Head Office is responsible—it simply says that the system of promotion is defective?—Yes, I recognize that. We say it is not the system that is defective: it is the fact that the men who are immediately in control of those men and who are responsible for making recommendations do not do their duty.

7. Could not that be the result of the system?—No, sir. I take it that no system—it does not matter what system you have—can be satisfactory if the man that you pay to take the responbility does not take it and does not conscientiously do his duty—then no system can be perfect.

8. But if you happen to know that in the Head Office, is it not the duty of the Head Office, then, to make the system as perfect as possible?—We endeavour every year to bring about a better state of things. Every case that comes under notice is taken up. It is very easy to make a statement that the system is this or that or the next thing, but the efficiency of your system, to come

down to bed-rock, depends on whether the men who are charged with the duty of carrying it out—that is, from the lowest-grade Stationmaster or other member who has one man under him up to the top man—are conscientiously doing their duty or not. That is what you come to; and if your men do not conscientiously do their duty there is no use blaming the system. As far as I am concerned, I do not wish to labour the question at all. The Department has made a certain statement in the report dealing with this question.

9. I see no objection to your putting it on record, but, honestly, I cannot see that it has any bearing. My own opinion is that, wherever the defect is, if the system is defective as alleged by clause 7, then the Railway Officers' Institute is correct?—The Department maintains that the system is not defective. It is perfectly well aware of the fact that the men who are responsible for making the recommendations, in many cases, are not doing the right thing. In the report in reply to the petition the Department makes this statement: "The system of promotion commences with the men in the lower ranks who are in charge of one or more men. Each such person is annually asked to report to his superiors as to the suitability of the various men under his control. Those reports form the basis on which the qualifications of the respective men are considered for promotion, and on which their increases in pay and promotion are granted or withheld. A country Stationmaster with one or two men under his control has to report to his Traffic Manager respecting those men; other officers having a larger number of men report similarly to the officer in charge of their district. Finally the District Officer reviews the whole position in conjunction with the heads of branches, and the latter in due course transmit to the Head Office their recommendations. These, as already stated, are based on the reports of the officers in immediate control of the men, and promotions are made from time to time as vacancies occur, the men who have been recommended being taken in turn and placed respectively in positions for which they are deemed to be suitable. There are, of course, many instances in which officers are recommended for one position but considered to be unsuitable for another. In such cases, should the position vacant be one for which the senior officer is stated to be unsuitable, the first suitable man below him is promoted. Moreover, it is the invariable practice of the Head Office to compare the recommendations made each year with those for the preceding year, and whenever there is a variation which is against the member concerned inquiry is at once instituted and finally completed before the last recommendation is acted on. The greatest possible care is exercised in making promotions, and no member who is recommended as being suitable for the position vacant is passed over." Now, that is the reply of the Department to that statement, and at the outset it is stated definitely that if the statement made by the institute is made seriously it amounts to neither more nor less than an indictment against members of the institute for dereliction of duty. I have any number of other cases here. This trouble is not confined to the First Division; it is just the same with the Second Division. The Department wants to do the right thing—it wants to protect the man, and it wants to protect its own interest. It wants efficiency the whole time. Now, it has been admitted during the course of this inquiry by representatives of the Officers' Institute that they are aware of the fact that officers in charge of the men are regularly consulted every year, and have to report on the men under them. Very well. Under the system of promotion, before it is finally dealt with, the head of the branch is given a complete list of every man in his particular branch. He goes round from one end of the country to the other; he confers with each of the District Officers, with each of the Foremen, and, I understand, with the principal Stationmasters in the main centres. He sees the reports those officers have made respecting the members under their control, and in conjunction with the District Traffic Manager or other District Officer he then makes a recommendation respecting every man in his branch of the service. When these recommendations come to the Head Office we take the previous year and compare them. If the recommendations are the same we assume they are correct—that is, providing no serious complaints have been made against any of the men during the year. If there have been serious complaints, then a request is made to the superior officer for a report, and he is asked to state specifically whether, in view of the irregularities committed during the year, he is satisfied his recommendation is correct. If he says Yes or No you have to accept that as final. If the recommendations for two years are different, then the Department questions every one and wants to know exactly the reason. If a recommendation is withheld one year, or is favourable one year and not favourable the next year, then we want to know the reason why an unfavourable recommendation was given. Where a man has been recommended favourably for several years consistently—there have been cases in which we have probed into matters concerning specific men over a period of two or three years—we go carefully into the whole matter, because the Department wants to see justice done to the men; it wants to see the men get what they are entitled to, and at the same time it wants efficiency. It is an easy thing to make a general statement such as you have got here—"That the system of promotion in the Railway service is defective by reason of the fact that efficient officers have been superseded by junior officers without a satisfactory reason being given to the officers who have been superseded"—but every man who is in charge knows perfectly well the reason why one man is superseded by another, and I want to say this in that connection: I would like to ask members of the institute—those who are in responsible positions—how many of them tell the men who are passed over, and who inquire, the reasons why? There is hardly a day passes by but what I have men, sometimes more, sometimes less, sometimes there is a procession, sometimes an odd man, but there is not a day that ever passes but what I have got men calling at my office and asking, "Can you tell me why I have not got an increase—why I have not been promoted? And can you tell me so-and-so." My reply invariably is, "Have you seen your Foreman, or Stationmaster, or Inspector," as the case may be. The reply invariably is, "Yes, and the Foreman says he is perfectly satisfied with me." I just ring and ask a clerk to bring in the papers of So-and-so, and then I say, "This is why you are not recommended, Jones; this is your Foreman's report." I then say, "Did you speak to So-and-so about it?" "Yes." "Are

you speaking the truth?" "Yes." Then I say, "Very well; you go back and tell your Station-master, or Foreman, or Inspector of Permanent-way, as the case may be, that now you know the reason why you have not got your increase or promotion." That is, they have told the Department No and told you Yes. Now, that is the sort of thing we get. We take every one of those cases up right away. There is no case which comes under notice in that way which the Department does not immediately take up. Now, that does not show that the system is inefficient, but it does show that officers who have got men under their control, and who are responsible for their increases being withheld or otherwise, will not face the position when the man who has not been recommended comes along. They consider it is much easier to say, "Yes, I recommended you as a good man," than to tell the man they have not recommended him, and they pass the burden on to the Head Office.

10. *Mr. Ross.*] Why not make it a rule that a copy of the recommendation or report is sent to the man affected?—There is an instruction to that effect, and officers' attention has been called to the fact. When the matter was brought before the Minister by the institute he stated that the rule was in operation, and we reminded those concerned by sending out further instructions stating that every man was to be told when he was not recommended.

11. *Mr. Witty.*] Where you got a case where they had not carried out that instruction?—Well, we deal with them. We take up every case. I want to make the position quite clear in respect of what happens: where men are not recommended for an increase or promotion there are a few cases in which the men are told, but 95 per cent. of the cases are referred to the Head Office, either by the man coming in himself or by letter. If a man writes to know, a letter is sent to the Head Office by the officer, "So-and-so inquiring so-and-so; please instruct — reply." "Advise So-and-so that increase or promotion has been withheld because not recommended." The man gets this reply from the officer, "The General Manager directs me to inform you so-and-so," and puts the blame on to the General Manager, instead of stating the reason you were not recommended was because I was unable to give the certificate required under the Act, being dissatisfied with the way you have done your work during the past twelve months. Well, you cannot do more. There is no system on this earth that I know of that is efficient, or that can be efficient, where you have got that sort of thing to contend with.

12. If you compelled them to forward their recommendation in duplicate, and forwarded a copy back to the man, you would be sure?—The instruction is that wherever a man is not recommended he has to be told. If a man does not hear so far as the Department is concerned, it ought to be proof to him that his work is satisfactory, conduct satisfactory, and that a satisfactory recommendation has been made. The Department knows perfectly well that there are cases in which the first notice the man gets of an adverse recommendation is when he sees he has not got an increase or when he is passed over.

13. *Mr. Ross.*] When he sees the D.-3?—Yes. That is not the fault of the Department.

14. *Mr. Buick.*] Could you not have a rule that where a report is against a man a copy should be sent to him?—We have an instruction to that effect, and it has been in force since 1903, and the Department has from time to time directed attention to the complaints that have been made, and to the necessity for the instruction being carried out.

15. How would it be if the Department forwarded a copy of the report to the men?—What we do is, when the staff is to be reviewed, we send a form out with columns for positions to be filled in — "Not recommended" or "Recommended." There is a schedule with every man's name, and the officer reviewing the staff put in columns, "Recommended So-and-so; suitable for so-and-so." It is "Yes" or "No," as the case may be, and the District Officer who makes those recommendations and who is responsible for them has instructions to advise those of his men who are not recommended as to the reason. The Department cannot do more than take up, as it does, every case in which a man complains that he has been passed over. We take the case up straight away; and, of course, the position that then arises is that the people you are dealing with, those who are responsible, turn round and say, "If we make an adverse recommendation we are asked too much—we are told to do so-and-so or something else"; but they forget that the questions are only asked so that the position may be clearly understood, and that all they are asked to do is to make a *bona fide* recommendation and to tell the men that they do not recommend, giving them the reasons, instead of which they put the unpleasant duty on to Wellington every time.

16. *Mr. Witty.*] If you were to tell them it would be a guide to many, and they would be able to correct their faults?—We have done that, sir, and whenever a man's misconduct is brought under the notice of the Department he is always warned that he will have to make an improvement or something will happen.

17. *Mr. Arnold.*] Can you suggest any way in which the institute could control that?—No, I cannot, except this: that if the institute would use its influence, and if every member of the institute would do the square thing——

18. Perhaps all of those may not be members?—No, there is a number that are not. The institute say they represent 1,700 men out of 1,881, and, if that is so, then I say the members could be of great assistance to the Department if they would fairly and squarely do their duty. So far as the Department is concerned, it is quite prepared to uphold the superior officers when they do the right thing, but it wants to protect the men as well as to protect the officer. It has to protect them in every case in which it considers an injustice is being done. We hold that those men who are not recommended are entitled to know the reasons, and whenever they come here or write we inquire and then tell them, and we go to a very considerable amount of trouble before we tell them either Yes or No—if it is by correspondence—to ascertain whether, where adverse recommendations have been made, there is sufficient *bona fide* reason. Where there is a doubt we give the men the benefit of the doubt. That is, I take it, in accordance with the ordinary ideas of British fair play. If you have a doubt give it to the man, and if there is no doubt then

he has to stand the consequences. I have given this matter a very great amount of consideration, and I do not see how we are going to improve on the system—it ought to be effective. There is no question about that, but it depends on the human machinery—there is the human equation all the time. We used to be told, "Well, there is a different standard set by Smith to that set by Brown." Well, in order to provide against that we adopted the principle of sending round the heads of the branches, and they have specific instructions as to the conditions and requirements under which the review of the staff is to be made. They get the Foreman, they get the Station-master—at least, they get the principal ones—they get the reports of the others put before them, and I understand that they check every man in the service seriatim. If one man has been adversely reported on his record is looked up; if the man has served under six men during the year the six different reports are looked into and compared; questions are discussed and recommendations made. That is as far as you can go. I do not see what other method can be devised that is going to insure efficiency. Some people may think if you set up a Board and had half a dozen men travelling round it would be an improvement, but you would have nothing but trouble. You have got to rely on the men who are responsible and who are in immediate control of the people you are discussing; and I say, sir, that if the officers who are in control of the men would do the fair and square thing, that is all that is required. If there is any doubt about a man, say so—we can deal with the doubts. Instructions will be given, and the Head Office is quite prepared then to take all the responsibility for any decision it gives in respect to those matters. We are quite prepared in a case of that kind to uphold the responsible officers where they are doing the right thing, but we cannot uphold them where they are doing the wrong thing. If they make recommendations which result in injustices being done to men—that is, through increases being withheld without sufficient reason, or promotion being withheld when the man is qualified—then those people have to be taken to task; but, as I say, all the unpleasant work is passed on to Wellington. I do not see that I can say any more in reference to this subject, except that, whatever the defects, they are not the result of the system, but the result of the officers who are responsible for making recommendations, who have got men under them, and who ought to know the qualifications, not taking the trouble to make themselves thoroughly conversant with the qualifications of the men on whom they have got to report, or else shirking their duties.

19. Has the statement ever been made to you, has it ever been reported to you, or have you had a case in which a recommendation is not made because of personal feeling or jealousy between one officer and his subordinate?—Yes, that statement has been made, and it is not an altogether infrequent statement. In respect of that I might say this: that we go to no end of trouble in those cases to get right down to bed-rock. I am very glad you have asked that question, because I desire to make it perfectly clear from the Department's standpoint that it wants nothing of that kind. It wants the men to be dealt with fairly and equitably on their merits. I have a lot more instances here, but I quoted one case yesterday where the Head Office actually fought for four years. We wanted to be satisfied. The man was not next in order, so it did not affect his position, but he had been regularly recommended, and then all of a sudden there came an adverse recommendation. Well, the head of the Department said, "That is not good enought for me—I want to know why." I believe it was two years, not four, but it was a long time. There was voluminous correspondence, and we did not concur in the recommendation until we got down to bed-rock and found that the man was not qualified. We satisfied ourselves beyond any doubt that the withholding of the recommendation in one year was *bona fide*. We did not let it go beyond that.

20. So that you have not discovered in any case where the reason was what I have just stated?—No, I cannot say we have discovered any case in which you could honestly say that the man suffered from any personal spleen.

21. But it may be possible?—Yes, but if it is brought under the notice of the Department, of course the matter is at once taken up, and if a man comes along and says he is not satisfied with So-and-so, in a good many cases one of our remedies is to transfer the man. If we think Smith has got a set on Brown and we find there are grounds for suspicion but cannot get proof we say, "Very well, we will give Smith a chance elsewhere."

22. *Mr. Ennis.*] In regard to the instructions, Mr. McVilly, that were issued to officers to advise the men when not recommended for promotion, would they be issued to all the staff in charge of men?—The instructions are issued to every District Officer, and the District Officer is supposed to pass the instructions on.

23. It is not in the general Rules and Regulations of the Department?—It is a circular instruction issued by the Department in accordance with the common practice. Every instruction that is issued by the Department is not in the ordinary Rules and Regulations and Appendix; but this particular instruction was a circular instruction which was issued I think originally in 1903, and has been renewed from time to time by circular, and in many cases I have directed the attention of individual officers to the instruction by correspondence, and they have been suitably dealt with for not carrying it out.

24. Well, those District Officers may not have repeated that instruction to their subordinates?—They may not, but the position is that the Department takes it that District Officers who have instructions of that kind will transmit them to the men concerned.

25. But unless specially directed to transmit it they might not know they are expected to do so?—The trouble is that they generally transmit other instructions; some instructions which are intended to be private for District Officers are transmitted, and our general experience is that there is no difficulty of the kind you suggest.

26. Will you take my assurance that this instruction has not been transmitted to the staff generally?—At Invercargill?

27. Yes?—Well, I would be surprised if it has not. If it has not been it is not with the concurrence of the Department. If that instruction has not been transmitted, then the necessary steps would have been taken if the institute had directed attention to it, and I cannot call to mind that they have.

28. It would hardly follow that it would be our business to take up a thing like that?—But you know the institute did bring the matter under the notice of the Minister, and the Minister made a certain promise which you say he never carried out. Well, the instruction was in operation at the time, and the promise of the Minister was carried out, and attention was pointedly directed to the instruction issued in 1903. As we heard nothing further from the institute we concluded naturally that the instruction was being carried out and that everybody had knowledge of it.

29. Well, in regard to the system, Mr. McVilly, is not the difficulty this, that there are so many different officers reporting on other officers that you have variable standards of efficiency; one man has a very high standard and will hardly recommend any one for promotion, and another man has a very low standard and will recommend any one?—I have just explained that the object of sending round the head of the branch every year—I think that practice has been in force for about nine or ten years—is to insure a common standard. At the outset what you say was perfectly correct. Before we introduced the system of sending the head of the branch round we knew there were different standards, and we were constantly taking the matter up, but what we do now is that whenever a man is transferred, if he works under half a dozen superiors, all the reports are taken into consideration. I do not see what more can be done to bring in a common or uniform standard: it does not matter what steps you take, I do not see how you are going to arrive at a common standard of efficiency where you have got a large number of officers reporting on the men in any other way than by sending some one round who goes into the matter personally with them on the spot, and that is done every year. The standard at the present time ought to be on an absolutely uniform base, and I understand it is so, because I have raised this question myself with the heads of the branches, and they say every man on every section is reviewed as far as they are concerned on the same common ground, and they lay down in regard to each man in charge of the staff they are discussing that the requirements are so-and-so, and, in view of that, so-and-so. If one man does not agree, they take the requirements seriatim. They say, What is his conduct?—Satisfactory. What is his work?—Satisfactory. What is something else?—That is satisfactory or unsatisfactory; and the whole thing is gone through in that way categorically in respect of each of the men under review and with the men who are responsible and immediately in control.

30. But if there is a common standard, I suppose it is not suggested that every officer neglects his duty when reporting on the staff?—I am not suggesting that.

31. You read out some letters of officers neglecting their duty, but you do not mean to suggest that some would not be carrying out their duty to the satisfaction of the Head Office?—The cases I am dealing with are specific cases we have taken up, and they are only a drop in the bucket. They bear but a small proportion to the number of cases that do occur and are dealt with.

32. But I suppose there are some officers who do conscientiously report on the staff?—Yes; you put a general statement and I am dealing with particular cases. We know we have got conscientious officers in the Department who do the square thing. We know that others are too much inclined to be easy-oozy and not look for too high an efficiency. I think myself, when a man is not recommended, or when an officer is not satisfied with a man, that, instead of letting him slip, they should pull him up sharp and simply say that it does not suit them, and they would find that he would be a very much better man and the officers' duty would be rendered very much easier. The trouble is that the majority do not like to do the unpleasant thing. It is very much like having to go and kick up a row with a man on a private matter.

33. Would not that state of affairs exist while such a system is in operation? You will always get some men who do their duty exceedingly well, while you have other men who vary in other ways; you will get infinite varieties, and the more men you have the more different reports you will get?—As long as the world has been created there have been different varieties of men, and so long as that continues you will have different varieties of reports. That is where human equation comes in.

34. Would not the system be improved if the number of officers reporting was narrowed down?—I do not think so. I am speaking with some experience on the subject. If you narrow down the system, then eventually you have got to appoint a man to go round and take charge of every man from time to time during the year in order that he may personally acquaint himself with the individual qualifications of the various men. Now, how is a system of that kind going to work? You could not do it—it is impracticable.

35. Of course we might be able to suggest something in that direction if requested, but it is hardly worth while going into that here?—I should like to say that the Department is open to receive suggestions that will improve the service, and if the institute or anybody else can make a suggestion or suggest a system which is going to help towards greater efficiency, which is going to wipe out any of the troubles which you say now exist, and which I do not see we are going to overcome, then you can rely on it that the Department is quite prepared to give it honest consideration, and, if the scheme is found practicable, to adopt it; provided, of course, that the cost is not going to be so great as to kill the goose that lays the golden egg.

36. Do you not think, on the whole, that the system is not satisfactory?—No, it is not the system—it is the way it is carried out.

37. Seeing that all these irregularities can occur and will occur for all time, do you not think it is an unsatisfactory system?—No matter what system you have. the human equation comes in, and as long as the world is the world and different people are on it you will have these irregularities and troubles, because different men take diametrically opposite views of every subject under the sun.

38. Well, in the cases quoted the other day of Nos. 3, 11, 9, and 15, the four officers on D.–3, 1906. In 1907 Nos. 11 and 15 had gone ahead of Nos. 3 and 9; then again in 1908 the two men who were superseded were again put ahead of the two men who had previously passed them. Does

not that show some defect in the system?—No, it simply shows that certain recommendations were made and acted upon. Take No. 3: as I stated the other day, No. 3 went to the Appeal Board and lost his case. He has never been recommended for a position that has been vacant. No. 9 was not recommended at the time for the position that was vacant. Nos. 11 and 15 were men occupying positions that were considered to be special positions and to be worth more than the positions occupied by Nos. 3 and 9, and they were not shifted out of the positions they occupied. They had special qualifications and training.

39. But you see that one year two men are put ahead of two other men, and the next year those two men are put back again. Does not that appear to be peculiar?—No, it does not. It is merely an illustration of the fact that the Department does not want to do an injustice to any man, and if it is shown at any time that a mistake has been made the Department is prepared to rectify it. Although those two officers, Nos. 3 and 9, were not recommended at the time, there was considerable correspondence as a result of their complaints, and they were put back in their proper positions because the Traffic Manager stated that, although he could not recommend them for the positions held by Nos. 11 and 15, he considered the positions they were then occupying should be paid for at the same rate as the other two men. We rectified that straight away. Had he said at the outset that the positions were worth the money, then the men would have been put up at the time.

40. He changed his mind in twelve months?—Correspondence was going on the whole time.

41. Well, would they be given a satisfactory reason?—That I cannot say. I cannot say whether they regarded the reason as satisfactory. They got the reason so far as the Department was concerned.

42. But would not the reason that was given merely amount to a statement that they were not considered competent for the position?—That possibly was so, but then it is their business to find out from their immediate superior officer in what way he was not satisfied with them. We always tell the man immediately in control to advise those concerned, and he should give the specific reason. I do not know what is in the mind of the Traffic Manager at Invercargill if he does not recommend you. I would tell you you were not recommended, but at the same time that I told you that I should want to know from him the reason why, and I should tell him to tell you the reason, but I cannot read what is in the mind of the men.

43. Is it not a fact that the Managers do not give any further reason than merely to state that the man is not considered efficient?—I have already told the Committee that the Department tells the man whenever he asks the question. Whenever the Manager or responsible officer brings the matter before the Department and says, "What are we to do?" we say, "Advise the man that he was not recommended for so-and-so, and give him reasons," and the instructions state that the men are to be given reasons.

44. And if they do not do that, is not that another defect in the system of dealing with promotions?—There is the human equation again. We provide rules and regulations for the working of the Department; we know that certain men from time to time commit breaches of those rules which result in certain things happening, but that is not a defect in the system—that is the human equation. That is simply the result of a man not carrying out his instructions, and you cannot hold the system responsible for the failure of those men to carry out their instructions.

45. Another case quoted was No. 180 in grade 8. I think it is admitted he went over the heads of a large number of men?—Yes.

46. He was not on the staff of any District Officer, was he?—No, he was not on the staff of a District Officer.

47. And he passed over the heads of a large number of men who had been recommended for promotion by District Officers?—Yes.

48. Well, as to any reasons in that case, the District officers could not be expected to say more than that a man was not considered to be efficient. They could only repeat the reason they got from the Head Office in that case?—Well, they were told by the Head Office. I know the particular position you are referring to, and I should like to say this: that, as the man who is responsible for the carrying-out of the routine work of the Head Office, I recommended for the position the officer who, in my opinion, was the best qualified and best trained for the position that was vacant at the time, the man who had spent all his service at the particular work in the Head Office, who knew nothing whatever about station accounts, but a man who was absolutely the best fitted and the only man who could take up the particular work of that position—that is, the only man except seniors in the office—and I made that perfectly clear to the Appeal Board when the question was before the Board. It was made so clear that the man who did appeal asked permission to withdraw after the case had been gone on with, and I raised no objection to that course. Anybody else who was passed over, and every man who asked, so far as we were concerned, was told through the District Officer distinctly that they were not considered to have the qualifications which would enable them to take up the duty of that particular clerk.

49. But the particular qualifications required were not exceptional, were they: it was not pointed out to those officers in which particular respect they were deficient, so that they could qualify for such a position?—How many officers know anything about recording?

50. Members in all district offices know about recording—they have recording work to do there?—Yes, but to a limited extent. I know the member who appealed thought he knew all about it—he had been through a district office, but I was soon able to convince the Appeal Board that he knew nothing about it. The system is altogether different in a large office. Everywhere you find that in the large offices your Record Clerk is a specialist who is trained right up to it and who is kept there all his time, and that is what he is there for.

51. *Mr. Ross.*] Sometimes he has to do the work when he is a cadet?—Well, he is trained to do it. I know this particular man started copying letters, as others have done, and he has been there all the time. If I were to ring up and ask for a special paper in connection with a matter

that occurred fifteen years ago I could get it within a quarter of an hour. I should like to know where I would be if I had a stranger in the office and required papers to reply to a particular statement in five minutes. It would be absolutely impossible to carry on the work, and that was fully demonstrated to the satisfaction of the Appeal Board.

52. But that was not pointed out to the men passed over?—It was pointed out so far as we were concerned that it was a special position requiring special qualifications, and that the best man got the position.

53. *Mr. Ennis.*] That would not point out to them the respect in which they were deficient?—If you want to know specifically, we told them that they had not got the necessary training.

54. *Hon. Mr. Millar.*] As far as you know, the District Officers who are supposed to report on the men working under them, do they always give fair reports on the conduct of the men?—Well, so far as the Department is concerned, it makes every effort to see that they should do so, and we are constantly raising the question where we have any doubt. We want to see the men fairly and squarely dealt with every time.

55. Has it come under your notice at all that an officer having a good man under him has declined to recommend him in case he be taken away from him?—No, I cannot recall an instance of that kind; but I can call to mind where inefficients have been recommended so that they could be got rid of, and, further than that, when a case of that kind occurs—we had several of them—I finally adopted this plan of dealing with them: If I had a notion that A was being recommended because he was an unsatisfactory man and because So-and-so wanted to get rid of him, I took a good officer away from that district and let the officer of A's district keep A. We soon got down to A's value then. That effectually put a check on the practice that was creeping in of passing derelicts over to another man.

56. Could a system be brought in whereby a man could judge better as to the qualifications of the men than the system of the superior officer reporting on the men immediately under him?—No. Provided the man immediately in control will give a fair and square report of the men under him, there is no better system; but some of the men shirk the unpleasant duty of telling a man whether he is an unsatisfactory man or not—they pass it on to the next man, and the next man is the Head Office.

57. *Mr. Ross.*] Are you of opinion that little or no reliance can be placed on any of the recommendations of the District Officers in respect of members of the staff?—No; but I have said that there are cases in which District Officers have not done the right thing, and not only District Officers, but subordinate officers. The District Officer has to rely on the subordinate, when you come right down to bed-rock. The recommendation comes down to the man under whom the person works.

58. You are also of opinion that great difficulty is experienced in the Head Office in getting reliable information on which to base your decisions?—Yes, we recognize the difficulty, and do our best to overcome it.

59. And you say you have a procession of men sometimes coming into your office in regard to their positions on the D.–3?—I did not say "procession," but every day I have two or three, not always in regard to their position on the D.–3, but as to why they have not had an increase, and then I want to know why they have not got the information from their superior officers. It is not a procession exactly.

60. What you said was that you frequently had a procession of men on some days?—If I did use the word "procession" I meant it in a qualified sense. I meant that I might get one to-day and half a dozen to-morrow.

61. Then does not that cause you to realize that there is something defective in the system of promotion?—I have already stated that it causes us to realize that the men responsible for making the recommendations do not do their duty, and we take the matter up.

62. Have you investigated the systems of controlling the staffs in other parts of the world in big railway concerns?—Yes, I have.

63. And have your investigations shown you that the same system exists in other large undertakings or concerns as exists in this country?—My investigations show that where you have got a large body of men you invariably get a certain amount of dissatisfaction, and the system in operation in Australia—I speak from personal observation of the system in operation there—is no more perfect than our own; there is just as much dissatisfaction there. I saw a report last week that the Victorian Railways were seething with discontent. That was after receiving an increase of £115,000, the result of the Commissioners' generosity in bringing in a new scale of pay as from 30th June. There was seething discontent because the Smiths and Joneses and Robinsons did not get as much of it as they thought they should get. The shops were particularly bad.

64. If I were to tell you that in other large concerns in the world one section of the service—that is, the traffic section— is, as far as the management is concerned, divided into three divisions, namely, the staff, transport, and time-tables, would you say that is not so?—I am perfectly aware that it is so; but you come down to this: that the staff section is under the control of the general head. It is just exactly the same thing as we have here. When you get down to bed-rock you simply come down to the New Zealand system.

65. And, having a knowledge of that fact, you still continue to think that in grading a concern like our Railways, which is to-day very considerably needed, that it is a good system not only to have the Traffic Department in the hands of one man, but to have all the other sections of the Railways directly under the control of the one officer?—You have got to have some man. The man who is responsible for the administration of the Department has got to have the final say, and that is what happens no matter where you go. It is the same in New South Wales, in Victoria, and other States; the Chief Railway Commissioner is the man who has got the final say every time. He deals with the recommendations of the heads of the branches the same as the

General Manager in New Zealand deals with the recommendations of the heads of branches, and their recommendations are obtained in the same way as ours—that is, by consulting the man immediately in control of the men.

66. And you are of opinion that all that is necessary for the control of a large body of men such as you have in this country is the appointment of a junior officer to take charge of the records of those men, and to consult with you as to promotion or otherwise in connection with those servants?—Well, if this discussion is to take a personal turn I am quite prepared to deal with it, sir, in a personal vein; but I take it we are discussing the system, and I strongly object to any innuendo or any inference being made that I consult with a junior clerk on staff matters. I take the strongest possible objection to that statement, Mr. Chairman.

Mr. Ross: I would like you to answer the question. I was asking the witness, Mr. Chairman, in view of the fact of his knowledge of what is done in other parts of the world and from his experience of railway management, if he is of opinion that ample provision is made for controlling the staff by the appointment of a junior officer who has to hold the records and consult with the Chief Clerk in the Head Office from time to time as to the retirement or promotion of the various members of the Railway service.

67. *The Chairman.*] That reference to the Chief Clerk from time to time may be to any Chief Clerk?—The question put to me originally was to consult with me, and I am quite prepared to deal with the matter on personal grounds.

Mr. Ross: I do not ask to deal with the matter on personal grounds.

Hon. Mr. Millar: I desire to point out that nothing comes from the Chief Clerk to me at all. Every question of reduction or increase in salary comes direct from the General Manager.

Witness: I am quite prepared to answer that question, and I will say this: that the fact of the question being put in the manner in which it has been put indicates a complete ignorance of the staff system.

Mr. Ross: I distinctly object to Mr. McVilly being allowed to reply to a member of Parliament who is sitting on a Committee in the manner in which he has attempted to reply, and I contend we must have some little order in reference to our cross-examination. The question I have put has been ruled by you, Mr. Chairman, as being a perfectly proper one, and we must insist on getting an answer and having no reflections cast upon a member of the Committee.

68. *The Chairman.*] I would like to point out, Mr. McVilly, that your reply is not a reply, but really a comment on the question asked. The question, according to you, indicates a certain thing, but you are asked to reply to the question?—Well, sir, the system is not as outlined in the question. The records are not dealt with by a junior clerk. The recommendations come in from the heads of the branches, they are considered by the General Manager, and they are dealt with by the General Manager in accordance with the Act and the Regulations.

69. *Mr. Ross* (to witness).] Consequently your reply to my question would be "No"?—If your question refers to my dealing with the staff in conjunction with a junior clerk, the position is that it is not dealt with in that way.

70. *Mr. Arnold.*] I understand that what Mr. Ross wanted to know was whether you were of opinion that such a system would be satisfactory?—If the practice were for a junior clerk to deal with the staff and consult with the Chief Clerk, I say No, it would not be satisfactory.

71. *Mr. Buick.*] I am not satisfied with the reply to a question I asked. Do you not think it would be possible to have a system by which a man who had been adversely reported on would get a copy of that report so that he would know what it contained—say, from the Head Office or any one else?—Well, sir, the rule is that the man who makes the adverse report on the man has to advise him; and every instance which comes under the notice of the Department in which that rule is not carried out is promptly taken up, because we want the men advised—there is no doubt about that.

72. Do you think a copy sent to the man adversely reported on would have that effect—if it went direct from the Head Office?—All the Head Office gets is "John Smith not recommended." That is the first intimation we get, and we do not know the reasons until we have probably corresponded for some months.

73. *Mr. J. V. Brown.*] There has been a good deal said in connection with two men in a grade, Nos. 11 and 15, being put over the heads of two other men, Nos. 3 and 9. I want to know if this position could not occur: that a man might be a fairly efficient officer and be in a certain position; he might afterwards become careless and not attend to his work, or his health might become such that he was not fit to carry out the work. If that went on for a time, I suppose, while the man was in that state of health, if it was reported to the authorities another man might be put over his head?—Yes, certainly.

74. Although a man was third or fourth on the list, if you saw that his health was indifferent you would consider that it was risky putting him in the higher position, and you would pass over him and put another man in the position?—That happens every day.

75. And then afterwards if the health of the man improved or he became more attentive to his work he would get back to his position?—Yes, he would then be promoted in turn. Every man who is adversely reported on for any reason and then is subsequently recommended is considered, but some notice is taken of it when he is not recommended.

76. *The Chairman.*] I think you stated that men were recommended for promotion automatically?—Yes.

77. That is at the annual review of the staff?—Yes. What I meant by that was in regard to the increases more particularly. Generally speaking, a man is recommended if he is in a class which carries an increment whether his work is altogether satisfactory or not; and, speaking generally in regard to promotions, the men get the recommendations for promotion very easily. They are mostly favourable.

78. Then, if they go up automatically from, say, one grade to another—I am referring to grade more than scale increases—how do you account for the position at Invercargill where an eighth-grade man went up to the sixth grade? First, what was the position?—It was a Stationmaster, I believe, at the Bluff.

79. What was the grade of the man before he was promoted?—The seventh grade.

80. And he went to what?—To the sixth grade.

81. I thought he was in a grade below that?—Oh, no.

82. I thought he skipped one grade altogether?—Oh, no.

83. Not at the Bluff?—The Stationmaster at the Bluff is the man I am talking about.

84. I understood from some witness that some officer down there skipped one grade and went into a higher grade and filled that position?—No. The man I am talking about is the man who died—he was in the seventh grade before promotion—the man we put up temporarily till we could place him, and in the meantime his health became so bad that we could not shift him, and he was left there till he died

85. Would you say definitely that such a state of things did not happen, or that it would be impossible for such a state of things to happen, that a man could go from the eighth to the sixth grade?—No, I am not making a statement of that kind at all, because if the first man who was suitable for the position was in the eighth grade he might in a special case be put straight into the sixth; on the other hand, he might be put into the seventh and work through. It would depend on what the Department considered the value of the position.

86. If a man was put from the eighth to the sixth grade, do you not consider that would be a reflection on every man in the seventh grade?—It would be an indication that so far as the Department is concerned it did not consider that any of the men in the intermediate grade were qualified to take up the position.

87. Then why should they be in the seventh grade instead of in the eighth when they are less competent than a man in the eighth grade?—Because they may have got up previously by recommendations which might not have been justified by their work, and that officers responsible were not careful enough in making recommendations.

88. That is, you may have men in the seventh grade who should be in the eighth grade?—Yes.

89. And you discovered that subsequently and you did not regrade the positions?—The Department does not pull men down unless they subsequently misconduct themselves. If they fail they come down.

90. Then if you have a number of men in the seventh grade who should not be there, and you have in the eighth grade a number of men who are capable of going through to the sixth grade, do you consider that is a satisfactory condition and a satisfactory system?—Those men got up on their qualifications as represented by the reviewing officers, and in the absence of adverse reports, they could not be pulled down.

91. How could they get up on their qualifications if the recommendations were not reliable?—The men in the eighth or any other grade who are not recommended do not go up. It is only the men who are recommended that go up no matter what grade they are in.

92. I think you said some men were recommended who should not be?—Yes, a man may be suitable for the eighth grade but absolutely unsuitable for the seventh, but yet be recommended to go up.

93. Yes, I can understand that, but I cannot understand him being suitable for the sixth and not suitable for the eighth grade?—A man taken out of the eighth grade and put into the sixth is generally a man who, at the time the intermediate men were put up, was not in order for promotion and not considered at that time. He may have been a long way down the list, and in the meantime got up near the top.

94. You say that the reasons for non-recommendation are given to the men, or should be given. Is there a regulation bearing on that?—There was a circular instruction issued in 1903, and attention has been drawn to it since, but I have not got a copy here.

95. Then every man in the First Division, at least, is entitled to an explanation other than the simple statement that circumstances do not justify his promotion?—The officer who makes an adverse recommendation on any man in the service, no matter what division, is expected to tell that man that he has made an adverse recommendation and give the reasons, and he has instructions to do that.

96. There is one thing I have not been able to get at, and that is this: if all the superior officers under whom a man has worked have a say in his ultimate promotion, or if only his immediate superior at the time of promotion or at the time of recommendation or non-recommendation has a say in his promotion—for instance, say a man is working to-day at Wanganui under a particular superior officer, is it entirely in the hands of that superior officer to say whether that man is competent or fit to be promoted, or are also the recommendations of the former superior officers taken into account?—No. Invariably the position is that the officer under whom the man has worked for the last twelve months is the man whose recommendation is taken. If the man has been working under two or three officers during the twelve months, then each of those men are asked to report on him. If he has worked under Brown, then only Brown's recommendation is taken; but if he has worked under Brown and Jones and they disagree, then the matter is gone into and reduced to bed-rock, and the Engineer or Traffic Manager and the head of the branch are consulted and recommendations made.

97. But you only go back twelve months?—Yes, but we compare the recommendation of the previous twelve months with the last twelve months. Supposing a man is recommended last year and not this, then we look back and take two or three or four years to find out how long the man has been recommended, and then inquire why the adverse recommendation. If on the other hand there was an adverse recommendation last year and the recommendation this year was satisfactory, we raise no objection unless during the year the man has been guilty of misconduct which has been brought under the notice of the Head Office.

98. Supposing a man is employed at Christchurch and has given satisfaction for say three or five years, and he is then transferred to another place where he remains for twelve months under a new superior officer and does not give satisfaction?—Then we make inquiries of the other officer he has been longer with. We give the man every chance and make all possible inquiries to prevent injustice being done to him. If A recommends a man for three or four years and B who has had him for twelve months does not recommend him, then B has to state specifically in what way he fails. Then A has to report, and if we find a mistake has been made we take B's recommendation.

99. That is to say, you go back beyond twelve months?—Only for the purpose of ascertaining whether a man's conduct and work have been such as to show that a mistake has not been made by the last man.

100. The whole trend of your evidence this morning seems to indicate that the complaints regarding promotion should be made against the immediate superior officers and not against the Head Office?—Yes, those are the men who make the recommendations.

101. If that is where the defect is, is there any remedy?—As far as I can see I do not know of any remedy. We do our best to prevent promotion of the unfit or withholding it from the qualified, and remedy errors as far as we can. You are bound to have a man in charge of men, and as long as you have got that you have got to rely on the man put in charge. I cannot suggest any remedy, and I have given the matter very serious consideration.

102. Then you readily admit that there is a defect inasmuch as the immediate superior officers do not recommend strictly in accordance with the position of things?—That is so—we recognize that.

103. But you cannot suggest any remedy?—No, I cannot suggest any remedy. As a matter of fact, I do not see how we are going to do more than we are doing—that is, to deal with every case as it occurs.

104. Then, in your opinion the statement in clause 7 made by the Railway Officers' Institute is a correct one, except that the blame must not be fastened on to the Head Office?—My opinion is that the statement made there is practically a charge of dereliction of duty.

105. On whom?—On the members immediately in control of the men.

106. Supposing it were so, is it your opinion that that charge can be substantiated?—I have submitted cases which show that there are instances in which the right thing has not been done, and which the Head Office has taken up very strongly.

107. *Mr Ross.*] With regard to the Bluff position, where you promoted an eighth-grade man to a sixth-grade station, I understand that you informed the Committee that the reasons the Department had for doing that was because you had no suitable man in the seventh grade?—Are you speaking now of the present appointment or the previous appointment?

108. I am speaking of the man appointed from the eighth grade to the position of Station-master at the Bluff, which was at the time of appointment in the sixth grade?—Well, I cannot say now without looking the matter up. I have no information just at the present moment, and it is hardly to be expected that I can carry my mind back over every appointment made in the Railway service during the last six or seven years and the reasons therefor.

109. If I say that in giving evidence before the Committee you said that the reason of the appointment of the man from the eighth grade to the sixth grade was that you had not a suitable man in the seventh grade, will you say you did not give that evidence?—I am prepared to stand on the evidence I gave, and, further, I have no doubt the facts will be found to be as I stated at the time—that is, that at the time of the appointment there was no other man found to be suitable for the position.

110. Are you prepared to state that at the time the appointment was made that was the only person found to be suitable for the position?—In the opinion of the officers responsible for making the appointment.

111. In the circumstances, how do you account for the fact that Mr. Johnston, of Auckland, who for a long number of years had had experience at Port Chalmers and might be considered a satisfactory officer for the Bluff, was actually appointed to this position and the appointment was cancelled and no explanation was given?—I cannot say at the moment what was done in Johnston's case. I would have to look it up, and I am satisfied I will then be able to give a satisfactory explanation of the position.

112. I understand the object of the Department in causing the Chief Traffic Manager to visit the various centres at least annually is to enable him to confer with the District Officers with the object of securing a uniform standard of efficiency in the way of recommendations, and that the Chief Traffic Manager examines into the recommendations made by the District Traffic Managers with reference to the members of the staff on his section; is that so?—That is one of the purposes for which the Chief Traffic Manager and other heads of branches have to visit the districts.

113. That is one of the objects of the visits of the Chief Traffic Manager to those districts?—I have already stated that the objects of the heads of the various branches—I am not going to single out any particular officer—in visiting the districts when making the annual review of the staff is to enable them to confer on the spot with the officer in charge of the district and such of the men as are in immediate control of the staff as they consider should be consulted and to review on a common standard, which has already been arrived at, and to see that all recommendations are dealt with on that standard. As far as I recollect that standard was fixed ten years ago at least.

114. If the standard was fixed ten years ago and District Officers were fully informed of the standard, why is it necessary now to ask the heads of the branches of the service to make an annual visit for this purpose?—Simply because where you have got 13,000 men there are constant changes and you have to have them reviewed year by year. That is contemplated by the Classification Act and by the regulations. That is necessary in the interests of the Department and the public, and necessary in the interests of the staff and of efficiency. If the argument is to be applied in the direction of saying that you should get one recommendation in the year 1911 and

act on that recommendation in respect of the men in the service up to the year 1920, well I know what will happen then.

115. So that the duty of the Chief Traffic Manager and those other gentlemen who visit those other centres annually is not merely to inform the District Traffic Manager of the standard that is expected to procure promotion, but the duty goes beyond that and causes him to remain in that district a sufficient length of time to examine into the fitness or unsuitability of most of the members of the staff for promotion or otherwise?—The work the heads of the branches have to undertake in the various districts and the time taken over that work is fixed by themselves. All preparations for this review of the staff are made ahead of their visits. The district officers are notified some months before that the review of the staff is to take place on a certain date. They are informed by the Head Office. They are instructed to make themselves acquainted with the qualifications of all the members under their control, so that they can discuss the matter with the head of the branch and make a recommendation in due course.

116. The reply to my question should have been "Yes"—that the duty of the Chief Traffic Manager and the other gentlemen who visit the other centres annually is to examine into the fitness or unsuitability of most of the members of the staff for promotion or otherwise?—They discuss with the officers in charge of the various districts and the officers who are responsible for making the recommendations the suitability of each man in each of the districts, and they make recommendations accordingly.

117. At these annual reviews of the staff the relative positions of the members of the staff on that particular section are actually fixed in the district by the visiting officer and the District Traffic Manager or proper officer who is in control of that branch of the service?—I have not said so, and it is not so. The relative positions of the members of the staff is not fixed by the District Officers.

118. Will you tell the Committee what is the object?—I have stated the object.

119. Will you tell the Committee what is the object of the visit of the Chief Traffic Manager and other officers to the various districts annually?—I have already said that one object is to review the staff in conjunction with the District Officer and the men who are responsible and immediately in control of certain men.

120. So that in saying that little or no reliance can be placed on the recommendations made by officers, and the great difficulties experienced by the Head Office in arriving at a fair conclusion as to the proper positions the members of the service should occupy on the D.-3—in saying that you include those heads such as the Chief Traffic Manager and other similar officers dealing with other officers of the service?—I do not include those gentlemen at all. I have already stated definitely that they confer with the District Officers and the men who are in charge of the staff. They certainly go into the question of the qualifications of the staff and the recommendations, but they do not override the recommendations of the Foremen or Stationmasters or District Traffic Managers except in very rare cases, and in those cases the District Traffic Manager or the District Officer has got definite instructions to send in a report stating the cases in which he disagrees.

121. So that, on this review of the staff, if the Chief Traffic Manager or any other similar officer disagrees with the Chief Traffic Manager or any other similar officer, that disagreement is reported to the Head Office?—Yes.

122. And then the Head Office decides the matter?—After looking fully into the matter and remembering that the immediate officer in control would be likely to have the most intimate knowledge of the man concerned.

123. By what process of reasoning would you adduce that the Chief Traffic Manager and similar officers are exempt from this blame which you are levying on the other officers of the Department with reference to the improper recommendations that are made for promotion?—By the same process of reasoning that the blame for all disabilities suffered in the Railway Service is laid on the Head Office.

124. And in conclusion you would exempt the Chief Traffic Manager and similar officers from any blame in that connection?—I have said nothing whatever about exempting any one.

125. I am asking that question, Yes or No?—So far as the District Officers and so far as the heads of the branches are concerned, they do not personally know the qualifications of all the men; they have to be guided by the recommendations of those men under them who are in immediate control, and they simply transmit to the Head Office the recommendations of the other men after having made a careful review.

126. I think you told the Committee just now that when they disagreed with the District Officer it was their duty to report?—I stated that it was part of the duty of the District Officer, when he disagreed with the recommendation, to report the fact, giving reasons.

127. So that certain responsibility should be borne by the Chief Traffic Manager?—The reports referred to when received are nearly always sent back for further information, and the responsibility is borne by all.

128. So that the blame cannot be centred on to the other members of the service?—Oh, yes, it can. The chief officers do not discuss the personal qualifications; they simply see that the proper standard is adopted by those in immediate control when recommending—the uniform standard of dealing with the qualifications of the men in each district, so far as it can be done.

129. So that the only object of those men visiting these districts is to repeat this common standard and impress it upon the officers?—The object of their visit is to insure that the common standard will be worked up to and to see that the recommendations in regard to the individual members of the staff made each year are made on that standard.

130. *Hon. Mr. Millar.*] Under the Classification Act as provided in the Government Railways Act do we get the most efficient standard?—No, we do not.

131. Is there any incentive under the classification for any man to do anything beyond keeping himself free of trouble?—No. That is the undoubted result of classification. Some of the original members of the old council of the institute recognized that at the outset, and

pointed out then the evils that were going to result to the service by classification—that is, as far as efficiency is concerned.

132. And with the steady growth of the service it will become more apparent?—Yes. Automatic classification does not make for efficiency—it makes for a marking-time process.

133. Are you ever consulted by me in regard to any matter when the General Manager is in Wellington?—No, not direct.

134. All instructions from me go to the General Manager?—Yes, that is so.

135. All conferences in regard to matters affecting the Railway business is with him alone, unless he is absent?—That is so.

136. *The Chairman.*] In connection with classification, Mr. McVilly, you seem to be averse to it. You seem to think it does not provide for bringing the best men to the top in the service?—I have always been averse to classification.

137. Then who is responsible for it—the Department, the Minister, or who?—I can give you the history of the classification in a very few words. I believe the classification was evolved in the minds of two gentlemen who were in the service at that time and who are now in the service. They thought classification would be a glorious thing, a panacea for all the evils that they considered the men in the Railway Department were suffering under. It was the same old argument—everything was to be automatic. There was a conference of officers held, and I think they sat for four weeks, speaking from memory, during which classification was the main item. There was a very great diversity of opinion between the officers who knew something about these matters and the ordinary rank and file who probably thought that everything should be automatic. That was the one idea. Well, ultimately a majority carried classification; then a deputation went to the Minister of the day and submitted certain proposals. The Postal Department had a classification, which was in the days of its youth then; the scale of pay was better than the Railway, and our people thought that because the Postal Department classification allowed Postal officers to go up to £180, the classification of the Railway service was going to be the finest thing on record. They were told what was going to happen, and were advised that what they should do was to try and get a reasonable scale of pay, and if they wanted to know the relative positions of each man in the service that they should not endeavour to lay down a hard-and-fast rule, but suggest to the Government that a list should be printed showing the names of the members of the Department. So far as classification was concerned, it was strongly urged that it should only apply automatically to the bottom class, which was then £140 a year. Beyond that there should be absolute selection by merit by the officers controlling the Department. Men of experience in the service then pointed out, as men of experience have done ever since and are doing to-day, that a system of that kind would act as an incentive and result in every man in the service trying to make himself efficient to secure promotion, which would then have been by merit. Instead of asking for that, they urged and got classification pure and simple—they wanted nothing else; and now they say it is most unsatisfactory to them. From the Department's point of view, there is the same difficulty, and the good men complain all the time.

138. *Hon. Mr. Millar.*] And it has always been so from the Department's point of view?—Yes.

139. That statement in effect is that the classification is the result of requests that came from the men themselves?—Yes, that is so—the result of requests from the institute for classification in 1894, 1895, and 1896.

140. Are other Departments of the Civil Service classified?—The Postal Department is, but I do not know about others.

141. Do you know if the same complaints regarding promotion exist in the Postal Department under classification as exist in the Railway Department under classification?—Yes, sir, but it is not so pronounced as in the Railway. Not a week ago I met a man in the Postal Department who was complaining very bitterly because he reckoned he was one of the most efficient servants and had been superseded by some one else. Some one else had got the position by seniority, and he thought he ought to have got it by superiority. He wanted to be judge.

142. *Mr. Witty.*] The whole question in the petition is the question of promotion, which, of course, means, or should mean, increase in pay. You are putting in a lot of evidence showing that a number of promotions have been kept back by certain officers. Could not something be done to compel those men to give a copy of the report they send to Wellington to every man who is affected adversely?—The evidence I have read is not in the direction of showing that promotion is kept back.

143. Well, unfair reports which may have had a tendency to keep them back?—The unfortunate thing is that the tendency has been the other way. There have been, of course, odd cases in which efficient men have not been recommended, and had we not taken the matter up they might have suffered.

144. But a great many cases might be missed?—Yes; but it is very improbable, although possible. There is a standing instruction that every man who is not recommended has to be told. That instruction was issued in 1903, and we have directed attention to it pointedly since. As there seems to be this difficulty, I think I can say on behalf of the Department that we will issue a standing instruction and have it embodied in the working appendices, and every officer will be compelled to do a certain thing, and if he does not he will have to be dealt with.

145. Mr. Ennis put the question to you that at some branches or districts there is a higher standard—that is, one officer believes in a higher standard than another, and therefore it will not always work out fairly?—I have already pointed out that ten years ago a certain standard was set. Everybody was told we wanted efficiency, and for the past ten years the heads of the branches have gone round regularly and reviewed the staff with the District Officers. The object of that is to see the fair thing is done. I know some men may require a higher standard, but there is a uniform standard so far as the Department is concerned, and the object of the heads of the branches going round and consulting with the District Officers is to see that no man sets up too high a standard and no man too low, but that all are dealt with on an equitable basis and on a common standard as far as it is possible to do it. You can only explain to a man what you

want, and if he continues to set up a too-low or too-high standard, all you can do with him is to take up each case as it occurs. If according to his high standard a man is passed over, and that man has been previously recommended, we take that up and see that nothing unfair is done in that way.

JOHN GOODLET MCPHERSON further examined. (No. 17.)

1. *The Chairman.*] What are you?—Stationmaster at Woodlands.

2. You wish to make a statement in regard to clause 11 of the petition?—Yes. Clause 11 read as follows: "That the travelling-allowances payable under the regulations of the Act to relieving officers in grades 7, 8, 9, 10, being officers in receipt of maximum salaries of £300, £255, £220, and £200 per annum respectively, are, in the opinion of the members of the institute, insufficient to compensate relieving officers, and that if such allowances be compared with the travelling-allowances to officers of the Post and Telegraph Department in corresponding positions it will be found that the travelling-allowances are on a higher scale in the case of the Post and Telegraph Department than in the case of the Railways, as will be manifest from Schedule D attached to this petition." In the first place, Mr. Chairman and gentlemen, I will put before you the travelling-allowances paid to the Post and Telegraph officials: (1) While actually travelling on shore, 10s. per day; (2) while relieving, 7s. 6d. per day; (3) while at sea—first day 5s., each subsequent day 2s. 6d. Now, gentlemen, compare that scale with the Railways, which is as follows: (1) When the period at any place does not exceed seven days, 10s. per day for first three days, each subsequent day 6s.; (2) when period at any place exceeds seven days, the allowance per day for the whole time is 6s. per day; (3) while at sea—first day 5s., each subsequent day 2s. 6d. Railway relieving officers are almost invariably engaged at one station for from fourteen to twenty days at a time, and the allowance paid is therefore 6s. per day, as against 7s. 6d. per day paid by the Post and Telegraph Department. Now, gentlemen, I should like to put this before you in a plain businesslike manner, and to appeal to your commercial training and to your own experience in travelling throughout our Dominion. For instance, I am a Railway officer, we will say for example, in receipt of £200, and I go to the same town as a Post Office official who is in the same grade—that is, £200. We take up our respective duties, and you will find that we are staying at the same hotel. The Railway man, I take it, is not going to stay at a common hash-house at a difference of 1s. 6d. per day, and if he does stay there, what is the result? Do the people with whom he has to come in contact esteem and respect him? Do the public look up to him as they do to a Postal officer? Then, again, I would draw another comparison. A man in the next grade, which is £220, or right up to the £300 grade, may be relieving, and the man in the Post and Telegraph Department who is receiving £200 as against the Railway man's £300 is getting more allowance than the Railway man. Consequently the public look on that Post and Telegraph man as superior to our officer at £300 on those expenses. Then, gentlemen, for the relieving officer travelling round, the hours on the railways are so irregular that it cannot be expected that we can stay at any town in the Dominion and not have to pay extras, which the Post and Telegraph man, who works more regular hours, does not have to pay for. For instance, the Railway man has to be out earlier in the morning; he has to make special arrangements in many cases to obtain his meals, and you know that you do not get that for nothing. The cost of living enters largely into this matter. Why, if previous to the regulations gazetted on the 19th May, 1910, the Railway man was entitled to the same allowance, should he not be entitled to the same or more to-day? Compare the tariff for lodging then and now, and what do we find? We find that the question of the cost of living has become so serious that the Government of the day, it is understood, are going to set up a Royal Commission to inquire into the matter. Is not that proof that the cost of living has increased? And surely on that principle these expenses must be fixed. I think that is proof positive that we are paid too low in the matter of travelling-expenses. A good deal has been said about what the institute does in connection with one thing and another, but if the Railway Department followed the practice of the institute in this matter they would pay us the same as we are being paid when away attending to the business of the institute. Members of the Committee may be inclined to think that this is a small matter, but it is not so with us. If we are to have men who are to represent the Department properly both efficiently and socially, and whom the public are to look up to, then you must pay them a proper relieving-allowance. It has been asserted that the position of relieving officer on the Railways is eagerly sought after and reluctantly relinquished, but I know that in a great many cases that is not so. I have been told on many occasions that the men would not have taken the position but for the fact that they thought it might result in ultimate promotion, because the relieving officer must of necessity become a more efficient officer. He goes to so many stations and attends to the various duties from A to Z, and therefore obtains a wider experience and more knowledge of the requirements of the Department than the man who is kept in the one position. I do not think I have anything more to say on the question of relieving officers' expenses.

3. *Mr. Ramsay.*] I think some years ago the usual annual leave period was eighteen days?—No, sixteen days.

4. So that an officer in the Post and Telegraph Department relieving an officer would get sixteen days at 7s. 6d., and as regards the Railway man there would be sixteen days at 6s.?—That is so. The amount received by the Postal officer would be £6, and the amount received by the Railway man £5 8s.

5. Including the two Sundays?—Yes, that is so.

6. You have no reason to suggest that the Railway man can obtain board at a cheaper rate than the Post and Telegraph man?—No.

7. *Hon. Mr. Millar.*] What is the object of giving the travelling-allowance at all?—The object, I presume, is to compensate the man for the additional expense he is put to.

8. Is he supposed to make money out of it?—No, sir.

9. How many officers live in the Railway officer's house during his absence when relieving?—I have never yet inhabitated any of the Railway houses. I have always gone to the best accommodation-house or hotel, and have paid up to 8s. or 10s. a day.

10. How much does the relieving officer get under the present scale for the fourteen days: there are three days at 10s.—that is £1 10s.?—Yes.

11. And eleven days at 6s. would be £3 6s.?—His allowance falls to 6s. a day after the first three days.

12. And for the fourteen days how much would he get?—£4 4s.

13. In the majority of the country towns where the relieving officers go, how many hotels or accommodation-houses are there in each place, on the average?—I cannot say that, now that we have done away with the hotels in some places.

14. You have been a relieving officer?—Yes.

15. Have there been many occasions where you have gone to a country town where there has been only the one hotel?—Yes, many occasions.

16. How much have you paid, on the average, for board and lodging?—I have been charged from £1, £1 5s., up to £1 10s.; and that does not include washing and extras.

17. According to your evidence, you have paid from £1 up to £1 10s., and you draw £2 2s.?—Yes; but you must remember I had to retain my room in my own quarters. I was single in those days and was boarding. I was paying £1 a week, and extras for washing, and when I went away I had to pay 10s. a week to retain my room.

18. That is, 10s. for your room and £1 10s. for your expenses, making in all £2?—Yes.

19. And you drew £2 2s.?—Yes.

20. Were you out of pocket?—I do not think a man can go about a country place without spending 2s. in a week now and again for extras. He cannot bring it out in a voucher.

21. In which way?—If you want anything extra you have to tip a waiter or waitress, and I know what that costs me sometimes. If a Government servant wishes to uphold his dignity and to be efficient, like Mr. McVilly wants us to be—and I say he is quite right—we have got a certain position to keep up.

22. If in those places where there is only one hotel a Postal officer went relieving, where would he stay?—At the same place, and pay the same rate as myself; and why should I receive only 6s. to his 7s. 6d.?

23. I will put in the latest reduced Civil Service Travelling-allowance Regulations?—You are aware that the regulations were issued since this petition was framed.

24. *Mr. McVilly.*] In regard to the scale of travelling-allowance, Mr. McPherson, are you discussing now the general question of travelling-allowances or merely relieving officers' expenses?—I said we would take this clause on its own.

25. The schedule is headed "Comparison of Travelling-allowances." That is general?—"Comparison of Travelling-allowances paid to Relieving Officers in the Post and Telegraph Department and Railway Department."

26. Well, we will deal with them from the relieving officer's point of view. How long is it since you were relieving?—It must be nine years.

27. Now, was it not your experience that the relieving-expenses paid at that time were more than sufficient to cover the cost?—The relieving-expenses paid at that time were sufficient to cover the cost, as I stated to the Hon. Mr. Millar, with a few shillings to come and go on for extras. I may say that when you are putting that question it would be just as well to ask what the cost of living was in those days.

28. Now, if the Department allows its relieving officers a sufficient amount to cover their out-of-pocket expenses, what reason is there for incurring additional expenditure to provide them with luxuries?—Then I understand that Railway officers are not to have luxuries?

29. The question is the sufficiency of the relieving-allowance. You have admitted that the allowance is sufficient?—I admit that the allowance paid to me in those days was.

30. Then, can you tell me what the cost is to relieving officers at country hotels—at those places where you say they go relieving for from fourteen to twenty days?—No, I could not give you the cost at the different hotels. I know that in the no-license districts, such as Mataura, Gore, and Edendale, the cost of living at accommodation-houses at those places has gone up.

31. What is the charge per week?—The lowest charge that I know of was £1 2s. 6d., and that did not include washing.

32. To meet that charge of £1 2s. 6d. a relieving officer gets from the Department £2 2s.?—That is so.

33. Assuming he has to retain a room, an average of 10s. is a liberal estimate?—I say that is what I paid.

34. That brings the cost to £1 12s. 6d., and leaves 7s. 6d.?—Yes; and then there is washing.

35. 7s. 6d. a week will pay the washing bill of most of the relieving officers, will it not?—It may.

36. Do you not know from experience?—No. If I had thought this question would come up I should have gone into it.

37. At all events, you get £2 2s., your board is £1 2s. 6d., retention of room 10s., and you have 7s. 6d. left to pay washing and contingencies?—Yes, that is so.

38. You have quoted the Postal Civil Service Regulations?—Yes.

39. Now, are your arguments not in the direction of showing that the Post Office is too liberally paid?—Not at all. I did not say that at all. I say that the Post Office officials are not too liberally paid.

40. Then, if you admit, as you have done, that £2 2s. which is paid by the Railway Department leaves a margin of 7s. 6d. to meet contingencies, does it not follow that if the Post Office men are paid at the rate of 7s. 6d. per day that they are being too liberally paid?—You are talking now about single men.

41. We do not need to discuss the question whether a man is single or married?—Well, in my opinion we have.

42. The position is that if a man does not like to have the position of relieving officer he has only got to say so. If he takes it, so far as the Department is concerned, the fact that he is married does not need to enter into the question at all. If he is married he has not got to pay 10s. to retain his room?—No, but he has to pay for rent.

The Chairman: This question as to whether a man is married or not must be left to the Committee. The witness stated that on the occasion he was relieving he was single.

Mr. McVilly: I wanted to know whether we were discussing the question of whether a man was single or married, and that is why I was asking the question.

The Chairman: You can put the question to him.

43. *Mr. McVilly.*] If a man is married he has not got to pay 10s. to retain his room?—No, but he has got to pay perhaps anything up to £1 10s. a week for rent.

44. Would he not pay that £1 10s. for rent irrespective of whether he was a relieving officer or not?—Yes, if he was at home; but then he would live at home and not incur additional expenses.

45. The additional expenses you have already stated. If your board is £1 2s. 6d. per week and you get £2 2s., then you have a margin of 19s. 6d. to meet contingencies?—But you would have rent to pay, and there is cab-hire and other things.

46. Is it not a fact that cab-hire is charged for separately?—I understood that you got 10s. a night for the first three nights. I have never put in a charge for cab-hire.

47. That is a contingency recognized by the Department and charged for separately?—Not in my case.

48. Do you know a case where you have charged porterage or cab-hire that the Department has objected? If you can state any such cases state them?—I will state them when it is time.

49. I will ask you to state, Mr. McPherson, any cases in which relieving officers have claimed for payment of porterage and cab-hire and the Department has objected?—Well, if you turn up the records you will find it has been so. I believe it is on record in the Head Office. It would be as well if the Committee could get some of the cases or files if we are going to deal with it in this way.

50. Can you state a case in which a *bona fide* charge for porterage or cab-hire has ever been stuck up when claimed by a relieving officer?—I cannot say from memory, but I have heard of cases which I believe were *bona fide*. If we thought we were coming before the Committee to discuss this question we should have made further inquiries as to what has been done.

51. You do not surely wish to imply that you have come unprepared to discuss a question which you set out in your petition?—No.

52. You are talking now about the question of the sufficiency of the allowance?—That is so.

53. Well, this matter I am suggesting to you must have suggested itself to you?—It has been suggested that Railway men shall have no luxuries, and I am quite sure if we had gone into the matter certain officers could have mentioned instances. Speaking for myself, the Department has never once stuck up anything, but I do not know that I have ever included cab-hires. I would not be sure. I have no feeling in the matter at all.

54. You have no personal knowledge of any such items having been stuck up?—That is so.

55. If the charge of £2 2s. covers all expenses, why should it be increased?—Why should it be reduced, as it was?

56. That is not the question. You are addressing yourself to the question of the sufficiency of the amount. This amount has been admitted by you to be sufficient to cover expenses, and why should the Department throw away money by increasing the allowance?—I am not asking the Department to throw away money.

57. You are complaining of the insufficiency of the allowance, and you are asking that it should be increased to the same as the Post officers are allowed. You admitted that two guineas was sufficient to cover expenses, and why should the expenses be increased to more than meet the out-of-pocket expenses?—I answered that question in my opening, and I said that if the Department expected us to uphold the dignity of the Department, and get the respect and esteem of the public, they must pay us a sufficient allowance to enable us to live in proper quarters.

58. You have stated that you always lived in proper quarters?—That is so.

59. And you have admitted that the allowance is sufficient to cover expenses. I want you to give us some reason why this amount should be increased?—I admitted that when I was a relieving officer I got a certain allowance which was sufficient, but that allowance has been reduced since then.

60. But you admitted that £2 2s. a week more than covered what it cost you?—Did I say two guineas? Pardon me, I did not say that. The reason that it should be increased is that at certain places the tariff is 8s. per day. That is the lowest. Then you have other expenses which the Railway man has to pay, owing to irregular hours and the conditions of his work. For instance, I had to pay for being called early. I did not always depend on the alarm clock, and if I had not been on duty at the proper time I should have been fined. I do not know whether I could have been forced to pay for that, but I had to pay to get my meals at hours that would meet the requirements of the Department.

61. Then, at those houses where they charge 8s per day, what is the tariff per week?—I could not say.

62. Do you mean to suggest that a man going to a place and staying for fourteen or twenty days would pay 8s. per day?—Yes, if he went to an 8s.-a-day house

63 Is it not a fact that officers who go relieving invariably make inquiries the first thing as to the terms on which they are going to stay?—No, it is not a fact, so far as my personal experience was concerned.

64. Well, are you suggesting that a man who goes into a hotel and is going to stay for fourteen days does not make any inquiries?—Yes, I have done that repeatedly. I have considered that my position as a Railway man I had a certain status and position which I was bound to keep up.

65. Is it within your personal knowledge that it is the practice for hotelkeepers in different parts of the Dominion to put this question to the men when settling up the bill, "Is this Government or yourself"?—No. I can only speak from personal knowledge, and it has never in my experience been the case. You are now trying to suggest something which I have no right to answer.

66. How long were you relieving officer?—I should say, for nine months.

67. In the Invercargill District?—Yes.

68. You cannot give us any reason why the allowance for expenses should be increased?—I did not say so. My replies are in the other direction.

69. Can you give the Committee any indication as to the expenses paid to relieving officers in Australia?—I do not know anything about Australia, and I do not wish to discuss it.

70. I saw you yesterday with a book containing the Australian regulations?—I object to this question.

Mr McVilly: I want the witness to read out the allowance paid to relieving officers in Australia and Victoria.

The Chairman: I do not know that you can ask him to do that—in fact, I do not know that it ought to be admitted at all.

FRIDAY, 29TH SEPTEMBER, 1911.

ROBERT CARHAMPTON MORGAN further examined. (No. 18.)

1. *The Chairman.*] What are you?—Secretary to the New Zealand Railway Officers' Institute.

2. You wish to make a statement in support of clause 11?—Yes, sir. In reference to the evidence given by Mr. McPherson yesterday as to hotel expenses, of course he dealt with only one or two places that he knew of himself. He quoted principally, I think, Woodlands, where the hotel rate was £1 2s. 6d. per week. Well, I made some inquiries from a member of the Commercial Travellers' Association this morning as to hotel expenses at some places in this Island where Railway men have to go to relieve. The following are commercial travellers' rates, per day: Carterton, 7s.; Foxton, 7s.; Woodville, 7s.; Waipawa, 8s.; Marton, 8s.; Palmerston North, 8s.; Eltham, 8s.; Stratford, 8s.; Hawera, 8s.; Gisborne, 9s. I should like to make it clear that these rates are commercial travellers' rates. He could not tell me the ordinary rates except at Gisborne, and he said that there the ordinary tariff was 12s. 6d. per day. I understand that, as a rule, a reduction of 20 per cent. is given to commercial travellers, so that most of those hotels would charge 10s. per day.

3. *Mr. Ramsay.*] It would be 25 per cent. so far as Gisborne is concerned?—Yes, in that particular instance; but I understand that the usual reduction to commercial travellers is about 20 per cent. I know it is so in Dunedin.

4. So that to all those hotels a certain percentage would have to be added which is taken off in favour of commercial travellers?—That is so.

5. And the Railway man would have to pay that rate plus the percentage?—Yes.

6. *Mr. McVilly.*] In connection with the rates you have quoted, Mr. Morgan, you have given the rate of one hotel in each place?—At the hotel usually frequented by commercial travellers.

7. That is the daily rate?—Yes.

8. Well, do you know of any cases in which commercial travellers go to those towns and stay a fortnight on end?—It is very rare.

9. You have quoted Gisborne at 9s.?—Yes.

10. Does the Department send the ordinary relieving officer to Gisborne?—I do not know how the Department manages so far as Gisborne is concerned.

11. You cannot tell us what the weekly rate at those hotels is?—No.

12. Have you examined the Railway Guide with a view to acquainting yourself with the hotel tariffs?—I have looked up the Guide.

13. Can you give the Committee any idea of the range of tariffs as advertised in the Guide by hotelkeepers in the various parts of the Dominion?—Well, I went to the Commercial Travellers' Association for this information, because in the majority of cases the tariff is not given in the Guide. Those I noticed ranged from 12s. 6d. to 6s. 6d.

14. What is the weekly rate?—I did not notice particularly, but where the rate is 8s. per day the weekly rate is £2 10s.

15. Did you notice any case in which the daily rate was 8s. and the weekly rate £1 10s.?—No, I did not.

16. *Mr. Ross.*] Those houses that you have quoted, I understand, are ordinary commercial houses, and not necessarily first-class hotels?—No. The gentleman gave me to understand they were the hotels usually frequented by commercial travellers; neither the best nor the worst hotels.

17. What has been your experience while living in hotels: assuming that you pay 8s. per day, what amount would you be asked to pay per week in the same house?—Well, at the hotel I am stopping in at present the tariff is 8s. per day, and I am being charged £2 10s. per week.

18. So that your experience causes you to recognize that where the daily tariff is 8s. the weekly tariff is £2 10s.?—Yes, that seems to be the rule.

RICHARD WILLIAM MCVILLY further examined. (No. 19.)

1. *The Chairman.*] Does the Department wish to bring forward evidence in regard to clause 11?—On behalf of the Department I wish to submit to the Committee that the question for consideration in respect of travelling-allowances is not whether the amount is sufficient to provide for luxuries in addition to the cost of living, but whether it is sufficient, having regard to the general circumstances, to cover the reasonable expenses of the men sent to the various localities. Mr. McPherson yesterday quoted the case of Southland, and his evidence was in the direction of showing that, so far as his experience went, 6s. per day was reasonably sufficient to meet the ordinary living-expenses, and leave a margin, at the hotels in Southland of which he had had experience. He pointed out that he had to pay 10s. per week for rent to retain his room, and still his allowance was sufficient to enable him to pay his board and do that. Next he sheltered himself under the ægis of the married man, and he then said that a married man had other expenses, such as up to £1 10s. per week for rent. Very well. Whether a married man is a relieving officer or an ordinary clerk, I submit to the Committee that the charge for rent is the same. Therefore it is not, I submit, fair to saddle the Department, so far as relieving officers' allowances

are concerned, with any portion of the charge for rent. Then, with respect to the question of washing, a single man has to pay his washing bill no matter where he is; he cannot go about in the same clothes from the 1st January till the 31st December. Therefore it cannot be reasonably claimed that the washing bill is a fair charge against the relieving-allowances. Now, all that the relieving-allowances are provided for is to cover the difference in a man's cost of living in settled location and when moving from place to place. If he has to pay transport expenses for his portmanteau, the Department has never, to my knowledge, stuck up a voucher for that item or any item of that kind. It is within my knowledge that items that were considered unreasonable, and which the man who claimed could not justify, have been struck out. Now, with regard to the sufficiency of the amount to reasonably cover board expenses, I just looked last night through the official pocket Guide of the Railway Department. I do not know the houses advertised, but according to the blocks they look all right. They are known as commercial houses—the class of house that our officers would stay at in the main—and the tariffs are as follows:—

Town.	Hotel.	Rates.	
		Per Day.	Per Week.
		s. d.	s. d.
Auckland	Metropolitan	7 0	..
Christchurch	Gloucester House	6 0	30 0
"	Empire	5 0	..
Cambridge	Carlton	5 0	25 0
Dunedin	City	8 0	..
Gore	Palace	6 0	31 6
"	Criterion	6 0	31 6
Hamilton	Commercial	6 6	..
"	Westcourt	6 0	..
Hamilton East	Grande Vue	6 0	35 0
Hastings	Hastings	6 6	..
Hawera	Empire	6 0	..
Napier	Terminus	6 6	..
"	Provincial	6 0	..
"	Masonic	12 6	42 0
New Plymouth	Terminus	6 6	..
Ohakune	Railway	6 6	..
"	Windsor	6 6	..
Palmerston North	Excelsior	4 6	20 0
Queenstown	Hamilton House	6 0	35 0
Rangataua	Williams's	6 0	..
"	Eagle Tea-rooms	6 0	..
Rotorua	Carlton	6 0	30 0
"	Commonwealth	6 0	35s. and 30s.
"	Randwick	5 0	25s. and 30s.
"	Australia	6 0	35s. and 30s
"	Columbia	6 0	30s. and 25s.
"	People's Palace	5 0	..
"	Fenton House	5 0	30 0
"	Park View	6 0	35 0
"	Bungalow	6s. 6d. and 7s.	38s. and 42s.
"	Thirwell House	6 0	30s. and 35s.
"	Langham	5s. and 6s.	30s. and 35s.
Stratford	Crystal Coffee Palace	5 0	22 0
"	Club	4 6	..
Taihape	Temperance	4 0	..
Timaru	Crown	6 0	..
"	Excelsior	6 6	..
Waipawa	Waipawa	8 0	..
"	Grand	6 0	35 0
Wakatipu	Mountaineer	6 0	..
Wanganui	Ellesmere	5 0	25 0
"	Parkville	6 0	30 0
"	New Criterion	6 6	..
"	Metropolitan	6 6	..
"	Hazelwood House	5 0	25 0
Wellington	New Occidental	8 0	..
"	Masonic	7 0	35 0
"	Trocadero	6 0	..
"	New-Zealander	..	42 0
"	Kenilworth	..	35s. and 42s.

Those are the places that are advertised in the Railway Guide. As I say, I have no personal knowledge of those houses, but I should suppose from the prices that are paid for our advertisements that they are all right to stay at. "Kenilworth" I know is a good place, also one or two others, but the rest I cannot speak for. I think that list shows in a general way that two guineas a week is reasonably sufficient to meet the living-expenses of a relieving officer away from his headquarters. Then, sir, we were led to believe by inference that the positions were not very much sought after because the allowances were not sufficient. Well, that is not the experience of the Department. Our experience is that when the position of relieving officer is vacant it is very much sought after, and when members of the service who apply for the position are told that it has been already filled they feel hurt. We then have a good deal of trouble and a good deal of correspondence to satisfy them on the point. Recently a vacancy occurred in a district down south owing to the death of the holder of the office. Now, in that particular case, almost before the Department knew that the holder of the position had passed away, it had applications in for the vacancy. One applicant, a married man in the North Island, was so eager to get the position that he voluntarily offered to pay the whole of his transfer expenses if we would appoint him. Another man in the South Island also wanted it; so I submit that shows that the position of relieving officer is one that is sought after, and it reasonably follows, in view of the fact that Railway officers are looking out to get as much remuneration as they can, and as much as they can in the way of allowances, that the position would not be sought after if the men did not recognize that the conditions of work were, at all events, reasonably satisfactory, and the position gave them some advantages and some benefits. There is no doubt that some recognize that the position, as Mr. McPherson put it, is one in which they can get a very wide experience, but the thing that they look after most is the fact that the allowances appertaining thereto are sufficient to cover their living, and, generally speaking, they are able, in addition to getting the training, to save more money. That, in a nutshell, is the position so far as the Department is concerned. While on this subject I should just like to point out to the Committee what the relieving officers' expenses are in the Australian States. Commonwealth: Under one week, 6s. a day; over a week in one place, £1 10s. Victoria: Officers up to £150, 3s. 6d. a day; over £150, 4s. a day. South Australia, Northern Division, beyond Hawker, 5s. a day other stations, 4s. a day. Western Australia: Up to £160, 5s.; £160 to £200, 7s. 6d. daily; after one week, 6s.; £200 to £300, 10s; after one week, 7s. 6d.; after four weeks at any one place, maximum £1 15s. a week, minimum £1 5s. Queensland: 7s. 6d. a day, maximum £2 per week; if more than one week at one place, £1 15s. a week.

2. *Mr. Ross.*] Have you a list of the tariff at the various hotels in the Commonwealth?—No, I have not, but I know from experience what it is. We paid from 15s. a day, the highest, and the lowest, I think, was 11s. 6d.

3. Do you think the officers over there pay those amounts at the various hotels?—No, I am sure they do not.

4. Then your experience is no value?—My experience goes to show there is the same disparity in the tariffs of the hotels over there as there is here, and you can get board there at a comfortable commercial house just as reasonably as you can here. I was speaking of the first-class hotel—the class of hotel that the railway relieving officer would not stay at. He would not stay at the Hotel Australia in Sydney.

5. *Mr. Ramsay.*] I think, Mr. McVilly, that either you or the Minister referred yesterday to a new scale provided for Civil servants with the exception of Railway officers. Have you got a copy of that scale?—I made no reference to a new Civil Service scale, and I have not got a copy of it.

6. Did you hear the Minister make any reference to it?—The Minister made some reference to something, but I do not know what he was referring to.

7. Do you know whether there is any alteration in the relieving-expenses paid to Postal officers?—I know that some alterations were made a short time ago, and I understood from what the Minister stated yesterday that he was looking for some regulation that he was under the impression had been gazetted, but I have not seen it.

8. Assuming, then, that there is no alteration, can you give any reason why relieving officers in the Railway service should receive less for travelling-allowances than officers in the Post and Telegraph Department?—I am not prepared to discuss why the Post and Telegraph Department pay their officers at a high rate for travelling-allowances, but, in my opinion, the amount paid by the Railway Department is sufficient for the purpose for which the allowance is granted.

9. That is, then, you can give no reason why there should be a difference between the amount paid to the Postal officer and the amount paid to the Railway officer?—I am not in charge of the Postal Department.

10. You decline to give any reason?—I am not going to discuss the Postal Department.

11. Your point is that the travelling-allowance paid under the regulations is sufficient to compensate relieving officers, and that the fact that Railway officers are anxious to obtain the position proves that. Do you not think it is on account of the experience they acquire more than anything else that they take the positions up?—No, I know it is not. I know they are after the dollars. I know in one or two cases men have taken up the position in order to gain experience; but, generally speaking, the applicants growl when they are told that they cannot get the position, and they state that they recognize the relieving-allowances are worth so-much per day.

12. Is it not a fact that, generally speaking, when a man is appointed relieving officer it is promotion for him?—No, it is not.

13. Is it ever the case?—It may be. There have been some cases.

14. There have been cases where a man has been appointed relieving officer and it has been promotion for him?—Yes, certainly.

15. Then would not that account more for the men's desire to have the position of relieving officer than the fact that they might earn a few dollars?—No.

16. Then in your experience the Railway officer puts dollars before experience every time?—I have not said so. I have said that it is so in many cases. I know of a few cases where the men took the position to gain experience, but I know of many others where the reason has been that the relieving-allowance formed a very considerable item as an addition to salary.

17. So that there are instances where men have taken the positions for experience?—Yes, but you could count them on the fingers of one hand.

18. In the report of the Department one of the reasons given for not paying any more travelling-allowance than is payable is that the Department considers it is the duty of the Railway Department when fixing payments to consider the financial effect the proposals will have on the operations of the Department. Do you seriously suggest that the payment of 1s. 6d. more would affect the finances of the Railway Department?—If you take the payment of 1s. 6d. per day for the relieving officers in New Zealand and you add that to the other items, the aggregation is a considerable sum. On every question that comes up where additional expense is involved, it does not matter how small the expense, it affects the financial position.

19. Then, in referring to the rate paid to Railway officers in Australia, does not the lower rate paid for living-expenses simply show that the cost of living in Victoria is less?—No, it shows this: that the Railway administrators there view the relieving officers' allowances the same as elsewhere—that is, as an amount fixed to cover the difference in the expenses of the officer in getting board.

20. So that it does show the cost of living is less in Victoria if they pay less than in New Zealand?—No, because I think, according to the evidence of your officer here yesterday, it was possible to get board in New Zealand for £1 2s. 6d. per week, and if you take the Victorian rate you will find it works out to more than £1 2s. 6d. per week.

21. *Mr. Craigie.*] How many relieving officers, on an average, would be out?—At the present time, speaking from memory, I think we have about sixty men altogether. I will verify that later on.

22. *Mr. Ross.*] Out of those sixty relieving officers, how many of them are permanent relieving officers?—I am speaking from memory, and I think we have sixty members of the First Division at the present time relieving.

23. I want to know how many permanent relieving officers you have: I am not speaking of the assistant relieving officers who go out occasionally, but the permanent men?—The assistant relieving officer is a permanent man just the same as the assistant running-shed foreman, and he is relieving all the time.

24. I am not asking that; I am asking how many actual permanent relieving officers you have apart from what is known as the assistant?—I am not prepared to say straight off or to split them up into sections, but I have just stated the number of men we have out relieving, and I believe I am correct, speaking from memory.

25. Is it not a fact that there is only one relieving officer on each section?—No, that is not a fact.

26. Is it not a fact that there is only one relieving officer in Invercargill?—No, it is not a fact. I think there is one senior in each district, but there is a number of assistant relieving officers, and so far as the Department is concerned each of those men is a relieving officer.

27. So that there is only one relieving officer on each section?—No, that is not so.

28. And the balance of the work is done by juniors?—No, that is not so. There is one senior relieving officer and a number of assistant relieving officers.

29. And the assistant relieving officers are usually drawn from the lowest grade in the Division?—They are drawn from a grade and paid at the salary which the Department considers the position is worth.

30. *The Chairman.*] About what is the cost to the Department annually for the extra expense for relieving officers?—I cannot tell you that straight off. I am getting the figures looked out, but it involves looking through the vouchers. If the men were engaged all the time I could say exactly, but there is a certain amount of broken time, and I want to give the actual figures.

31. *Mr. Craigie.*] Supposing the allowance for the Railway relieving officers was brought up to the same as allowed the Postal officials, 1s. 6d. a day more, it would make a difference of £1,400 to the Department?—About £1,700. But it does not stop there: I was endeavouring to make that clear in reply to Mr. Ramsay. It is the aggregation of these things. If you could take one thing you could say that will cost £1,700 a year, but it is not so; it is a constant up, and up, and up all the time. I will state for the information of the Committee that I know of a case in which a £500 request was made, and it was given, but it cost us £10,000 before we could wink, because everything else had to be dealt with accordingly. That was per annum.

32. *Mr. J. V. Brown.*] That would be an exceptional case?—It was not an exception so far as increased expenditure was concerned.

JOHN GOODLET MCPHERSON further examined. (No. 20.)

1. *The Chairman.*] You now desire to make a statement in support of clauses 12 and 13?—Yes. Clauses 12 and 13 of the petition provide—"12. That it is provided by Regulation 55 of the Act that the General Manager may, at such times as in his opinion are convenient, grant to each officer leave of absence on pay for each continuous year's service a total of two weeks in each calendar year, provided, however, that in all cases where sick-leave is granted on full pay the period covered by such leave shall be deducted from the ordinary leave specified therein. That Regulation 56 provides that, subject to the production of a satisfactory certificate from a medical practitioner, or a copy of such certificate attested by an officer of a friendly society, any officer shall be entitled to full pay when absent from duty owing to illness for any period up to four weeks of such absence, and that no further payment shall be made without the authority of the

Minister. The interpretation placed on these regulations by the management of the Railway Department is that the Department is entitled to deduct all sick-leave from members' annual leave, irrespective of the time they are absent, and this interpretation they are strictly carrying out. Your petitioner submits that the just and equitable interpretation of these regulations is that a member is entitled under Regulation 56 to full pay when absent from duty owing to illness for any period up to four weeks, and that where the four weeks have expired and extended leave of absence has been granted the extended leave only should be deducted from the annual leave, so that an officer should receive the whole of his annual leave provided the period during which he has been absent on sick-leave does not exceed four weeks. That, owing to the interpretation placed by the Railway Department on Regulations 55 and 56, there are many cases where Railway officers have not received any leave for recreation purposes for three years. 13. That notwithstanding the fact that the duties of Railway officers are more exacting than those of officers in the Post and Telegraph Department, the hours of employment are considerably longer, and that no payment is received for overtime or any other special duty, yet only twelve days leave of absence is granted to them together with four departmental holidays, as against a maximum of thirty-three days to officers in the Post and Telegraph Department." If we refer to Schedule E, "Comparison of Leave granted to Post and Telegraph Officers and to Railway Officers," we find—"Post and Telegraph: For each complete year's service—To officers who have service for fifteen years and upwards, twenty-one working-days; also New Year's Day, Good Friday, Easter Monday, Sovereign's Birthday, Dominion Day, Christmas Day, and the day following, seven days: total twenty-eight days. To officers who have served less than fifteen years, fourteen working days; and departmental holidays as above, seven days: total twenty-one days. No deduction is made from the above leave unless the total intermittent leave during the previous twelve months has exceeded five days, and absence from illness or accident has exceeded one week. In cases of illness or other pressing necessity the Minister may grant to any officer such extended leave, not exceeding twelve months, and on such terms as he thinks fit. The Governor may, on the recommendation of the Minister, grant to any officer in the Department of at least ten year's continuous service twelve months' leave of absence, and to any officer of lesser period of service any time not exceeding six months' leave of absence on half salary. During such period of absence no officer shall be entitled to receive any annual increment. Railway: To officers of any length of service, in each calendar year, twelve working-days; Christmas Day, Good Friday, Labour Day, Sovereign's Birthday, four days: total, sixteen days, less any time off sick. Subject to the production of medical certificate any officer is entitled to full pay when absent from duty owing to illness for any period up to four weeks. No further payment can be made without the authority of the Minister. No member who is absent on extended sick-leave is considered eligible for promotion during the period of such absence. In the event of members being off sick for periods totalling over two months in any one year their scale increases are withheld for a corresponding period of time." Now, gentlemen, we contend that if you compare those two lists of annual leave and sick-leave you will find we are not getting sufficient leave considering that we have to work longer hours and do not get payment for overtime. A reference to Schedule E will show that until recently officers in the Post and Telegraph Department with a service of fifteen years or upwards were granted twenty-one working-days and seven departmental holidays, and officers of under fifteen years' service fourteen working-days and seven departmental holidays each year. The Railway officer is granted twelve working-days each year in addition to four departmental holidays. Since the petition was presented to the House an alteration has been made in the regulations governing the leave of Post and Telegraph officers. The period of annual leave, however, remains unaltered, the principal alteration being the omission of any mention of the seven departmental holidays previously allowed, and the substitution of three and two weeks respectively for twenty-one and fourteen working-days. The comparison is now reduced to a matter of weeks instead of days, and you will see that, putting departmental and statutory holidays apart for the moment, the Railway officer of over fifteen years' service is granted exactly one week less annual leave than the Postal officer receives. Three of the four statutory holidays are extremely busy work-days for the majority of the officers of the Railway service, whereas the exact opposite is the case in respect of the Postal official. We are certainly still desirous that our leave regulations should be brought into line with those of the Post and Telegraph Department. In support of our request that Railway officers be granted the same period of leave as Postal officers, it is necessary to bring under your notice the fact that, while the work of the Railway officer is as important as, and of a more exposed and dangerous nature than, that of the Postal officer, the hours of duty in the Traffic Branch of the Railway service are longer than the hours in the Postal service. Under the regulations, any time that an officer is absent from duty owing to sickness is counted against his period of annual leave due. This bears very hardly on our members, particularly so in the case of those located at isolated stations in the country. The Minister of Railways has stated that owing to serious malingering on the part of the staff it became absolutely necessary to take drastic steps, and paragraph 55 of the regulations was presumably the outcome of the Minister's conviction on the matter. Is it equitable or even justifiable to make the whole suffer for the few? We admit there may possibly be a few malingerers, but the statement of the Minister is in our opinion of far too sweeping a nature. Now, gentlemen, to explain the position a little more fully, if an officer of the Railway Department is off for one day on sick-leave, that is taken off his annual leave in every case, and the officer may lose his leave for a number of years. We have a case where a man's fellow-officers offered to forego a day each off their annual leave so as to allow an officer in our Department who had had no leave for two years to obtain fifteen days' leave in the third year. I might say that the District Officer said he considered the spirit shown by these men was commendable, yet although the Department was going to lose nothing they refused to allow those officers to forego that day so that their colleague who had been suffering ill health for some considerable time and had been off each year

on sick-leave could get the necessary rest they thought he required to recompense him for the loss he had suffered in the three years owing to sick-leave. I think from our point of view there could be no reasonable objection to the Department agreeing to what we considered was a reasonable request. Each officer that volunteered was due so many days' leave, and, assuming that they were due fourteen days each, when their leave became due they would only receive thirteen, and the day deducted was to go towards obtaining fifteen days leave for this officer, and I think the action of the Department in refusing their request shows that they were being dealt with in a harsh manner. Sick-leave or ill health is the worst thing that any man can suffer from, and I am sure nobody would contend that a man gets sick on purpose. Besides being sick the man has additional expenses, such as doctor's fees, and I think it would only have been a fair thing to have allowed the officers to forego that day. I think, instead of dealing with all of us on the same lines, that the Department should pick out the malingerers and deal with them, and I consider it shows weakness that this has not been done. In the case of an officer defrauding the Department of cash, the Department would not turn round on his colleagues in the office and say that you have got to make that cash up, and I contend that exactly the same argument applies to sick-leave deducted. I trust that we will get some relief particularly in this connection, because it is a matter that is causing a great deal of irritation and discontent throughout the whole service, and I ask the Committee to consider the question on its merits. That is all I have to say.

2. *Mr. Ramsay.*] The Regulations 55 and 56 which you referred to are as follows: "55. The General Manager may, at such times as in his opinion are convenient, grant to members leave of absence on pay as follows: (*a.*) To each member of the First Division, for each continuous year's service, a total of two weeks in each calendar year, in addition to the four departmental holidays—Christmas Day, Good Friday, Labour Day, and Sovereign's birthday—or days in lieu of such departmental holidays: Provided, however, that in all cases where sick-leave is granted on full pay to members of Division I the period covered by such leave shall be deducted from the ordinary leave specified herein. (*b.*) To each member of the Second Division entitled to overtime, for each continuous year's service, seven working-days in each calendar year, such leave to include the four departmental holidays mentioned above: (*c.*) To each member in the Second Division not entitled to overtime, for each continuous year's service, ten working-days in each calendar year, such leave to include the four departmental holidays mentioned above. No member shall be entitled to claim leave of absence as a right. All such leave shall be granted at the option of the General Manager, and be subject to good behaviour and satisfactory conduct of the member, and may be refused in cases where the General Manager considers such action necessary. Any member may, on application and at the discretion of the General Manager, be allowed to accumulate his annual leave for two years. The Minister may, on the recommendation of the General Manager, grant to any member for special services, or under special circumstances, such additional leave as he may deem proper. 56. Subject to the production of a satisfactory certificate from a medical practitioner, or a copy of such certificate attested by an officer of a friendly society, any member in the First Division shall be entitled to full pay when absent from duty owing to illness for any period up to four weeks of such absence. No further payment shall be made without the authority of the Minister." You have seen those regulations?—Yes.

3. Can you suggest any reason why the Postal officer should be granted one week more annual leave than the Railway officer?—I can give no reason.

4. *Mr. Young.*] You stated that Postal officers received payment for overtime: are you quite certain of that?—I understand the regulations provide for that, and I have been told by a man working in the Postal Department that that is the case.

5. Can you quote any cases where officers of the Railway Department have not had any leave for two or three years?—I have the whole of the correspondence in connection with the case I quoted, and, if necessary, the name of the officer could be quoted. I believe some of the other members here can substantiate other cases.

6. Do you know of any cases where this regulation has seriously impaired the health of any officer—that is, through returning to duty to save his annual leave when he really should have gone home sick?—No, I cannot quote any case except from what I have been told, but I have been told that that is the case.

7. *Mr. McVilly.*] Mr. McPherson, you stated, I think, just now that the alteration in the Postal regulation was in the direction of providing three weeks and two weeks instead of twenty-one days and fourteen days?—The statement has been handed in.

8. Does this statement refer to the recent alteration in the Civil Service?—It is stated therein that it does.

9. Now, do the Postal officers when they go on leave get free railway passes?—No, they do not.

10. And the Railway men do?—That is so.

11. Do you know what would be the cost to the Railway Department of bringing the Railway officers' leave into line with the Postal Department? That is what you are asking, I take it?—Yes, that is what we are asking. I have not worked out the cost.

12. Do you know of any cases in which the whole of the time that a man has been off on sick-leave has been deducted from his annual leave when the time that he has been off sick has been in excess of the leave that he is entitled to? If a man has been off forty-two days sick and he has got eighteen days' leave due, do you know of any case in which the Department has deducted the additional fourteen days?—No, but we are allowed to accumulate two years' leave, and I have been informed—but I have no written proof of it—that he would lose all the leave if he had been away sick for the same period of time—it would be taken off the two years' leave.

13. Provided he were paid for the same time or the excess time that he was away on sickness?—No, the actual time he was off sick would be deducted from this accumulated leave.

14. The actual time he was off sick?—Yes.

15. Very well; if a man were off forty-two days and he had thirty-four days due to him, how could you deduct forty-two from thirty-four?—But you would take the whole thirty-four away from him and he would have no leave.

16. Well, the whole period for which he was paid when he was off sick would not be deducted, but merely the first leave would be forfeited?—They might even deduct the balance off him from his next leave.

17. Can you quote a case where that has been done?—No, I cannot quote a case.

18. Now, you said that the reason given by the Department for the alteration in the regulation was to overcome or was in consequence of malingering?—That is so.

19. I think you stated that you admitted there were malingerers?—I said there were a few.

20. You admit that fact?—I admit there is a few.

21. Now, Mr. McPherson, seeing that your institute represents, as you claim, 90 per cent. of the officers, will you quote for the information of the Committee one solitary case in which the Railway officers have ever brought under the notice of the Department the fact that some of the members were malingering—will you quote one solitary case?—No, I have no records. I could not say whether they have or not, nor can I say whether there have been any cases.

22. Well, seeing that the officers knew that malingering was going on and did not report it, can you blame the Department for taking action to protect the public revenue?—I did not say the officers knew and did not report it.

23. You admitted it?—Excuse me, you are trying to make me say that the officers knew of it and did not report it.

24. Well, Mr. McPherson, I am not trying to make you say anything you have not already said?—I said that there may possibly be a few malingerers.

25. Well, I am asking you to state any instance in which this was brought under the notice of the Department. Is it within your knowledge that four years ago the Railway Officers' Institute made serious complaints to the Minister at an interview they then had with him respecting the position of leave of the First Division?—The annual leave of the First Division on a certain section, I believe.

26. Well, that is within your knowledge?—Yes.

27. The complaint was that the leave was seriously in arrears, was it not?—The complaint could be turned up from the records or file by the secretary of the institute.

28. I am only asking you to state what is within your own knowledge?—Well, I cannot say.

29. Well, when the institute brought that matter under the notice of the Minister an explanation was given by the Department, and I would like to ask you whether, after that explanation was given, you are aware of the institute having taken any steps to put the matter of leave on a more satisfactory footing so far as malingering is concerned?—It is the duty of the Department to deal with malingerers, not the institute.

30. Do you not regard it, then, to be the duty of the institute, as representing officers loyal to the Department, or who ought to be loyal to the Department, to bring under the notice of the Department irregularities which must be within their knowledge?—It is the duty of the officers in charge of any man malingering to point that man out to the Department. That is the duty of any man in charge of men.

31. Now, do you know the extent to which the leave had got into arrears owing to this malingering?—No, I cannot say from my own knowledge; but, as I said before, the records could be turned up to prove or disprove any statement.

32. Now, in regard to that particular case you referred to of an officer not having any leave for three years owing to being away sick, will you give me the particulars of that case?—Yes, I will show you the papers. The correspondence was as follows: "District Traffic Manager, ——. —Annual Leave.—Mr. —— has now been off duty over a month on sick-leave, and on this account, according to the regulations, will require to forego his annual leave this year. This is thought to be an especial hardship, as, unfortunately, through a similar cause Mr. —— had no annual leave last year. The undersigned members of the —— traffic staff respectfully request that one day's leave of absence be deducted from their annual leave, and that the total number of days (fifteen) thus acquired be granted to Mr. —— as annual leave. If your request be acceded to we would like, if possible, that the leave be granted from the day Mr. —— intends to resume duty." That was put through in the usual way by the Stationmaster. Then, on the 12th June those members who signed the letter asked, through the Chief Clerk of the station, to receive a reply to the letter, which they received as follows: "29th June, 1911.—Stationmaster ——.—Your action in advising members of your staff, in reply to their application of 12th instant, that their request to have one day deducted from their annual leave, and that the leave so deducted be granted to Mr. —— cannot be complied with, is approved."

33. *Mr. Arnold.*] What was this man suffering from?—I have no knowledge of that.

34. *Mr. McVilly.*] Can you tell the Committee what the practice is in regard to the Postal Department? You say in the petition that they have seven public holidays, making twenty-eight in all. Can you tell the Committee whether it is a fact that those days are added to the annual leave?—The regulations will bear that out.

35. The institute has put Schedule E in with the object, I take it, of showing that the Postal Department get seven days added to their annual leave of twenty-one days. I want to know if that is so?—Yes, that is according to the Post Office Regulations. I am assuming that the regulation dealing with the matter of the Post and Telegraph Department is correct, and that it is correctly stated in the schedule. The new regulation which I referred to in my statement has made some alterations

36. I do not want to deal with the matter from a different standpoint to what you are dealing with it. What regulation do you refer to in which you say there has been an alteration?—There was a regulation which the Hon. Mr. Millar said he would put in.

37. Is that the regulation you are referring to?—Yes, I understand so.

38. *The Chairman.*] The question Mr. McVilly is asking you is, are those figures 21, 7, and 28 correct, or have they been altered by a new regulation?—I understand that they get twenty-one days, and get those seven other days throughout the year.

39. *Mr. McVilly.*] Then they are not added to the leave?—No.

40. Now, supposing an officer in the Postal Department works an hour on one of those days and gets paid overtime, does he get that day added—take New Year's Day for instance?—I could not say.

41. Supposing a man works for an hour on New Year's Day and gets paid, does that man get New Year's Day?—I suppose he would get the balance of the time. Of course, I do not know how the Post and Telegraph Department arrange that matter.

42. Now, Mr. McPherson, you spoke about the expense officers were put to in connection with going off on sick-leave?—I said that expense must necessarily follow.

43. Now, what expense does the Railway Department put an officer to when he goes off on sick-leave?—I do not say they put him to any expense barring a medical certificate, but what I meant to say was that I should not think an officer would pay a big doctor's bill and go off unless he was suffering from some complaint.

44. But does the furnishing of a certificate to the Railway Department when called upon involve a heavy expense or the payment of a doctor's bill?—No.

45. So far as you know, the only expense an officer would be put to to satisfy the Department in case of sickness would be the production of a medical certificate when called for?—Yes, that is so.

46. Well, can you tell me of any cases in which the Department has insisted on a medical certificate being produced before a man went off on sick-leave?—I could speak of a case that came under my own personal knowledge, and I think you know it as well as I do. I think you handled the correspondence.

47. I do not mean that sort of case. If a man said "I feel seedy," and tells his Manager so, is it not within your knowledge that the Department allows the man to go without first calling on him for a certificate?—The officer goes off duty and then produces a certificate.

48. If the Department asks?—Yes.

49. And the Department does not always ask?—No. I remember on one occasion I had to be off and I was not asked for a certificate.

50. Is it within your knowledge that the Department is more particular in regard to sick-leave now than it was?—Yes.

51. And it is since this regulation was passed that it is more strict?—That is so, I understand.

52. Now, is it within your knowledge that the Department regularly pays members who are off sick for a period of four weeks under the regulation?—Yes, I understand four weeks are paid for.

53. Do you know of any case in which sick-leave has been paid for up to six months?—No, not personally. I have heard of cases in a general way, but I do not think I could state any.

54. In those cases the only deduction made from the officer in respect of leave was his annual leave, whatever that was—we have not gone on deducting?—No, I do not know of any case.

55. Supposing a man had twelve days' leave due and he had been away and was paid for twenty-eight days or six months' sick-leave, he would simply forfeit his twelve days?—Yes.

56. Can you tell the Committee what was the arrangement when you first joined the service in 1890?—Well, I never had any experience then, and really could not say.

57. *Hon. Mr. Millar.*] Do you think it a reasonable or fair thing betwixt the Department and its officers that after a man has been paid for four months' sick-leave that he should then come along as of right and claim fourteen days' holidays?—Not if he has been paid four months' sick-leave.

58. What would you think would be a fair average of the amount of pay for sick-leave and expenses of relieving men sick for 1,800 men?—I could not say.

59. Would you be surprised to know that the amount had totted up to £10,000 per annum at the time I met your deputation last year and informed them to that effect?—Well, Mr. Millar, I did not know that fact, but I can quote your own speech from *Hansard* in which you said that the cost was £10,000 for the First Division of 4,000 men, and there were only 1,884 men in the First Division when you made that statement, a difference of 2,116 men. It seems to me that the statement went forth in that way and it was a departmental error. I might say that it left an impression on the minds of everybody who read it that it was a very costly business, but the error has never been corrected so far as I know.

60. The Second Division do not get paid sick-leave at all, do they?—Not as far as I am aware, but they get paid for overtime.

61. The sick-pay can only apply to the 1,800-odd men in the First Division. At the time your deputation met me the Auckland office alone was close on 3,000-odd days' holiday leave in arrears through the men being off sick?—No, I always understood that it was through insufficient relieving officers in that district.

62. Well, the reason advanced at that time I think was that the climate was bad in Auckland. Do you think the climate has altered in Auckland in twelve months?—Well, in answering that question, the reason I have heard was that it was on account of the amount of overtime the men worked. I have never been in Auckland and cannot say as to the climate.

63. Of your own knowledge have you ever known within the last two years where a man has had extended leave for four weeks that his pay had been stopped?—I have no knowledge of a case one way or the other.

64. Because I can show you that wherever a recommendation has come to me for a clerk or any one else beyond four weeks it has always been paid for?—I have no doubt that is so.

65. Has holiday leave been stopped from any man who has met with an accident?—I do not know.

66. If a member had to produce a doctor's certificate, what would be the cost to him?—I understand it would cost him 7s. 6d. I have not had to get one.

67. Well, that would be a very expensive process if the Railway Department insisted on that?—I would not consider it expensive.

68. At present an officer has only to produce a certificate after being away three days?—Yes, that is so.

69. And he is allowed twenty-eight days on full pay in one year?—That is so.

70. Are you aware that has been taken advantage of to a considerable extent?—No, I am not.

71. How do you deal with your staff: supposing you saw a man going off perhaps a day a month, he would neither have to produce a certificate then nor would he come in under any regulation for reduction of leave?—You are supposing this case?

72. Yes?—Well, I should first of all write to him and tell him that he would have to prove that he required this leave, and if he did not do that I would refer it to the District Manager and leave it in his hands. I may say that in one case, to show that we take sufficient steps, the management wrote and asked me if I considered a certain man I had under me should be given leave on account of his health, and I wrote and told them that as far as I could see he was in his normal condition of health. They then sent him to their own medical man to be dealt with, and that is how I should deal with the case you suppose.

73. And if that practice were adopted by all officers you could stamp out malingerers very quickly?—I should say so, and I should say the majority of officers do carry it out. I may say that the case I speak of can be proved, and I do not think I am harder on the men than any other officer.

74. I understand the institute would be quite prepared to accept any regulation which would stamp out malingering?—Yes. I have conferred with the officers of the institute on the subject, and I say that we should be only too pleased to stamp him out as early as possible, and also inefficient officers.

75. *Mr. Ross.*] If a man is off sick for three days are those three days deducted from his annual leave?—Yes, either one or three days is taken off his annual leave.

76. Can you tell me what advantage it is to the officers in having a regulation to the effect that if a man is off only three days that no certificate is required?—The only advantage that I can see is the saving of 7s. 6d.—there is no other advantage.

77. Are you of opinion that this regulation which does not call upon the men for a certificate when they are absent on leave owing to sickness for a period less than three days, instead of being in the interests of stamping out malingering, is distinctly in the other direction?—Yes. I should say that if a man was called upon to produce a certificate every time he went off sick it would be better, and malingering would be done away with.

78. There is no advantage in dealing with sick men off less than three days if it is not necessary for the men to produce a certificate?—No, it is no advantage.

79. Are you of opinion that a fair percentage of officers go off on account of ill health, that ill health or sickness being brought upon them on account of the long hours and the insanitary surroundings in which they are compelled to work?—Well, I can speak of one case which has been before the Department and the Minister where a man was called upon to work very long hours, and his overtime, taken at a reasonable rate for the year, worked out at something like 130 days, and he got no relief. He has to work in all sorts of weather, he has to run in and out, and the railway offices are not the best for the men to work in. This man I am speaking of went off on holiday and had to spend four days in bed. I can speak personally on this matter because I visited the man and I know it was not malingering on his part.

80. But still he lost his annual leave?—Yes, he lost portion of his annual leave through being off sick.

81. *Mr. Arnold.*] It is possible, is it not, for an officer to allow his leave to accumulate for three years?—No, two years, as far as I am aware.

82. If a man let the whole of his first and second year's leave accumulate and was taken ill, he would lose his first year's leave?—He would lose his first and second. I understand that it is the general opinion he would, and certain officers who used to accumulate their leave are now taking their leave annually so as to protect themselves.

83. *Mr. Witty.*] I understood you to say that a man has to produce a certificate every time if he is off one day?—No, I said he had to produce a certificate for any period he was off over three days.

84. I understand you wish to stamp out malingering?—Yes.

85. And you said a man had to produce a certificate after one day?—No, I did not say that.

86. If a person was ill for two months he would get no leave for four years ahead if a man's sickness was counted against his leave, and if a man was sick for two months, then that would take his leave for four years. The Department does not go that far?—No. I presume if a man had allowed his leave to accumulate that long that they would take the whole amount off.

87. It would be a bad policy to let the leave accumulate?—Yes, that is so.

88. *Mr. J. V. Brown.*] In the case of a man belonging to a friendly society and being off sick, I suppose there is no difference made in the pay—the Railway Department allows him full pay?—I understand so.

89. Then in the case of a man being insured and having an accident policy on his own account, do you think it would cause malingering if a man was getting a fair amount from such a society and also his pay from the Department—that it would pay him better?—I do not know any officer of the First Division whom it would pay to go off in that manner, because the superannuation takes all the spare cash.

90. *The Chairman.*] You suggested, Mr. McPherson, in answer to a question, that it would be better for a man to get a medical certificate every time he went off on condition that the sick-leave did not interfere with the holiday leave?—Yes. A supposititious case was put that if a man went off one day a month and I had him on my staff, what steps would I take to prevent that, and I said I would refer the matter to my District Officer, and I also said that in a case like that I would ask for a certificate if he made a rule of being off one day, in order to stamp out malingering.

91. But then under the present conditions—by "present conditions" I mean the forfeiture of holiday leave on account of sick-leave—you would not suggest a man should get a certificate every time?—No.

92. But if the Department reverted to the old conditions in which sick-leave did not interfere with annual leave, then you suggest the Department should protect itself by asking for a certificate every time a man went off?—Yes, that would be the suggestion.

93. You suggested that every time a man went off even if it were only for a day he should, in your opinion, be asked to furnish the Department with a certificate?—Yes, if I suspected him of being a malingerer.

94. But not make it general?—No, sir.

95. Do you think it would be right to make it general on condition that the Department reverted to the old condition of things by which sick-leave did not interfere with holiday leave?—Well, it would be a very hard matter, because in an isolated country place you could not get the certificate. I answered that question in so far as it personally applied to myself, that if I had a man on my staff who went off regularly one day a month what would I do, and I said I would make him produce a certificate.

RICHARD WILLIAM MCVILLY further examined. (No. 21.)

1. *The Chairman.*] You wish to give evidence on behalf of the Department in regard to Clauses 12 and 13?—Yes, sir. As to the statement in clause 12—"That it is provided by Regulation 55 of the Act that the General Manager may, at such times as in his opinion are convenient, grant to each officer leave of absence on pay for each continuous year's service a total of two weeks"—so far as that is concerned, it is in accordance with the regulation. The question, I take it, that is before the Committee is not the sufficiency of these fourteen days' leave, but the question of the right of the Department to deduct from the leave the time that members have been absent from duty sick while in receipt of full pay. Now, this question of sick-leave has been a burning one with the Department for a very long time. Originally, in fact I think as recently as 1894, the practice in the service was that members off duty on sick-leave were not paid. Where officers went off duty owing to sickness in those days the practice was for the officer to request the Department to pay him for the time he was off equivalent to any holidays that were due to him. When the Government resumed control of the Railways they discontinued this practice, and, as a concession to the staff, agreed to grant pay during sickness.

2. *Mr. Ross.*] Does this apply to a few days' sickness or extended leave?—I am speaking of the question generally. Now, sir, it very early became apparent that unfair advantage was being taken to a greater or lesser extent of the concession given by the Department, and it was found that the number of relieving officers required to overtake and keep leave up to date was a constantly increasing one. From time to time the Department took up the matter of the arrears of annual leave. Complaints were also made by the officers themselves and by the institute, and they were not solitary complaints. Time after time warnings were issued by the Department. I told many of the men myself and pointed out distinctly to them where they were drifting and the inevitable result—I told them distinctly that the Department was aware of the fact that malingering was going on, although it was difficult to prove, and that unless officers themselves took the steps necessary to check it by bringing under the notice of the Department cases in which malingering did occur, they would force the Department into the position of having itself to take action that would be detrimental to those officers who were acting honestly and doing the square thing. The position, however, went from bad to worse. On looking into a complaint respecting arrears of leave in one district, a matter which we had been watching closely for several months, I eventually found that the leave was 1,600 days in arrears on that particular section, notwithstanding the fact that in regard to that section I had personally time and again uttered warnings.

3. How long ago was that?—1907 or 1908. Well, during an inspection by the head of the Department the matter was brought under his notice, and when he returned to Wellington he inquired what the position was. I told him and showed him what we were doing, and he said, "I have had complaints from this Station and that Station." I showed him what had been done, and that the more men we put on relieving the worse the position became. I told the General Manager that definitely and showed him the papers. The arrears of leave on one section rose from 1,649 to 2,700 days, another section about 900 days, another 727, another 1,100, another 1,000—anything from 678 up to 2,700. Then we were faced with this position: we had to put out a large number of additional relieving officers. I think, speaking from memory, we lent—and had to lay down definitely that it was a loan, otherwise those men would have been mopped up—nine men the first time, and subsequently, I think, six, to one district. I am, of course, speaking of about four or five years ago, and I cannot say definitely to one or two men, but I will look the matter up and state definitely what the figures were. Well, matters did not get very much better. Finally I said, "Very well, the only one thing to do now is to advise officers that every day they are off sick will be deducted from their annual leave." Then a change came over the scene, an improvement taking place. The leave, instead of getting in arrears, gradually began to get the other way. Then a regulation was gazetted, and within six months' time after

the regulation was gazetted it became possible to reduce the relieving staff. The leave was getting up, and I think I am correct in saying that within twelve months from the date the regulation came into operation the leave was up to date everywhere, and at the present time it is ahead everywhere, and during the last six months the Department has had a number of applications from officers on one section of the line that I have in my mind asking to be allowed to put their leave off. It was ahead of time, instead of being 2,000 days in arrear. I think we are about two or three months ahead on some sections.

4. When was the regulation gazetted?—1909 or 1910. I think that, irrespective of when the regulation was gazetted, the fact remains that immediately the Department decided that sick-leave would be taken as a set-off against the annual leave there was less sick-leave. Now, what finally brought the matter prominently under the notice of the Department was the fact that on one occasion there were five men off one section who were off duty sick walking the streets of Wellington at one time. That is what finally brought about the climax, and there was just as much wrong with them as there is with any of us. These facts are stated to show that the Department was absolutely forced into the position of making this regulation and taking the action it did, to protect the interests of the men who were doing the fair thing and who were not malingering, as against the malingerer. The unfortunate part of the matter was that the men who were not malingering themselves would not help the Department. Even repeated warnings were of no avail—not the slightest action was taken so far as they were concerned; they would not report this fact. The sort of thing that was going on was this: a man would apply for his leave and he would be told that he could not get it, not because the Department did not want to give him the leave, and not because the machinery was not there to relieve him, but because owing to the abnormal amount of sick-leave which in the opinion of the Department—and which facts I think have since proved—was not genuine, relieving officers had to be used to let away men who in a number of cases were malingering. Under Regulation 56, which is a machinery regulation, the Department has given authority to departmental officers to pay for sick-leave up to four weeks without asking for authority. Now, that regulation was not made for the purpose of leading officers to suppose that they were entitled to go off on four weeks' sick-leave, but to facilitate the working of the Department and give District Officers power to enter the time of men who were off owing to *bona fide* sickness up to four weeks on the pay-sheets at the ordinary salary without referring every case to Wellington. It is practically a machinery regulation gazetted to get over the difficulties that arose as the staff increased from the large amount of correspondence that came to Wellington asking for authority to pass sick-pay. For instance, you would get this: "Stationmaster So-and-so been off four days owing to sickness—please instruct whether payment may be made." Well, the Department decided that it would be a fair thing to allow the District Officer to enter on his pay-sheet without any question the pay of the man up to four weeks so long as he was satisfied. If the period of absence extends over four weeks they still have to obtain authority from Wellington, and as a matter of fact there are a large number of cases in which sick-pay has been granted up to three months, and a considerable number—I am not prepared at the moment to say how many—in which sick-pay has been granted by the Minister on the recommendation of the head of the Department up to six months. Now, what was happening in a number of cases was this: a man would apply for his leave after he had made arrangements to go off. He might be told he could not go, and he would say, "Well, if I cannot go I will have to go off on sick-leave," and he would go. Sometimes he would afterwards come along and produce a doctor's certificate and say that the doctor said he was much better for his holiday, but that he required another fortnight to set him up. He would say, "My annual leave is just about due, there is a relieving officer in my place," and he would get his fourteen or seventeen days as the case may be. He not only got the four weeks and prevented another man who was entitled to leave getting away, but he also got the fourteen days' annual leave. That meant that the Department would pay that man twenty-eight days' pay which he was not entitled to. The fact remains that the effect of advising members of the staff that every day's sick-leave would be deducted has been the gradual elimination of all arrears of leave, and so far as the Department is concerned it is not aware of a solitary instance in which a hardship had been done. We know perfectly well, if a man is entitled to fourteen days and he goes off sick for twenty-eight days, that he loses his fourteen days, but he had been paid for fourteen days for which the Department got no work, and the Department has also had to pay for relief; and, so far as the Department is concerned, it would not ask any man to resume duty one day sooner than he feels fit. I want to lay particular stress on that point. Further than that, I believe, speaking from memory, that the Department has in two or three cases of genuine sickness, where men have wanted to come back, said "No, you are not to resume until you feel fit." If a man comes to the Head Office and says he is coming back he is invariably asked "How do you feel—are you absolutely recovered?" "No." "Well, don't hurry—we don't want you to resume a day before you are fit." If a man is away four months the only deduction that is made is the leave that is accumulated. His next annual leave becomes due in twelve months' time, but there is no deducting of the leave in future years. If a man goes off twenty-eight days on sick-leave and he has thirty-four days due to him, he is entitled to get six days off. We take the twenty-eight days and give him the six. If he says "I would prefer that those six days be added to my next annual leave," that is agreed to. The staff are given all the concession we reasonably can in that direction. The question of cost comes in here. We have been getting returns showing cost of sick-leave for a considerable time, and the comparison of this sick-leave business is very interesting. The annual amount of the sick-pay that was granted to the officers who were actually off duty for the year ending 31st March, 1905, was £3,385. Now, during that year the sick-pay compared with the preceding year increased to the extent of £326. That is for the First Division only. In 1906, when we began taking the matter up, there was a drop of £1,046. Then it began to increase again: there was an increase the next year. The total payment for 1908 was £4,118, an increase

of £900 on the previous year. Of course, you understand, Mr. Chairman, that these figures only represent the payments to the men actually off, and do not include the cost of relieving them all. These are the payments we had to make for actual dead time. In 1910, the amount was £3,480. There is a drop there, although the staff had increased. Now, for the period ending 19th August, 1911, the total amount of sick-pay was £97 1s. 7d. for the month, and for the corresponding period of the preceding year £248 17s. 1d. There is £150 difference in the one four-weekly period. The drop for five months ending 19th August, 1911, was £640—nearly 50 per cent. Then, sir, added to that we have to take the relieving officers' expenses and salaries, and that puts on another £6,000 to the cost. It was costing the Department anything from £10,000 to £12,000 a year for sick-leave. Now, that sort of thing could not go on—that is evident; and the fact that something was necessary is I think evidenced by the position of sick-leave to-day. I may say that had the officers of the Department who were doing the right thing—that is, the men who were not malingering—acted in their own interests they would have directed the attention of the Department to what was going on, and not only that, they would have dealt with the men who were malingering themselves. The institute as a corporate body should have dealt with its members. If a man does not want to report his fellow-officer to the Department in such a case, then he should take steps to see that the wrong action of that officer does not put him and the other men who are doing the right thing in a false position, and is not going to result in heavy inroads being made on the Department's expenditure. Now, when you come to the question of the time granted to Railway men as compared with Postal men, I submit you must take the concessions into consideration. When you come to deal with the leave you have to deal with the whole of the conditions under which the Postal staff and the Railway staff get their leave. The Railway staff do not only get leave, they get free passes for themselves, wives, and families over all lines during the period of their leave. Further than that, if a man wants to send his wife on extended holiday he can get a single-journey pass for her to come home any time up to two months. I put in a statement the other day showing that in one case I quoted, a journey of 426 miles, the saving to the Railway man in train fares alone by reason of getting an annual pass for himself, his wife, and four children was about £21 10s. That concession in itself means that the Railway man can in most cases pay the whole contingent holiday expense for his family out of the fare that the Postal man would have to pay to go the journey.

5. Do you suggest that a Postal man pays £21 in railway fares?—I do not know what the Postal man pays. I was not dealing with that. I am talking about the Railway men, and I say that for a journey of 426 miles for the purpose of annual leave, where a man takes his wife and four children, he gets, so far as railway fares are concerned, in comparison with the Postal man, a concession of £21. It is a concession which I may say is very frequently asked for—in fact, all the Civil servants want it, but our men do not appreciate it. The Civil servants would take it and appreciate it very highly, and if they got it they would be very happy. Now, it has been suggested that medical certificates would be a great safeguard in the case of sick-leave; but let us examine that point. Suppose you take a Stationmaster at Waimarino; he goes off sick, and does not know how long he is going to be off. If you say that man shall not have sick-leave till he gets a medical certificate, where is the nearest doctor? Taumarunui. And what is it going to cost that man to get a certificate? The production of a medical certificate by that man is impracticable.

6. *Mr. Arnold.*] That is not what was suggested?—I am pointing out why the Department does not insist on certificates. We know what would be done here in Wellington. If a man went off sick in Wellington a certificate would be required, and, in cases of doubt, from our own medical officer; but when you are making a regulation that is going to apply generally to the staff you have got to make a regulation that will work—something that is practicable. If you have got a number of men, as we have, situated in isolated places, and you impose on those men the necessity of producing a medical certificate every time they go off, such a regulation would cause those men most serious inconvenience, and be equivalent to asking them to do something that the circumstances of the locality they live in will not allow them to do, except at very heavy expense. You cannot deal with one section of the staff in one way and another section in another way. If you insist on the First Division producing certificates, the same thing has got to apply to the Second Division. Now, the Second Division surfacemen are even more isolated than Stationmasters, and we have to see that what we do is reasonable for those men—something that a man can comply with. It is no good making a regulation they cannot comply with, and that would be the position if you were to insist on them getting medical certificates. Now, our practice has been to get a certificate where we can, and always where we think the circumstances warrant it. We do not say that a man shall not go off duty sick if he has not got a certificate and is located where he cannot get one without great expense, but if he stays off any time, then we make inquiries to see that there is no reasonable doubt as to the *bona fides* of the case. If there is, then no matter where the man lives he has got to produce a certificate. I know, myself, of many cases where instructions have been given for inquiries to be made, and for an officer to be sent to see a man when no doctor has attended him. Somebody must know something about him personally. That is a reasonable safeguard in the interests of the Department, and it is a reasonable thing from the man's point of view, having regard to his isolation. Then, there is another thing: a medical certificate is not in all cases as reliable as some of us think they are. The experience of the Department in connection with medical certificates is that they vary. We find that medical gentlemen, like all other members of the community, differ—that is, they do not all see the matter through the same pair of spectacles. The Department has quite a large number of cases during the course of a year in which Medico A says so-and-so and B says something else. Well, in cases of that kind, what would be the good of taking A's certificate on its face value? If it comes to be a question of serious illness you do not want a certificate, as the circumstances are generally known. We have a large number of cases during the course of a year, and some of the certificates would surprise anybody who saw them. Now, in the Commonwealth, when a man is off sick after he has been in the service

for five years he is granted full pay for one month and half-pay for two months; if he has been in the service for six to ten years, full pay for two months and half-pay for one month; if he has been in the service over ten years he has full pay for three months, but he has got to produce such medical certificate as the Minister may direct, and the certificate has to be obtained from a medical officer approved by the Department. If the man has not recovered at the end of three months, which is the maximum time that he is allowed to be off sick, then he has to be examined again by an approved medical officer. If the certificate of the doctor is satisfactory he may be granted further extended leave, but he gets half-pay and third-pay for periods fixed by regulation according to his service. If absent for over three months he has to pass a medical test before he is allowed to resume duty. If we were to apply those conditions to our men we would very soon be told they were irksome, and that the Department was trying to take away some of the benefits that they had previously had. Our practice has always been to take a reasonable view of the matter, and if a responsible officer says he is reasonably satisfied that a subordinate is ill we accept that. We may say, "Very well, you send him to a medical officer"; but that is only done in rare cases. As a general rule, on the assurance of the officer in charge, backed up by the medical certificate, the man is paid up to six months, and it is not an unreasonable thing in such circumstances to deduct any holiday leave that may be due to the man from the period of sick-leave. The Department is paying him dead time, and taking only the period of holiday leave from him in return. The Department is certainly losing all the time: there is no question about that.

TUESDAY, 3RD OCTOBER, 1911.

RICHARD WILLIAM MCVILLY, examination continued. (No. 22.)

1. *The Chairman.*] Will you now continue your statement on behalf of the Department in reply to clauses 12 and 13?—Yes. When we finished on Friday I was dealing with the practice of the Department in deducting from the sick-leave period the annual leave due to members, and pointing out in that connection that the suggestion to insist on a medical certificate would, so far as the men are concerned, be a very great hardship owing to the conditions under which many of them were working in regard to isolation from localities in which a doctor resided. I think I dealt with that question. Now, one clause of the petition under the heading of section 12 reads, "the interpretation placed on these regulations by the management of the Railway Department, that the Department is entitled to deduct all sick-leave from members' annual leave, irrespective of the time they are absent, and this interpretation they are strictly carrying out." Well, sir, I submit that sick-leave—even for twenty-eight days—is granted to the members of the service as a generous concession by the Department. The Department is under no obligation to grant sick-leave on pay to members of the First Division. The members of the Second Division do not participate in that concession, and it opens up a very big question when you come to consider sick-pay on the broad basis for the purposes of determining whether there is any good and sufficient reason why members of the First Division should obtain sick-leave on pay for periods extending up to six months without the Department having the right to make conditions under which payment is to be made. Now, I submit that the stipulation regarding the deduction of any annual leave due from the period of sick-leave is not by any means an unreasonable condition to impose; and I want to say this in that connection: if, as I take it, the contention of the institute here is that where sick-leave is granted or where a member is off sick for one or two days no deduction should be made, this is the position you are going to get into: you are going to provide facilities for a section of the men taking leave for one or two days at fairly frequent intervals, and beating the Department in that way. Now, that is what is going to happen eventually if the regulation is altered. I know it personally from a suggestion that was made to me by one of the officers of the Department. The question was put to me as to the interpretation, and I said there was only one interpretation. I was asked, "Well, are you going to deduct every day?" I said "Yes"; and the reply was, "I did not think that would be done." "Then, in other words, you thought the Department knew so little about the leave business and of what has been going on that it would allow any man who was not honest to beat it? Every day is going to be deducted—that is the decision of the Department." The Department claims that events have proved it was perfectly right in so deciding. Now, every day's sick-leave costs the Department so-much money, and every day your leave is extended costs the Department still more money. The cost of one day's leave to the Department is about £6,000 for all the members of the service. If the leave of the members of the First Division is extended the Department must in equity make a proportionate extension to members of the Second Division—they will insist on that being done. I do not mean to say that if you give members of the First Division six days extra you would necessarily have to give members of the Second Division six days extra, but you would have to give them something proportionate and equitable, and the cost would be very materially increased. The Department does not concur in the view put forward by the petitioners that sick-leave should be granted without any deduction up to four weeks. Regulation 55 and Regulation 56 are two entirely different regulations. Regulation 55 is made in accordance with the Act. Regulation 56 provides for something which the Department is giving but which it is not bound by the Act to give. It is giving it as a concession, and is acting generously in so doing. I have already pointed out that up to 1894 members of the Railway service who were off duty sick did not get paid for that time, unless they requested that the period of their sick-leave should be taken as a set-off against their annual leave. That was the invariable practice at that time. I do not think it necessary to say very much more respecting this particular matter. As I have previously pointed

out in connection with other requests contained in the petition, they all narrow down to the question of cost. The Department is, I contend, doing the reasonable thing—that is, it is giving the men a reasonable concession, and at the same time protecting the public interest and the public revenue. With regard to the concluding paragraph of clause 12 of the petition—"That owing to the interpretation placed by the Railway Department on Regulations 55 and 56 there are many cases where Railway officers have not received any leave for recreation purposes for three years"—I should just like to say that so far as the Department is concerned no such cases have come under its notice. A man cannot accumulate his leave for a greater period than two years—that is, thirty-four or thirty-six days, as the case may be. Well, if he is off twenty-eight days we give him six or eight days of the two years' accumulation. If he is off three months we merely deduct the accumulated leave due to him as a set-off against his sick-leave, and then the officer is entitled to his annual leave in twelve months from the time he resumes duty. Now, as I have already stated, the Department knows of no case in which any officer has not had leave for recreation purposes for three years. It was suggested the other day that officers had asked in a certain case that a comrade might be allowed to go off for fifteen days, and that so-many officers offered to give one day apiece to enable that to be done. On the face of it the refusal of the Department to allow that sort of thing to be done may perhaps seem hard; but what are the facts? The facts are these: that there is no provision in the Act or regulations by which the Department could allow a thing of that kind to be done; but what the Department did do was this: in response to a personal inquiry made on behalf of that officer by his own brother, he was told by the Department that if he was not able to do his duty and was not altogether right he was to go off, that the Department would, under the circumstances, be quite satisfied to accept his statement that he was not sufficiently well to continue work. This man, I understand, suffered from eye trouble. The Department did not want him to return to duty one day before he was able to, nor did it want to inflict any hardship on him. He could have gone off on sick-pay, and can still do so. There is no question about that. The Department did not want the other officers to do the charitable thing. The Department was quite prepared to treat that man as it has treated other men, fairly, equitably, and liberally. We are doing that every day.

2. *Mr. Arnold.*] Would he be permitted to leave the district?—Oh, yes, he could go anywhere he liked. The Department imposed no restrictions at all; and, further than that, it said, if he did not feel well enough to come back at a stated time, then he should stay another week or a fortnight instead of coming back too soon. He was not to return until quite fit for duty. I have looked into the matter, and the facts show that the Department was prepared to treat the officer referred to generously without requiring the other officers to do any charitable thing. We do not want other officers to lose anything. We were and are quite prepared to let that man off at any time if he applies; but up to the present time, as far as I know, he has not asked to get off. Those are the facts from the Department's view.

3. *The Chairman.*] Is that the advice received from the officer immediately concerned, or is it on the file in the Department?—The record shows that he applied to the District Officer, and the District Officer advised the Stationmaster that he could not agree to the suggestion of the other officers giving up one day each. If my word is doubted at all I can bring the man's own brother to state the position. The brother personally made representation, and he was told to tell his brother that, while the offer of the other officers could not be accepted, the Department was quite prepared to let him go off on full pay just the same as it had done previously when he was ill, and that so far as the Department was concerned it did not want him to come back until he was completely recovered and felt perfectly satisfied he was fit to resume duty.

4. *Mr. Witty.*] Was the officer who sent the letter along informed to that effect?—As I say, the District Officer dealt with the case and notified the Stationmaster that the Department could not concur in the suggestion of the officers to each forego a day's leave. After that the man communicated with his brother, who then spoke to the head of the Department. He was told to advise his brother in the terms I have stated, and, of course, the Department then, following the usual practice, waited for the man to make further application.

5. *The Chairman.*] He was not communicated with officially?—No, not direct. He communicated with his brother, and his brother was told to advise him as stated. If the man was to apply to-morrow he would be let off on pay on sick-leave, but he has not applied. I may say that that is not a solitary case, because we have cases in which men do go off sick and, after resuming duty, subsequently get a relapse, and we let them off again on pay. It is the same with accidents. If a man suffers from an accident and goes off on sick-pay, resumes duty, and subsequently goes off again as a result of the accident, we do not unreasonably question it. We regard it as the result of the original accident, and pay accordingly for the time he is off. I just want to make that position quite clear, because when the matter was before the Committee the other day I had no recollection of the case. I have had it looked up since to get the facts, and take this early opportunity of putting the actual facts of the matter before the Committee in order to remove any wrong impression that may have been created in respect to the Department's action in the matter. Now, with respect to the question of the seven extra days that it is stated are granted to the officers in the Postal Department, I would like to point out that the Postal officers do not get these seven days added to their leave. If an officer of the Postal Department works on any portion of a day and he is paid overtime, if it is only 2s. 6d., he gets nothing added to his leave. If he works and does not get paid, then he gets the time off. He does not get it added to his annual leave, but has to take the time off at the convenience of the Postal Department. The days named in the schedule are the Postal departmental holidays, the same as the four departmental holidays in the Railway Department. Originally, as most members know, the Railway departmental holidays were limited to three; when the leave rota was brought into operation by the Department, at the request of the staff, in order to enable the officers to get their leave sometimes in the summer

and sometimes in the winter, instead of one section of staff getting all the summer and the others all the winter, Labour Day was added to the annual holidays, so that in thirteen years members get thirteen days, but they only get twelve years' leave. The effect of the operation of the leave rota is to put the leave back one month each year, so that in thirteen years members lose one year's leave, but they get one extra day each year to compensate for it. In the aggregate the time the men get off is about the same as if they had the leave annually. This arrangement was made at the request of the staff and to suit the private arrangements of the staff, and not to suit the Department's requirements. That is all I wish to say in regard to those clauses.

6. *Mr. Young.*] Mr. McVilly, did I understand you to say that Dominion Day was granted as an extra holiday as a set-off?—No, I never mentioned Dominion Day—I said Labour Day.

7. Is a doctor's certificate really of very much value considering that application for leave really depends on the honour of the man applying?—I have already stated that a doctor's certificate is a safeguard. Doctors, like all the rest of mankind, disagree, and the value of a doctor's certificate depends to a large extent on the status and conscientiousness of the doctor.

8. But does it not depend on what the man tells the doctor?—Oh, no, not always.

9. A man might explain to the doctor that he had a pain somewhere, and the doctor could not say he had not?—I know perfectly well from my own knowledge of what transpired in an appeal case which was rather prominent, that epilepsy cannot be diagnosed. The value of a doctor's certificate to the Department is that it does tend to make men more careful in respect to malingering. I am not saying and I have not suggested that a doctor's certificate is absolutely reliable in every case—in fact, I think I made the position quite clear when I stated that there were certain reasons why the Department did not always insist in getting doctors' certificates.

10. Yes, that is what I understood; but, really, more depends on the honour of the man applying that on the certificate?—In reply, I should like to say this: that Mr. Young knows as well as I do of the considerable number of cases in his own branch of the Department in which instructions are given to the District Officer to satisfy himself, and where in those cases the District Officer tells us he is satisfied, Mr. Young knows perfectly well we accept that instead of insisting on a certificate.

11. You mean, so far as the officers are concerned?—Officers, and men of the Second Division too.

12. Do you always demand a certificate from men of the Second Division in the case of accident?—We have instructed District Officers over and over again to satisfy themselves of the *bona fides* of the statements and condition of certain men both in the First and Second Divisions. I could produce in connection with your particular branch in Christchurch any number of cases if I had time to look up the records.

13. That is not the question. My question was, does it not really depend on the honour of the man applying for leave to a great extent?—No, I am not prepared to admit that. A doctor's certificate simply comes down to this, that it is a reasonable safeguard.

14. I understood you to say that in 1906 the Department shook things up and that an improvement took place with regard to malingering and the arrears of leave?—Yes.

15. And yet according to your statement that you read out, on Friday I think, in 1909 the cost of sick-leave was £900 greater than in the previous year?—And in the intermediate year there was a drop, and then it went up again. There was a temporary drop when we were shaking things up, and then there was an upward tendency.

16. Then you compared August, 1911, with the same month of the previous year?—Yes. I not only compared August but the five months of the financial year, and I pointed out that there was a drop of £640, or nearly 50 per cent., in the cost of sick-leave.

17. Do you not think that the present system is more likely to cause malingering from the fact that a man finds that his sick-leave is absorbing his annual leave, and he may be inclined to remain off for a further period?—I know absolutely it does not tend to malingering, and that position is proved by the fact that all over the country the leave is now ahead, whereas when the regulation was gazetted, on the 19th May, 1910, notwithstanding the action the Department was taking in connection with the matter, the leave was going behind all the time. When the Department said originally that it would not make any deduction up to four weeks there was a steady-up for a little time, and then a reversal; but after the regulation came out there was a complete change, and at the present time, as I have said, the leave is not only up to date but ahead of time, and we have had several applications from the district you represent asking for the leave to be put off because it is so well ahead. In one or two special instances we agreed; others were declined.

18. Did I understand you to say that previous to the regulation coming out in May, 1910, warnings had been given?—Constant warnings were given to the District Officers.

19. Can you produce a copy of the circular or instructions?—The Head Office was taking the matter up almost daily, certainly weekly, and you know as a man in a District Office that we were forced into the position of having to obtain returns showing exactly the position of leave in every district. Those returns were got at considerable difficulty, and they imposed considerable work on the Head Office. They were obtained simply for the purpose of seeing what the actual position was from time to time, and keeping a close check on the sick-leave. We got those returns regularly, and each time we got them the Head Office wrote strongly to the District Officers pointing out what the position was, and the necessity for improving it.

20. You mentioned some officers who were malingering in Wellington some time since. Were their names known to the Department?—I do not know that I mentioned any particular officers. I said that what brought the matter particularly under the notice of the Head Office was the fact that five officers from one section were walking about the streets of Wellington ostensibly on sick-leave, and there was just as much wrong with them as there was with me. I knew that five officers were off at this particular time from this particular section, and those men I was told were in Wellington.

21. You do not know their names?—No, not personally.

22. Because on Friday you seemed to throw considerable blame on the members of the institute for not reporting such an instance. If the Head Office was aware of this and could not take any action, how could you expect the officers to?—I said definitely to the Committee that as a result we finally gazetted the regulation. That is what forced the Department into the position of gazetting the regulation you complain of.

23. But you did not deal with those particular offenders who were said to be knocking about?—Those particular offenders had I presume produced medical certificates to their District Officer or satisfied him, and the Department had to take them. It was the District Officer's duty to deal with them.

24. But if it were known in the Head Office, would you not write to the District Officer and make inquiries?—I have no doubt the District Officer was written to. Certainly the matter was taken up because, as I have already stated, we had not then gazetted that regulation.

25. That is making a general case of it: I mean this particular case?—I have no doubt at the time the case was properly dealt with—I have not the slightest doubt about that.

26. Could you produce the file in connection with it?—I dare say I could. It is, I anticipate, on the general sick-leave file. It would be very interesting reading, although not from your point of view.

27. It is in regard to this particular case?—I have no doubt there is some reference to that case on the file for sick-leave.

28. *The Chairman.*] You have a particular file for sick-leave?—A file for each section.

29. *Mr. Young.*] Might we ask for the file dealing with the five men which Mr. McVilly said caused a circular to be sent out?—I have not said anything about a circular, but I said that that was the cause of the gazetting of the regulation.

30. *Mr. Witty.*] Will you produce the section sick-files?—Yes. The Department dealt with the whole matter. That was the clinching-point in connection with the correspondence that had been going on for a long time in regard to malingering and the sick-leave, and I believe the records will show that that particular case was taken up. I cannot say from memory, as there are too many cases to deal with, and it is probably eighteen months ago. On this point of sick-leave, just to show what the position was, it would be within the recollection of members of the Committee that the matter was brought up in the House in regard to the leave on the Auckland Section, showing the position in which sick-leave had got into on this particular section.

31. *The Chairman.*] I am afraid it is not quite in order to refer to that at this particular stage?—Well, I will with your permission read the reply to the question later.

32. *Mr. Young.*] You quoted free passes and privilege tickets, Mr. McVilly?—Yes.

33. As a set-off against shorter sick-leave in the Railway Department as compared with the Postal Department?—I did not. I quoted free passes and privilege tickets to show that when Railway men were on leave they travelled either at a nominal charge, or without any charge, and so were able to get round at a cheaper rate and less expense than the Postal men, and consequently they enjoyed considerable additional advantages.

34. You quoted the same argument as a set-off against the low rate of pay as well?—I say that every item—and you are dealing with the whole matter—comes down to the question of finance. Every concession that the Railway man gets in the matter of privileges either in the direction of getting free passes when on holiday or travelling at a lower rate than other people can travel has to be taken into consideration. Each concession has a monetary value to him, and I showed by figures that the Railway man and his wife and four children could go up to Auckland and back and make a saving of £21 odd on that single trip compared with what is paid by other people.

35. But my point is that you quoted that as a set-off against the lower rate of pay, and now you are quoting it as a set-off against leave. Do you not think that we pay too dearly for the privilege if it is to be quoted in every case?—No, I do not, and the proof that the Railway staff recognize that they do not pay too dearly for it lies in the fact that they have never intimated yet their readiness to forego free passes and privilege tickets. The service as a whole has never done it, and you have to deal with the service as a whole and not with individuals.

36. Well, we are dealing with the officers?—Well, the officers have never told us they do not want the privileges.

37. Is it not contained partly in this petition?—There is a general statement as to a cash value; but you get the officers to put a straight-out proposal before the Department, and let the officers get the staff as a whole to agree to their proposals, and then we can discuss the matter.

38. You mentioned that the annual leave was very much in arrears at one time: did that apply to the South Island as well as the North Island?—It applied everywhere.

39. To the same extent in the South as in the North?—No, not so bad in the South finally, but it was pretty bad at one time.

40. Was not the cause of that arrears of leave due to the great extensions, opening lines and increased traffic?—No, it was not; it was due to the men going off on sick-leave.

41. Men who had no right to?—Men continually going off on sick-leave.

42. But do you not think the sudden increase of work, particularly in the North Island, was conducive to that—through working longer hours?—I do not think the increased work had anything to do with it. We hear too much about this increase of work, generally from the people who do not do much of it, too.

43. Do you know of any reason why the annual leave of the Railway officers should be less than the annual leave of the Postal officers?—Yes, I know many reasons. One is that the annual leave for the Railway officers is reasonably sufficient for the purpose of recreation, and another is the financial reason. You want to pile up the working-expenses of the Department all round, and is there any particular reason why Railway men should enjoy double privileges all the time? I see none.

44. What do you mean by "double privileges"?—Well, I do not know of any section of the Civil Service or community that enjoys the privileges you have got. You have continuity of employment; you have got holiday conditions that no other section of the community has; you have got sick-leave privileges under which you know as well as I do, and every officer in this room knows, the Department grants full pay up to six months. I do not see any particular reason why in the face of these things Railway officers should get any further extension of privileges. The whole thing narrows itself down to a question of finance.

45. That was not the question?—Pardon me, that was the question. You get the country to say that it is prepared to foot the bill to any extent——

46. *The Chairman.*] That is a question of policy now?—I was going to show that the departmental officers are not concerned in the cost.

47. *Mr. Arnold.*] The country has never refused to pass Railway estimates?—No; but we have in the public interests to consider the capital cost, operating expenses, interest, and results, and the administrative officers are responsible for that.

48. *Mr. Young.*] The country grants to the Postal officers so-many more days' annual leave than it does Railway officers?—Yes.

49. Do you not think the Railway officers are entitled to the same leave as the Postal officers?—As I said before, all your argument is not in the direction of extending the privileges of the Railway Department's officers—it is in the other direction.

50. Not at all?—It is.

51. You have not answered the question?—I have answered the question—it is a financial question.

52. You do not compare it?—I have declined over and over again to discuss the question of the Postal policy.

53. I think you said this morning that no payment was made for sick-leave prior to 1894?—That was the general rule. I said no payment was made except in cases where the men came along and asked that it should be taken off their annual leave. There is a regulation which distinctly provides for that. I know, of course, that there was an odd special case where special treatment was given, just the same as there are special cases now, and no doubt always will be, but those exceptions only prove the rule.

54. You said that Regulation 55 was made under the Act?—Yes; it is an extension of the time given in the Act.

55. Do I understand that Regulation 56 was not made under the provisions of the Act?—Regulation 56 is outside the specific leave provisions of the Act. There is no provision in the Act to say that the Department shall grant sick-leave.

56. Then if Regulation 56 was not made under the provisions of the Act is it not *ultra vires*?—No, it is not: it is a machinery regulation.

57. Does it not state that those regulations are made under the Act?—Yes, I know that, and it is correct, and is made under the subclause which gives the Governor in Council power to make regulations to carry out the intentions or anything else that it is necessary to provide; but there is no specific clause dealing with this question of sick-leave—no specific clause in the Act which authorizes sick-leave: it is granted by the Department as a concession.

58. *Mr. Arnold.*] With regard to those five men, Mr. McVilly, did I understand you to say that you did not know the names of those men?—No, sir, I do not know now from memory. I do not know that I even heard their names, but I heard at the time that those five men were off. You must remember we get hundreds of cases.

59. But it was reported to you that there were five men here?—It was mentioned to me by one of the members of the staff in the Buildings. I am not sure that he mentioned the names. I think he said, "I saw five Auckland men."

60. Then there must have been a suspicion that they were malingering?—No, the position was that those five men were off, and I think, speaking from memory, that one of them had asked for his leave, and he was told that he could not get it, and he said, "If I cannot get it I will have to go off sick," and that is what was done.

61. Do you know the name of that man?—I do not remember it. I endeavoured to trace the case on Saturday, but I have not succeeded so far; but I think it might be possible to turn it up yet.

62. You see there can be nothing extraordinary in men coming to headquarters if they are on sick-leave?—No, but the extraordinary circumstance in that case was that those five men who were stated to be on sick-leave should be in Wellington together and walking about the streets. That is the thing that struck my informant, and I said, "Then we will have to deal with the matter," and action was taken by gazetting the regulation.

63. Evidently there was no communication sent to those individuals?—I could not say from memory. My recollection of the matter is that the matter was taken up at once with the District Officer in the ordinary way that we take those matters up. We do not communicate direct with the staff. We want to know whether he satisfies himself as to the condition when a man gets leave.

64. Was any communication sent to the District Office with regard to those special men?—My recollection of it is that there was, but I cannot be sure now. There are so many matters to deal with that you cannot always carry them all in your head.

65. But the fact of those five men being here has fixed itself in your mind, and it is surprising that any communication has not?—Well, I should be surprised if there is no communication. We may have written a common letter respecting the general leave, or perhaps a communication regarding each of the five men.

66. No communication was sent to the institute?—No, we dealt with the District Officer in the matter. That is what we always do.

67. *Mr. Witty.*] Do I understand that those five men were all from the Auckland District?—I think so, speaking from memory.

68. And it was really on account of those five men who were supposed to be malingering that this leave was stopped?—No, that brought about the final decision at the opportune moment. The matter had been under consideration before for some considerable time, and a regulation had been included earlier in the draft regulations. Only one clause of that particular regulation was gazetted at the particular time. The others were held in abeyance, and in the interval there were constant communications passing regarding this continual sick-leave, and that was the final argument of the Department.

69. Then Auckland is really the worst section of the lot with regard to sickness?—No. At that time there was very considerable trouble with the Auckland District; but there was Wanganui with 885 days, Wellington 1,066, Christchurch 1,530, Dunedin 727, Invercargill 384, Greymouth 353, five men with four months at Westport, and 27 others, short periods totalling 300 days. That is the information that was given about November, 1907. That is what was stated by the Minister in the House in reply to a question.

70. There is a vast difference in the mileage of those sections and the number of officers, and unless you have the number of officers you could not compare the figures?—No, there is not such a great difference in the mileage or in the officers. Of course, where you have the shops there is a big difference; but I am speaking about the First Division, and the mileage is very evenly distributed.

71. On Friday, Mr. McVilly, I think you stated that in case of accidents leave is never refused. Is that correct?—Yes. That is, we do not deduct the accident-leave from the annual leave.

72. Well, would it surprise you if I told you that I know of a case where a man met with an accident, and he was told that if he went off his leave would be stopped?—The position taken up at first was that all leave would be deducted.

73. How long ago is that?—I should think, eighteen months ago.

74. This case was less than that?—Well, I do not think that would be the position, because the decision was altered. The general question was put at the outset, and the staff were told that all leave would be deducted. Later an accident occurred and this question was brought up; the Department conceded the point, and dealt with the case on its merits, and then the ruling was made general. If I remember aright, the matter was brought before the Minister, but at that time we had been actually granting the accident-leave, and I do not know why it was brought up.

75. As near as I can remember, this case I am referring to was twelve months ago, in my own district: a man met with an accident, and he was told that if he went off it would be deducted from his leave?—I cannot say the month when the decision was come to, but the regulation was gazetted in May, 1910. At the outset we said it would apply to every case, but it was waived in the case of accidents, although the Department recognized there was such a thing as a man going off with a scratched finger.

76. In this case it must have been early in August: it was frosty at the time, and the man slipped down from the signal-box?—A Second Division man?

77. No, First Division?—I cannot recall that case. The original decision provided that the time should come off, because we wanted to prevent any abuse, but every case of *bona fide* accident was dealt with specifically, and leave on pay was then, of course, granted.

78. This man was badly hurt for the time being?—The only case in which accident pay is not granted is where a man meets with an accident off duty—that is, the First Division men. No time is deducted from the man if he meets with an accident on the railways.

79. *Mr. J. V. Brown.*] In regard to the five men who were off sick, was there any epidemic about at the time?—There was no epidemic so far as I can remember at the time these men were going off. The trouble then was that the leave was very much in arrears, and the men who had leave due to them were naturally very much annoyed when they were unable to get away. We recognized that, and did everything possible to get it up, but the unfortunate part was that the more relieving officers we put into the district the more the leave got behind.

80. The extraordinary part seems to be that they all came from the one district?—Well, I will have the names looked up and, if at all possible, get the particulars.

81. *The Chairman.*] You stated that the members of the Second Division do not get sick-leave; but does not the Department consider that the payment of overtime is something to compensate them for not getting sick-leave?—Well, it is only a portion of the Second Division that get the overtime.

82. What portion is that?—Drivers, guards, firemen, locomotive men, and running men. The other men, I think, get time off, but of course they have to work any hours. There is no strict forty-eight-hour limit.

83. But still, even if they get time off instead of pay for overtime worked, their overtime is recognized?—Yes, that is so.

84. It is not recognized in the First Division?—No, not in the First Division, but at the same time the First Division staff arrangements are such as to enable them to work reasonable hours.

85. If a District Officer satisfies himself that a man is ill do you dispense with the certificate?—Sometimes.

86. It is not a hard-and-fast rule that a man must supply a certificate?—No. For instance, if the District Officer said Smith was laid up with typhoid we would not ask for a certificate in that case, nor if he had broken a leg.

87. Now, a lot has been said about those five men who came to Wellington and about men elsewhere malingering, but could a man at a country station have the same opportunities for

malingering as an officer at a larger place or in a city?—If a man at a country station reports to the District Officer that he is ill and cannot carry out his work he has got to be relieved, and that is what was being done.

88. But that would be a genuine case and not a case of malingering?—It may not be, and I am afraid in some cases it was not.

89. You have not distinguished in any way between the malingering that takes place at big stations and that which takes place at small stations?—No, I am dealing with the position generally.

90. What I want to get at is this: why a man at a country station with perhaps only a clerk to help him should be made to suffer as a result of five men from a big station walking about Wellington?—I have not said those men were from a big station—I said from a section.

91. Or from a place where they could not cause the same inconvenience?—I do not think you would get any officer in charge of a big section to admit that he could spare five men from his staff at one time.

92. From the one centre I mean?—Well, take Auckland: there are probably forty men in the Auckland Goods, and if Mr. O'Loughlen was asked if he could spare five men at one time he would say No: is that so?

Mr. O'Loughlen: That is right.

93. *The Chairman.*] But he might spare one, and the Traffic Department might spare another, and they would all come from the centre?—That is right, but the probabilities of getting a condition of that kind are rather remote.

Mr. O'Loughlen: We often have two or three off at a time, and the other clerks have to work extra hours. There is a relief at times, but at times there is not.

94. *The Chairman.*] If the passes and privilege tickets were withdrawn do you think that the First Division could be placed in the same position regarding salaries and leave as the officers in the Postal Department?—If the passes and privilege tickets were withdrawn from the First Division you would have to bring the whole service into one common line, and the probabilities are, if the passes and privilege tickets were withdrawn from the First Division, that it would pay the cost.

95. Would the Department be satisfied to withdraw the passes and privilege tickets and place the men of the First Division in the same position as the officers in the Postal service?—Well, sir, I think the question of dealing differentially between the members of the First and Second Division in regard to privileges would resolve itself into a question of policy.

96. Well, of course the Department might decide to do the same with the Second Division?—Yes.

97. And give them, for instance, the same wages as are paid outside whether the wages are higher or lower—the same wages as are paid under the Arbitration Act?—Well, I understand the Second Division have already taken three votes in response to requests, and I know which side of the fence they got on.

98. You are going into another question now?—I am just saying that the First Division could hardly be treated differently from the Second Division. I do not think that you would get them to accept arbitration.

99. We are not on this question, and strictly speaking it should not be admitted. Of course, if you say that the Second Division have been given the opportunity of taking three votes, and I were to follow that up, I would ask what men were allowed to vote and what sort of votes?—And on the other hand I would be quite prepared to deal with that question.

100. It is really a question apart from the Second Division and we cannot go into it?—I do not think you can separate them, sir.

101. I want to get at this: whether, in your opinion, the Department would be satisfied that the First Division should be placed on the same footing as the Postal officers if the passes and privilege tickets were withdrawn?—Well, I am of opinion, sir, that you would have to deal with that matter on the general experience elsewhere and also in this country, and that is that one division of the service would want just exactly the same as the other in the matter of free passes and privilege tickets.

102. Would the Department suffer a loss if it were to place the First Division men in the same position as the Postal officials and withdraw the free passes and privilege tickets?—In respect of leave?

103. Yes, in respect of leave and in respect of salaries: do you think the Department would suffer loss?—Well, provided the Department had exactly the same power as the head of the Postal Department I do not think that there would be very much to be gained by the men.

104. I am not asking what the men would gain: I want to know, from the Department's point of view, would it be a loss to the Department to pay the same salaries and allow the same leave as the Postal officers get, but on the other hand withdraw the free passes and privilege tickets?—Well, I am unable to say without taking out the passes and privilege tickets for the First Division. I should have to get the general cost and value of the passes and privilege tickets.

105. I think you said it was £25,000 for special privilege tickets for both divisions?—It is £129,000 for passes and privilege tickets.

106. That is, if every man in the service avails himself of the privilege?—We have had the totals taken out roughly—that is, on what they ask for and obtain.

107. That £129,000 represents the actual number of privilege tickets issued in response to applications?—Privilege tickets were issued to the extent of £8,300; that is practically £25,000 of a saving. The total value of the fares would be £33,000 roughly. The question of passes was gone into, and before the fares were increased I think it was somewhere about £82,000. Well,

since then we have increased the fares, and I understand the value of free passes issued would now be £100,000. That is, the passes the staff actually apply for and get. Then, in addition to that you have to take into consideration the £20,275 they save on superannuation contributions.

108. Well, there again you are opening up a big question, because the rates of contributions have been altered for the men?—Yes, the new men originally paid 3 per cent. minimum. The men who joined originally are paying 2 per cent. less than the Postal Department's officers, and there is a difference in the amount contributed per annum of £20,275.

109. Can you take the superannuation contributions into account when all the members of the Railway service are not getting the benefit of that 2-per-cent. reduction?—I take it, the men who are not paying the highest rates would have to part up, and there are about 7,900 of them.

110. *Mr. Arnold.*] In any case it does not come out of the Railway vote?—No, but it is a concession the men are enjoying as against the payments in a general way.

111. *Mr. J. V. Brown.*] They save 2 per cent. per annum now?—Yes.

112. *The Chairman.*] That is, provided the law is not altered, of course?—I have it here. Original contributions—3 per cent., 2,841; 4 per cent., 864; 5 per cent., 620; 6 per cent., 447; 7 per cent., 503; 10 per cent., 1,106: Then there is to be added the number who joined between 1903 and 1908, before the amended percentages under the Act of 1907 came into operation—31st December, 1907—these bring the total up to the following: 3 per cent., 4,685; 4 per cent., 1,135; 5 per cent., 663; 6 per cent., 432; 7 per cent., 450; 10 per cent., 538: total, 7,903. The number paying the same percentages as the Public Service at the present time is—5 per cent., 2,137; 6 per cent., 338; 7 per cent., 33; 8 per cent., 10; 9 per cent., 3; 10 per cent., 1: total, 2,522, who are paying the higher percentage. That is less than 25 per cent. of the whole contributors.

113. *Mr. J. V. Brown.*] And what is it in the Postal service?— 5, 6, 7, 8, 9, and 10 per cent.; and nearly 8,000 of our men pay 3, 4, 5, 6, 7, and 10 per cent. There is a difference of 2 per cent. all along the line, except in respect to the 10 per cent., and the minimum was made 3 per cent.

114. The ages of the people paying 10 per cent. would be fairly high?—Yes.

115. *The Chairman.*] Coming back to my original question about the passes and privilege tickets being withdrawn, do you not think it would pay the Department to withdraw the passes and privilege tickets which are costing £129,000 and give the members of the service the same conditions as the Postal?—But you have to take the whole service into consideration.

116. Instead of giving £129,000, supposing you take the proportion of that represented by the concessions to the First Division, would that be equal to or greater than the increased amount that they are asking for?—Well, I have not separated it.

117. Do you think you could get at it?—Yes, I could, but it will take time.

118. And could you give the Committee the information later?—Yes, I will endeavour to get it for you.

119. Regarding Regulation 56, what was the drift of the suggestion made by Mr. Young?—I take it that Mr. Young was endeavouring to show that the regulation was *ultra vires*, because I stated there was no specific provision in the Act to enable the Department to grant four weeks' sick-leave. The only provision in the Act is that the Department shall grant members leave of absence not less than one week in a year. I pointed out that there is no mention there of sick-leave, and that the sick-leave regulation was a concession, something the Department gave. It is a generous provision made by the Department to meet the circumstances of the staff. The power under which the Department made that regulation is contained in a general clause in the Act which says that the Governor in Council may make regulations for giving effect to the Act, and after dealing with certain items it says, "Generally for any other matters, &c." The sick-leave regulation was made under that general power, but there is no specific provision in the Act, and the Department is not compelled to have that sick-leave regulation. The Department could strike it out to-morrow and the staff would have no legal claim, and they could not reasonably claim that they had a grievance.

120. Regarding those five men who were walking about Wellington, the ifference to my mind from your evidence was that some of those men took the sick-leave because they were unable to get their ordinary holiday leave?—The statement I made, sir, was to the effect that I thought that in one particular case a man had asked for his leave and he had been told that he could not get it, and he said, "Very well, if I cannot get it I will have to go off sick"; and I think that was the reason that made the member of the staff who mentioned the matter to me take notice of it.

121. Well, if that man had gone off sick to get his ordinary holiday leave, and that leave was due to him, the Department would not be suffering?—Yes, it would. The position was this, as I explained: in quite a number of cases the men who went off on this sick-leave remained off for four weeks and then came along and said that an extension would set them up, and as the relieving officer was there they would be glad if they could get their annual leave in addition.

122. I was assuming that the officer would be honourable enough to realize that he had had his holiday leave by taking it as sick-leave and there let it rest?—Our experience was not in many cases in that direction, unfortunately. They did not regard sick-leave as a set-off against their annual leave.

123. *Mr. J. V. Brown.*] Apparently those men who went off seemed to have their own pleasure more at heart than the service?—Yes, indications pointed that way. They never thought of the Department or their fellow-officers, and the Department in deciding its course of action was considering the men who were doing the right thing. It regarded it as being distinctly wrong to punish the honest people for the dishonest.

124. *The Chairman.*] When you give us the information regarding those five men, will you also tell us how long it was previous to their walking round Wellington since they had had holiday leave?—Yes, I will endeavour to get that information for you.

125. I want to get at this: whether those men were actually malingering and causing the Department to lose money, or whether they were really driven to desperation through the holiday leave accumulating and they could not get it, and then being forced to take the step they did?—I do not think that was the case, because we were putting on additional relieving officers all the time. In that particular district the Department put out sixteen to try and pull up the leave; but notwithstanding that fact it was not until the new regulation became operative and it was definitely decided to deduct all leave that the position was altered, and it then altered immediately.

ALEXANDER THOMAS ENNIS further examined. (No. 23.)

1. *The Chairman.*] What are you?—Traffic Inspector at Invercargill.

2. I understand you are now going to deal with clause 14 on behalf of the institute?—Yes. The clause is as follows: "14. That officers are required as circumstances arise to go on duty on Sundays in connection with—(*a*) Ordinary suburban trains to and from seaports; (*b*) trains leaving starting stations on Sundays; (*c*) trains leaving starting stations on Saturday and finishing the run on Sunday; (*d*) alteration and repairs to running-track and signalling-apparatus; (*e*) other duties in connection with accounts, &c., which must be done on Sundays and which cannot be done on the Saturday immediately preceding or the Monday immediately following. That officers receive payment for duties performed in connection with matters coming under headings (*a*) and (*b*), and also for alterations and repairs to running-track and signalling-apparatus when such work is authorized by the General Manager, but they do not receive payment for the performance by them on Sunday of any other duties." I wish to state that in the Railway Department there is probably more Sunday duty worked than in any other Government Department. The Railway officers have to work a considerable amount of Sunday duty. Some stations are open for train-running purposes all day on Sunday; others are only open occasionally at holiday times and for special trains that may be required to run on Sundays from time to time. In these cases, if officers are specially called on duty they are paid one days' salary at ordinary rates. There are, however, a number of cases where trains leave the centre on Saturday night and run into Sunday morning. For attendance on the latter train officers are not paid anything extra, as it is ruled by the Department that the train is simply one which started the running on Saturday night, and, the work being continuous, it does not constitute Sunday duty. A train may leave a point on Saturday and not reach its destination till some time on Sunday. In such cases, although an officer may be specially brought on duty to attend to that train at, say, 5 a.m. and had to remain on duty one or two hours, he receives no payment owing to the ruling that when a train starts its journey on Saturday and finishes on Sunday no payment will be made for Sunday duty. If the train were to leave the starting station at 4 a.m. on Sunday and finish its run at 9 a.m. the officer who had to be in attendance from 5 a.m. to 7 a.m., or any other officer brought on for the same train, would receive one day's pay at ordinary rates. Then why should not payment be made in the preceding case? We would also point out here that an officer brought on duty to attend trains on Sunday has to attend to *all* trains that day, and may have to start at an early hour; also attend during the day and late in the evening. Some officers are on duty fourteen and fifteen hours on Sundays, and look upon that day as one of the heaviest in the week. At chief-station booking-offices it is absolutely necessary for the clerical staff to work on the Sunday following the close of the accounting period, as it is not possible to complete the accounts after close of business on Saturday night without so doing. In these instances no payment is made, although the Department is aware that the staff are brought on duty for this purpose, and that the work cannot be done at any other time.

3. *Mr. McVilly.*] Will you tell the Committee, Mr. Ennis, the stations at which this fourteen and fifteen hours' continuous duty is done on a Sunday?—I could not name them all, but could give an example—Auckland, for instance.

4. By whom is that done?—The officer in charge of the station for the Sunday, or one of them.

5. How does he go on?—He has to be on before 7 o'clock for the mail train in the morning, and the last suburban train leaves there at 9 o'clock at night.

6. And he is on continuous duty?—He may be off an hour or so during the day, but not much more.

7. There are intervals?—Yes, he could go away for an hour if he had anywhere to go to.

8. Then the duty is not continuous—it is intermittent?—It depends on what you call continuous. An hour is not much good to a man sometimes.

9. Well, if a man is able to put his hat on his head and go up town for two or three hours, would you call that continuous duty?—I should say it is practically continuous duty.

10. Then, if he went home and went to sleep for those two or three hours, would you call that continuous duty?—Well, if he could go home and go to sleep he may be entitled to get the time, but in these large centres it takes the best part of an hour for a man to get home sometimes.

11. Well, do you consider that a man who is sitting at home or a man who is down at the wharf is on duty?—I should say he is practically on duty, because the time is of very little value to him.

12. He is not on duty when off the railway premises?—No.

13. Then he is not on duty when he is down at the wharf?—He might just as well remain on duty for all the value the time is to him.

14. Is he on duty when he is on the wharf?—The Department has ruled that he is not then on duty, but it is hardly fair to consider him off duty when the time is of no value to him at all.

15. If you were employing men and they were at home or off your premises and not carrying out any part of your work for two or three hours a day, would you consider that they were on duty doing your work then?—Well, I do not think it would be fair to consider them off duty when they could only go off for a limited time like that.

16. Would you consider they were on duty if your money was at stake?—Yes, for a matter of two or three hours I think I would.

17. Well, where would you draw the line—supposing it were four hours?—A fair division, I should say, would be about eight hours.

18. Would you consider that if a man was fishing off the end of the wharf for six hours that he would be on duty and you would be justified in paying him?—He must be within call. As long as he has to be at the Department's call it is fair to consider him on duty. If he leaves the station he must leave word where he is to be found. Although the interval between the trains may be two or three or six hours, he cannot go away beyond call. He must be within call of the Department in case he is wanted.

19. Now, with reference to this Sunday business, what possible chance is there of a man being called between the arrival of an incoming train and his going away, and his coming back half an hour before the outgoing train?—There is every possibility of his being called. A train may break down on the line.

20. What has an officer in charge of the Auckland Station got to do with a train breaking down on the line?—If a train is broken down he has to supply the train to take out the relief men.

21. Talking about Sunday trains, which you know are very infrequent, is it not a fact that, generally speaking, when a train has arrived at Auckland that is the last train for that particular interval?—I understand they start from both ends at the Auckland District.

22. What do you call "both ends"?—They run from both directions to and from Auckland, and although a train arrives at Auckland there may still be another to arrive from the other end.

23. Well, what do you mean by "the other end"?—Well, take Onehunga. I understand they start at both ends. Although a train arrives at Auckland there is nothing to show that no other trains are running.

24. Is it not a fact that the service as a rule is worked in such a way that it can be worked by a man at one end?—Yes.

25. In that case there could be no call on the Stationmaster for any broken service?—If a man is booked on duty he must be within call whether there are any trains or not.

26. But that is not the point. What is the necessity for him to hang round in case of a breakdown of a train?—I go further, and say that he must remain on duty if there is any likelihood of there being any train.

27. A man in a station house is on call but not on duty?—Yes.

28. If a man is on the wharf he is not on duty, and there is no necessity for him to be at call?—If you are going to say that he is tied to the station house I should say he is on duty.

29. Would you say that when I go home I am on duty?—If you are bound to remain at home I should say you were—if the Department insisted on your doing so.

30. Now, in regard to the question of accounts, is it not a fact that the Department some considerable time ago extended the time which was previously allowed for the preparation of accounts by two days?—Yes.

31. Well, do you know the reason why that was done?—Well, it was to reduce the work in the Accountant's office, I understand. I did not know the precise reason, but they saved what we call the supplementary abstracts and did away with them.

32. Do they save the supplementary abstracts?—Yes, considerably.

33. They have wiped it out altogether?—Not absolutely, but it has reduced it very much.

34. Is it not a fact that the primary reason for the alteration was to obviate what some members said was the necessity for going on Sunday duty?—I never heard of that.

35. Well, as a matter of fact, it was. At how many of the stations is it necessary to work on Sundays to prepare the accounts?—At most of the larger stations they have to, I believe.

36. Is it not possible to do without that?—Not so long as the Department insist on the men balancing their work before they bank on the Monday.

37. But is not the work balanced up every day?—The daily work is.

38. And the cash is balanced every day?—Yes.

39. And if the cash is balanced every day and the work balanced, what special reason is there for making a balance of the whole month's work before you bank on the Monday?—It is found to be necessary because, no matter what care is taken with the daily work, errors creep in which are only discovered when dealing with the monthly balance.

40. Is it necessary?—If the Department said it was not necessary it would do away with a great amount of Sunday duty.

41. If the work is done accurately as it ought to be during the period, should there be any necessity for this Sunday work?—Oh no. If you got men who were so absolutely correct that they never made a mistake, then it would not be necessary.

42. Well, has not the Department provided at these stations the necessary machinery to enable the men to check their work and so insure accuracy as they go along?—What do you mean by "machinery"?

43. Well, have you not got a proper system of accounts?—Yes.

44. Well, if the accounts are properly balanced you can check your work as you go along?—Yes.

45 And you can check your work at the end of the week?—Yes.

46. Well, if it is checked properly at the end of each week you have got down to three weeks, and you have an absolute check—you know where you are then?—No; it is still found when they come to balance at the end of the month that errors are made that are not discovered until they are dealing with the whole month's work.

47. Well, is not that an indication that the work for the preceding period or the work prior to the end of the month has been done inaccurately?—That is so—that errors have been made.

48. Well, you come down then to this: that any Sunday duty that you say is necessary is caused by inefficiency—inaccuracy in the accounts?—I would not say it is inefficiency.

49. Well, it is inaccuracy at some time during the month?—The Sunday duty is necessary to test whether there has been any mistake or not.

50. You have already stated that the machinery or system of accounts is there; he has got the appliances to balance weekly, and if he does his work accurately there should be no difficulty. Does not that show that Sunday work is not necessary so far as the Department is concerned, but results purely from the inaccuracies that the men make in doing the work?—I have said that if you could get men so perfect that they would not make a mistake during the month's work, then you could dispense with Sunday work, but there are very few men like that.

51. But the instructions are that they are to balance weekly?—Yes.

52. Well, if they balance weekly you get down to the last week, and if you have only got the last week and you balance correctly daily during that week you narrow the work right down till you balance the work on the Saturday?—No, the work for the whole month. It is expected that they shall have the balance for the whole month.

53. But you have first of all your first week's balance?—Yes.

54. You also have the second and third weeks balanced, and you balance up on the Friday night of the fourth week, which gives you three weeks and five days, and you have just got the Saturday left. If you balance up the three weeks and five days accurately, what necessity is there for coming back on the Sunday to go through the ordinary work in order to make it ready to bank?—It is found to be so. Errors creep in no matter how careful a man is.

55. It is found then that the Sunday work is necessary because of the inaccurate work that has been done by the men during the month?—In case there may have been inaccurate work.

56. They have an opportunity of testing the work week by week and day by day, and if that test is applied efficiently why should there be any mistakes?—It is quite possible to make a mistake. One cannot know in accounts.

57. Why should it be necessary to work on Sunday?—Well, they have to work on Sunday so that they can put it right before they bank.

58. Well, when you come down to that, the Sunday is the last day before you bank. You have only got your last day's cash to deal with. If you have efficiently balanced your work right along errors can only be in the last five days, and why should it be necessary to go back on the Sunday—why not discover the error on the Saturday night?—But if the errors are made in balancing the first week it will not be discovered till the whole of the month is done.

59. Then you come back to admitting that the provision for the first week's balance is inaccurate?—I have already said that a man may make an error.

60. The Sunday duty is not for the requirements of the Department but simply to enable the men to discover any errors they may have made previously?—It is partly for the requirements of the Department if they require the monthly balance worked out before the man banks on the Monday.

61. The Department provides that a man may balance as he goes along, and if the man does that accurately how can the necessities of the Department compel the man to go on duty on Sunday, and I have already pointed out that we have given the men two extra days to complete their routine accounts: where is the necessity from the Department's point of view?—I have said several times that if a man were so correct that no error could be made there would be no necessity for it, but with the best men errors will creep in.

62. But any errors that creep in during the one week should be discovered at the end of the week if the balance is done correctly?—Yes, that is so.

63. Then any Sunday duty is done by reason of the fact that the men recognize that they have not efficiently done the work during the month?—I do not think that at all.

64. Is it or is it not within your knowledge that a number of men prefer, if they have got anything special to do, to do it quietly on a Sunday or at any other time when there is a quiet day, so as not to be disturbed?—There are such men no doubt, but they are few and far between.

65. But the Department is not asking them to do that, is it?—No, certainly not.

66. Then men do it of their own volition?—There are some men who, when they have a difficult job, would sooner do it on a Sunday.

67. *Hon. Mr. Millar.*] If you are balancing daily and the accounts are strictly kept how can there be any error at the end of the week?—Well, I confess it should not occur, but it does.

68. Well, how do they get the balance?—In the larger offices they balance up the cash after every train. Each train is totalled in a book, and at the end of the day they have another book in which they make up the daily bookings, and those are compared daily, but even by the best of men errors are made, and those errors are not discovered till the end of the month. The fact that this may occur makes it necessary that the men should balance before they bank on the Monday. If they do not discover it before they have to bank it cannot be adjusted in the books.

69. A mistake may be made in the booking up of one train?—Yes, it may be one train.

70. The cash would balance all the same, but the particular train would not get the credit?—It may be an omission in charging up the tickets. They would have cash over and would put that to what is really a suspense account in the meantime, or if they had cash short they would naturally have to pay that in at once.

71. That is paid out of the suspense account?—No, if it was short they would have to pay it out of their own pocket, but if the cash is over it is practically in a suspense account until the reason is discovered. If it is not discovered it is finally banked in the usual way.

72. *Mr. Arnold.*] With regard to passenger-trains, supposing a train arrives on Saturday night at 11 or 12 o'clock, have you to enter the number of passengers—the booking in and booking out?—In the case of a train arriving at its terminus at night the tickets issued by the guard have to be dealt with: the money he brings in has to be dealt with that night.

73. Supposing a train arrived at five to 12 on the Saturday night?—They would probably do that on the Sunday or Monday morning.

74. It would have to be done before the time for banking on Monday?—Yes, before banking on Monday.

75. That would necessitate some one working on the Sunday?—At the end of the period it would, because there are a lot of returns to be made up and the ordinary work has to be carried on at the same time. That work is generally done on the Sunday at the end of the four-weekly period.

76. Supposing that train arrived about 12 o'clock not at the end of the period, would you not have to balance that before Monday morning?—They would total the tickets and book the amount from the guard, but not put those tickets through the books that night, although it would have to be done before they banked on the Monday; but if it is at the end of the period and they have to make a complete balance for the period before they bank on the Monday, those tickets have to be entered up. There is a special form for entering the tickets on.

77. What is the length of the period?—The returns are made up every four weeks.

78. So that it would not happen every week but would happen every four weeks?—Yes.

79. *Mr. Witty.*] During the four weeks you have ample opportunity of correcting any errors?—Yes, if they are discovered.

80. Do you know of any stations where the officers are working fourteen hours on Sundays: I mean where there are trains running constantly with less than an hour between each train and there is no time for the men to get away?—No, I could not say of any place where the trains run less than an hour.

81. Or, say, where a man has not time to get away from his station?—No, I do not think there are any.

82. Are there not some on the Lyttelton line?—I really could not say as to the Sunday trains on the Lyttelton line.

83. *Mr. J. V. Brown.*] You balance at the end of every four-weekly period?—Yes.

84. If you closed the books on the Friday instead of the Saturday that would always give you plenty of time to square up, and you would only be one day behind; that would prevent any Sunday work?—I should say that is more a matter for the Department. I do not think it would make any difference. The day following the end of the period you bank the previous day's cash, and once you do that any errors during the month can only be found out by comparing the returns. Another objection would be that Saturday is the busiest day in the week at large stations, and they could not do very much with the returns at those stations.

85. Do the clerks lose much in regard to tickets?—I do not think they lose much, but I have known where a man has given a £5 note away for a £1 note.

86. *Hon. Mr. Millar.*] Assuming that a man is wrong in his additions in his returns, is there not an "outstanding sheet" on which he can enter, say, 10s. as money outstanding?—There is an outstanding sheet, but errors of that sort have to be shown as short-banked or overbanked, and they are taken to account for them.

87. That goes into the four-weekly statement?—It is part of the four-weekly statement.

88. So that the officers do not need to spend so much time in finding out an error, because it could be shown in the supplementary statement?—The error has to be shown on the statement, and if an error is shown they are called upon to account for making the error. The only way to avoid that is to balance the month's work before they bank.

89. But in the event of their not finding it they can do that?—Yes, but they have to explain it.

90. You said you considered a man was on duty practically all the time whether he was attending to train service or not—that he had to be at call?—If he was bound to remain at call.

91. Does not that apply to all men connected with train-running?—Yes, it would with all men who were bound to remain at call.

92. That would apply to all men in the service, engine-drivers and so forth?—Not always. When they go off duty they are not bound to remain at call.

93. They are bound to remain at call so long as they are connected with train-running—they are supposed to be available at any time they are called upon?—I do not think so. There are certain men booked on duty on Sunday, and although there is an interval between the trains they must be within call.

94. But whether they are booked on duty or not, are they not supposed to be on call on Sundays or any other day?—They are not supposed to remain in their houses or at any particular spot where they can be found. They can go to church, or for a walk, or anywhere else.

95. *The Chairman.*] Must you not review the month's accounts prior to banking at the end of the period?—They make up the statement.

96. A statement that could not be made up at any other time during the period?—No, they cannot make up those returns until the business of the month finishes.

97. If there are no inaccuracies at all and the staff is called upon to make up the returns that must go in, how long does it take to make them up if they had a clear run at them and were not interrupted by the ordinary business of the station?—That would depend on the business done at the station. At some offices the business is very much larger than at others.

98. Say a station like Palmerston North?—Well, it would take two clerks a couple of clear days without doing anything else.

99. Whether there are any inaccuracies or not?—If the returns come out and balance with the books and without any mistakes I think it would take them two days. If there were errors it would take them longer to search for them.

100. Then, the returns at the end of the period for a station like Palmerston North would take on an average two days to prepare?—Yes, that is a fair average.

101. And those men could not get a fair chance at those returns until after the business was closed on Saturday?—No. They might commence them a little earlier on a Friday, but where a train leaves late you could not close them.

102. Taking into consideration how long the statement takes to compile, in consequence of the banking on the Monday it is necessary to spend some time in the preparation of those returns on the Sunday?—Yes.

103. Why does the Department insist on banking on a Monday: is it a fixed rule that they must bank at a certain hour?—They must bank every day before the bank closes.

104. Special stress has been laid on the fact that the banking must be done at the end of the period?—It has to be done every day.

105. It is not a matter of taking a separate balance each night and totalling them up every four weeks and saying that is the return for the period?—No, those returns which are made up are made up distinct from the books altogether.

106. Separate returns which cannot be either or partly prepared during the three weeks preceding?—No, that is so.

107. Now, in regard to the question of the suspense account: any matters being dealt with by the suspense account cannot be finally closed until the end of the period—in fact, they may not be closed then?—No, that is not so—they are frequently carried forward from one period to another.

108. But an item in the suspense account this week might be closed next week?—Yes, but the weekly balance would not necessarily discover it. The weekly balances are from one week to another. In regard to the tickets, you take the closing number at the first week and the closing number at the second week, and make up the books on the week's work itself.

109. Each week standing by itself?—Yes.

110. It may be necessary to go through the accounts again and alter the balance as a result of alterations in the suspense account that had taken place from week to week during the period?—An error made in the first week of the period would not be necessarily discovered in the second week.

111. What items do you put in the suspense account?—Items for which there is no debit. Such an item as excess of cash would go into the suspense account.

112. Anything else?—Or a person pays an amount for a ticket which has been obtained from the Traffic Office.

113. If that happened in the first week and you got a debit from the Traffic Manager's office the second week?—That would adjust it.

114. But it would mean going back to the second week's account to adjust it?—Yes. The accounts allow for a transaction of that sort being adjusted in the second week without affecting the first week.

115. *Mr. McPherson.*] Is it not a fact that the institute has represented to the Department the necessity for closing these accounts at 2 p.m. on the fourth Saturday, so as to do away with this Sunday duty?—Yes, that is so.

116. On more than one occasion?—Yes.

117. Are you aware that booking clerks are not allowed any bonuses to cover losses in connection with wrong change?—No, that is so.

118. And are you aware that money-order clerks in the Postal Department are allowed a certain percentage of the average takings to cover losses?—Yes, I think that is so.

119. *Mr. Graham.*] Is it not a fact that it is impossible to close the passenger returns until after the last train has left the station on the Saturday evening at the end of the four-weekly period?—Yes.

120. Then is it not a fact that those returns must be balanced before the Sunday morning?—Yes.

121. Or else you cannot go on issuing tickets on the Sunday morning?—The books must be balanced.

122. Then at such large stations as Auckland, Wellington, Invercargill, and Palmerston North, and other such places, do you not know that it takes from three to five hours to balance up the passenger returns alone?—That depends on the size of the station.

123. And if there are any errors it takes a longer time?—Yes.

124. *Mr. J. V. Brown.*] You said the officers in the Postal Department have a percentage of the average takings given them to make up for losses. Would that not be an inducement to make errors?—I understand a man is allowed that amount irrespective of the errors made.

125. If I were a clerk and I said I made a mistake in my change of £1, would I get that?—You get a certain annual allowance whether you make a mistake or not.

126. *Hon. Mr. Millar.*] Dealing with the question raised by Mr. McPherson, if the accounts were closed down on the Saturday the man dealing with the cash would have all the available cash taken between 2 o'clock and the next day with which he could carry on?—I do not know that it would assist.

127. You would have no check if the accounts were closed up at 2 o'clock on the Saturday?—It would be shown as outstanding cash.

128. After you declare your accounts closed for the end of the period, what comes in after the time the accounts are closed is neither here nor there, because it is supposed to come into the next period; but with the proposed alteration there would be no check at all upon the cash taken after 2 o'clock until after the four weeks?—I think it could be banked as part of the previous period and part of the current period after 2 o'clock, and it could be shown as that on the returns.

129. If your accounts are closed on the Saturday night you commence the next period on the Sunday morning?—Yes.

130. You would have all the money in hand between the closing on the Saturday night and the Monday morning period, and you would have no check upon that until the end of the next four weeks?—The returns could easily be made to show that.

131. Your books check the cash you have at 12 o'clock on the Saturday night, and you have to balance everything you have received right up to the period of closing. A dishonest man could work on his cash for a considerable period by closing up his books as has been suggested?—I do not see that.

132. *The Chairman.*] Would he not have to balance every day?—Yes.

133. You say he would still have to balance at the close of Saturday, and then that balance would go into the following period?—Yes, from 2 o'clock.

134. Well, from 2 o'clock on the Saturday would really commence the new period?—Yes.

135. And that money would remain, we will say, as Mr. Millar suggests, for four weeks, just as now the Monday morning money remains unaccounted-for?—Yes.

136. And the Department would not have any money outstanding longer than at present under a system like that?—No.

RICHARD WILLIAM MCVILLY further examined. (No. 24.)

1. *The Chairman.*] You intend to deal with clause 14 on behalf of the Department?—Yes. Touching this question of the necessity of officers going on duty on Sunday to prepare their accounts, I may say right at the outset that I entirely disagree with the necessity for such a thing being done at all. I am perfectly well aware of that as a result of experience, and I know what I used to do myself as a matter of choice.

2. *Mr. Witty.*] You mean as regards the accounts?—Yes. I used to think it a very good thing when I was a relieving officer to have somewhere to go and something to do on Sundays at the end of the period. I used to make it a field day in the office, but it was not a matter of necessity at that time. Moreover, the returns then had to be posted to reach Wellington, I think, on the Wednesday. I think we had to post them on the Tuesday in Southland. As a result of representations that were made regarding the necessity at the principal stations for men going on duty on Sundays to balance up, the Department arranged that instead of the accounts being posted on Tuesdays they should be posted on Thursdays. That practically means giving the men two days extra in which to prepare their accounts. Now, if the work at the stations is done at all accurately during the period there should be absolutely no delay and no difficulty in balancing. There are special books and forms suitable for the purpose of showing every item of work—that is, special provision for showing passengers, parcels, goods in, and goods out, and rents and miscellaneous. Now, at the end of every day a man is supposed to enter in his cash-book the items he collects under the separate headings. At the end of the day he totals up the business and balances the cash. If he has money over he looks for the item and should have no difficulty in discovering what it is and paying it in. At the end of the week he makes a preliminary balance and balances up that week's work. He takes the cash-book and total traffic and looks through and sees what items he has got outstanding. If it comes out square it is then settled, so far as that week is concerned: all he has to do is to carry forward the item outstanding. There are certain items outstanding which go from one week to another. When he finishes the second week he balances again. The outstanding balance may have been increased or reduced according to the work of the week, and the same with the third and fourth weeks. At the end of the fourth week he can balance right up to Friday night if he likes, and he knows where he is up to that time. On the Saturday when he finishes up he is right down to the one day's work. Now, the statement that you have got to carry on from one week to another and that you cannot ascertain the exact position until you get to the end of the last week will not stand investigation. Officers know as well as I do that a man can take his balance out weekly, and at the end of the third week all that work is finished. There may, of course, be instances where they are dealing with separate items, but they are easily treated at the end of the fourth week. They balance the abstracts week by week, and they have to get out the fourth week, but there is no difficulty in that. That does not affect the balance, and does not necessitate their going back over the three weeks' work. If the three weeks' work is done accurately it is finished with. If you have got an error you can bring that error right down to the item, whether it is goods outwards or parcels inwards, or parcels outwards, or passengers—you can tell day by day. If you come to the end of the four-weekly period and you cannot balance and have 10s. over or short, you have a sheet on which to make an explanation. It used to be done quite frequently, and I have no doubt it is done just as frequently at the present time. Now, when you come down to these late trains, if your last train is 11 o'clock at night you can balance before that all the trains that have gone up to 11 o'clock, and in a few minutes you can enter your tickets up for the last train. You do not necessarily need to stop there and balance if you do not want to: you can do that on Monday. You have to enter the closing number of your tickets in the cabinet. The closing number of the tickets indicates your commencing number for the next period, and the closing number for the period just ended. If you have got ticket No. 10 in your cabinet, that means that ten tickets have been issued for that period, and if the next period starts on Sunday you open out on No. 10. You do not need to mix your cash for the last day of the period with the cash for the Sunday or Monday; you keep that separate. You can start on Monday and can get the balance for Saturday before paying into the bank at 3 o'clock. You do not need to enter the guard's bookings on the Saturday night or on the Sunday; you can ascertain the amount of guard's bookings from his ticket-book without entering the tickets in the journal book at all. All that the Stationmaster or booking clerk has to do is to account for the money he receives from the guard. Subsequently when he enters up the guard's tickets in his P/8 book, or on the form, he is supposed to check the tickets. If there are undercharges on

those tickets those undercharges can be accounted for during the following period. There is no hard-and-fast rule, and no rule of the Department to say, if a guard of a train makes an undercharge of 6d. to-day and 6d. in another period, that it has got to be included in the period's returns. Then if the work is done accurately and kept up closely as it should be day by day, when the three weeks and five days' work has been finished you know—and I used to know on Friday—the exact position. Most of the stations do know on the Saturday, and I know of quite a number of Stationmasters who still ascertain the position on Friday night. I do not know what the practice is now, but in my time every man made an effort to balance not later than Friday. Then, in regard to late trains, if he had a train going out at 8 o'clock at night, he made an effort to enter his books close up and balance at 6 o'clock, and when the last train went out at 8 o'clock he locked up the cash and went home. If there is a mistake made there is the machinery for correcting the error. With regard to the suspense account which has been talked about, where a ticket is paid for and issued from the Traffic Manager's office, that money is generally entered in the G/76 book. Take the case of a season ticket. When the ticket is ordered and paid for you have your debit and your credit. The general practice is to pay the cash in at once, and then you get the ticket and a debit note, and that is completed. If you have got a ticket on hand at the end of the month which has been paid for you simply make adjustments in the last day's accounts, using special forms provided for such transactions. Now, any errors that are made in one week ought to be discovered that week, and they certainly should be discovered before the end of the second week. There is no necessity for an error to be carried over from the first week to the third or fourth week till it is found. If that is the practice, then it simply shows that the work is not being done properly, and is not being done accurately or as efficiently as it should be done or in accordance with the instructions. If books are closed off, as it has been suggested they should be, at 2 o'clock on the Saturday, then there is no doubt about this: it might allow the booking clerk to balance on the Saturday, but it is going to give the booking clerk the opportunity of dealing improperly with the cash on hand, and which has got to be carried over into the next period, for making up deficiencies which may have occurred during the period, to a greater extent than is possible at the present time, when the books are closed off at midnight on Saturday if there is a train running that late, and all cash to that hour taken to account. Now, it may be contended that this does not make any difference. Well, the Department's experience is that where men have a considerable amount of cash to carry over or on hand on Mondays up to banking time—a sort of floating capital to work upon—then it does make for irregularities. Instances could be quoted in which the cash for Monday has been worked on to make good receipts for the Saturday. Generally speaking, Saturday is a bigger day than Monday—it used to be at all events—and if there are large takings on Saturday and small takings on Sunday, there is not the same opportunity of using the cash irregularly as there would be if increased amounts were on hand and being held over. The greater the amount of capital on hand to carry forward from one period to another, then the greater the risk if men are dishonestly inclined: there is no question about that. In one case well known to Railway officers the method adopted was partly to work on the cash and partly to work on paper credits, and that system was operated on to a very large extent. I am not suggesting that continuation of the present system would prevent that altogether, but what I am contending is that an alteration in the direction of allowing the booking clerk or Stationmaster a larger amount of cash on hand would be an increasing temptation, and give him increased opportunities for fraud if he were so disposed.

3. It would be a simpler method putting it forward instead of putting it back, and so have the last cash to deal with on the Monday. Instead of balancing up on the Saturday night you would balance up on the Tuesday or Wednesday?—So far as the balancing-up on Saturday night is concerned, it is not essential for these men to stop and balance up at the close of the day's work; they could balance up to 8 or 9 o'clock at night, whatever time the bulk of their work ceases, and they then have only the odd transactions to deal with; and I know from my own experience that that is what used to be done by a large number of our officers. Some men will put off things as long as they can, and others will do them straight away. It is the same with abstracting. Some Stationmasters go round and see that the abstracts are kept up by the men as close as it is possible to keep them up. Sometimes it is done day by day, and in other cases perhaps every two days; then others simply let the thing go from day to day, and tell the cadet or clerk that they want something done, but do not see that it is done. In such cases, at the end of the week, instead of having a day's abstracting to do there will be the whole week's. You cannot get away from that by any system, and no extension that was given would prevent it. In fact, the longer time the greater the chances, I should say, of that system of dealing with the work extending. Generally speaking, however, the contention of the Department is that there is not the slightest necessity for this Sunday work so far as the accounts are concerned. Outside of the places where the booking clerks have to go on for Sunday trains there should be no necessity for any accounting work at all. Where these men are brought on at certain stations where the arrangement is approved, in which the District Officer has to satisfy himself that it would be an advantage to the Department to have these men on to balance up, they get paid for the Sunday duty. That, I believe, is correct. I fancy it is done in Dunedin and Auckland, but I am not quite sure; at all events the Department pay for Sunday duty there. We have had a good deal of trouble over this question of Sunday duty, and I am not prepared to say definitely at the present time whether the men at Auckland and Dunedin do get paid, but I believe they do. Wherever the District Officers have said they regard this as being essential the Department has approved of Sunday pay. What is contended, however, is that the system should be extended, and we know from the applications that come before the Department that to give way to the request would have simply meant that before any great lapse of time all sorts of men would be finding it necessary to come on duty on Sundays at all sorts of times on some pretext or another. Now,

in connection with that, as an illustration, I want to point out that since the Department began to pay members of the First Division specially for Sunday duty it is surprising the number of applications it has had in which Sunday work is stated to be essential. I do not think there is a week goes by but one or two, and sometimes more, applications for payment for Sunday duty are approved. To a large extent the Department has to be guided by the recommendations of the District Officers as to the necessity for that work, but it involves considerable expense. So far as the accounting is concerned, the Department, after taking the matter fully into consideration in all its aspects and going into it with a view of seeing what could be done, has come to the conclusion that, provided the men keep the work up as they should do, there is no necessity for Sunday duty in the preparation of accounts, with the exception of one or two main stations, which are specially dealt with.

4. *Mr. Ennis.*] You have not dealt with the question of payment for Sunday duty where trains start on Saturday and run into Sunday?—I will deal with the contention in that case. It is, I understand, that where a train leaves a station on Saturday and finishes its run on Sunday morning—that is, any time after 12 o'clock at night on Saturday—that the staff at that particular station should be paid for Sunday duty. That is the contention, I take it. Now, where you have suburban trains the staff are brought on in shifts, and are dealt with accordingly. You bring them on on Saturday afternoon to work through all the trains on Saturday night, and they finish at the station at 12.5 a.m. or 1 o'clock on the Sunday morning, as the case may be. The contention of the institute has been that that should constitute Sunday work and should be paid for as such. The Department takes the other view, and says that it is not Sunday duty. If a special train is sent out on Sunday, then men are paid; but they are not paid if the train is finishing its Saturday night's run in the ordinary course. If a train is due at a station at 12 o'clock on Saturday night and does not arrive till 12.30 or 1 o'clock, we do not pay for that. We say, "No, that is finishing its running. If a train finished at 12 o'clock and a special train started at 1 o'clock, the men would get paid for that, because we should say that was starting a new week's work. Up to four hours is paid half a day, and over that a full day. Another contention is that where a man, as I take it, attends a train on Sunday morning and there is another service out on Sunday night, the man who attends the Sunday morning train should not come out again, but another man should be brought out on the Sunday night and be paid also. In other words, two men should be paid for one Sunday's work. The Department does not take that view. If A goes out on Sunday morning and we pay him he is required to take the Sunday night's train, as he is paid for the Sunday. That is the practice of the Department now. From the Department's point of view, there are no grounds on which the contention of the institute, that a man should be paid for Sunday duty in a case where a train is only finishing the Saturday night's run, can be sustained at all. A man goes on at a certain time in the afternoon; he works his shift, which takes him perhaps one or two hours into the Sunday—it is part of his week's work. The Department does not pay him for that. The Department takes the view that the man has no ground at all for complaint, and that that claim is unreasonable. When you come to narrow it down the position you get into is this: that if you admit that when a train runs late on Saturday night or extends over into the Sunday—a train which ought to arrive at its destination on Saturday night is late—that if you are going to pay double rate or single-and-a-quarter rate, then it seems to me you are offering a premium for the late trains to run late. It is an inducement to run late because increased earnings may accrue. I do not say such a thing would occur, but still there is the inducement. However, the Department cannot see any reason or any grounds on which the institute can support what they have claimed—that payment should be made for Saturday trains which arrive at their destination on Sunday.

5. With regard to those men running trains on Saturday nights that you referred to, are not the running staff on the trains paid overtime when a bit late?—I am not sure about that.

6. Therefore the fact of paying the First Division men would not increase the late running?—It might.

7. Will you explain to the Committee how?—The driver, who would be paid——

8. The drivers, guards, and firemen?—Supposing you had an accident, for instance, it would not be a fair thing to expect the Department to pay the station staff.

9. *The Chairman.*] Since it does not offer a greater inducement to the Second Division men, how can it be said to cause late train-running?—Supposing the First Division men make up their minds to keep the train at their respective stations.

10. *Mr. Ennis.*] But any time they kept it would be shown on the guard's sheet, would it not?—Well, I am afraid that does not always follow.

11. Then, at tablet stations the books are kept and signals. There could be no suspicion of collusion between the First and Second Divisions?—I am afraid the tablet books would not always show that.

12. I suppose a system could be evolved which would show it?—I spoke the other day about system. You come down to the human equation again.

13. I understood those trains you referred to as Saturday night trains were ordinary trains; but there are many cases of special trains which start on Saturday night and run on Sundays?—I do not know of many.

14. At holiday times, and specials?—Yes, there are some then.

15. And they considerably increase the work of the First Division?—The First Division expect that.

16. Would it not be reasonable to give them something for it?—I do not know that it would. What about your privileges?

17. The few privileges we have have been set against so many things that you cannot set them against everything?—The few privileges which you talk so lightly about and seem to think so little of run into a very considerable sum annually.

18. In the case of accounts at the end of the period, I think you said that a man would have nothing to do but to close off the last train on the Saturday night—that he could have his work so arranged that he would only have to deal with the last train. I suppose you know the instructions in regard to balancing the day's work, that the train-book must be done at the end of the day?—Yes, I know the instructions provide lots of things which are not done. I stated yesterday that the only thing a man had to do was to take down the closing numbers.

19. A man closing that would close his book at the end of the day?—He should do.

20. In addition to that he would have to total the tickets for the whole day?—No, he would not.

21. For instance, this last train may be in the middle of the page?—Yes.

22. He may have stations below and above this particular line, and therefore he would have to total the full page or carry it forward to another page?—No, he would not. If he had done the business properly he would have totalled down to the previous entry.

23. But they may take several entries back, and this particular line on which the train runs would be in the middle of one of the pages?—No, they would not. They may be in the middle of the proof-book. You are talking about other books. All he would have to do would be to add on the last item the entries for the last train.

24. But in the proof-book?—In the proof-book he would have totalled up the entries in pencil, and all he would have to do would be to add on those additional entries.

25. And in the case of errors?—I should assume if he balanced previously he would not have any errors. The errors would be confined to the last half a dozen entries, and therefore they should be discovered in a couple of minutes.

26. I suppose you admit some of the best men make errors?—Yes, a man who does not make errors is too good for this world.

27. You admit that the compiling of the returns for the four-weekly period means a lot of work?—For which you have four days.

28. And during those four days the work goes on?—Yes.

29. And the staff conducting the office is so arranged as to carry on the ordinary day's work?—The staff conducting the office at the end of the period is so fixed and the work so arranged that some of the staff do the books and other men do the current work. Every office has got sufficient staff to meet all requirements at any time.

30. So that in an exceptionally busy season they would not have to work any harder than in an ordinary season?—They have any amount of staff to do anything that is required of them at the particular time, and at exceptionally busy times my recollection is that you draw on the relieving officers to a considerable extent. That used to be so, and I believe is still.

31. Those cases are few and far between?—They are not so few and far between as you seem to think.

32. Then, in the case of entering guards' tickets, you said it was not necessary to do that at the time of closing off on the Saturday night?—Neither it is.

33. And that it was not necessary to check them in the same period before they banked?—Neither it is.

34. You are not aware that an undercharge has to be entered up in the same period as the ticket is issued if the guard has not collected enough?—It is not necessarily done.

35. And that the station would be debited with the error if this was not done?—I am not discussing debits with errors; I am discussing work.

36. But the station is debited with the errors?—The Accountant asks for an explanation.

37. And the record is debited against the station, and is issued only to show what errors are made in the returns?—Well, even so; do the stations suffer for that?

38. They are often called to account for it?—They are asked to explain.

39. It may affect their progress?—I cannot ask a question now, but I know of no case in which it has affected the progress.

40. The man is naturally expected to avoid an error of the same sort again?—He is expected to take reasonable precautions, and has facilities to enable him to do so.

41. In regard to closing the accounts at 2 p.m. on the Saturday, I think you said you would have a larger amount of cash floating about?—Yes, the amount depends on the business at the station.

42. Assuming they closed at 2 o'clock, would they not continue to enter up every train right up to the Monday morning, as they do at present?—Yes, but it would be entered up as a separate day's work, and not taken into consideration at all, so far as the closing period is concerned, and therefore that cash would be floating cash.

43. But the book should show exactly what tickets were sold at 2 o'clock the same as before?—Yes.

44. An Inspector going in at any moment should see what was going on in the office?—Yes; but what are the intervals between the Inspector's visits?

45. Different times—sometimes three weeks and sometimes three months?—Yes, precisely; and if you applied that system you would have this extra money practically for the Stationmaster or any one who is dishonestly inclined to "monkey" with between Saturday and Tuesday.

46. You have to take the risk of the office being broken into?—That is infinitesimal.

47. The audit by the Inspector is the only check a man could have if he was inclined to "monkey" with the cash—it is only that which prevents the dishonestly inclined?—The position comes down to this: that the adoption of a system such as you are advocating would increase the risk. It would increase the amount of money a man had to work upon, and therefore it would allow him better chances than he has now, and be a greater temptation in case of irregularities.

48. Then, in regard to increasing applications for Sunday duty, would not work of that sort increase with increasing population?—It does not follow at all. Applications might increase

as a desire of the men to get as much money as they can—that is, to go on duty on Sunday because it is paid for specially, and when there is no real necessity for it.

49. But you would have the local officer to check that sort of thing?—I have always said that the Department is in the hands of the local officers to a very large extent in checking these matters.

50. But still, as the service increased, Sunday duty is almost bound to increase?—No, it is not, and it should not. If the public service necessitates the running of extra trains, then, of course, the Sunday work will correspondingly increase; but otherwise, so long as we are only running the present train service, there should be no necessity to increase the Sunday duty.

51. But the duty is increased by the North Island Main Trunk service running?—That does not affect the question.

52. *Mr. Witty.*] Did I understand you to say, Mr. McVilly, that although the instructions with regard to guards' tickets are that they shall be entered up at night it is not necessarily done?—No, it is not necessarily done.

53. Well, in that case are they not breaking the instructions?—It is like all other instructions—a lot are not carried out in their entirety.

54. Does not the officer in charge of the various stations between Lyttelton and Christchurch have fourteen hours' work or over on Sunday?—They have frequent intervals off duty.

55. I think the trains are practically every hour?—No, I think there is a bigger break than that. I cannot tell now exactly, but I know the matter has been gone into.

56. I know there were complaints?—Yes, the signalmen have complained.

57. By the members of the first grade?—I do not remember the first grade speaking about it, but there are considerable intervals.

58. *Mr. Brown.*] In the larger stations where the cash is about on the Saturday or Sunday, does not the Stationmaster see that the booking clerk banks his cash each day?—The Sationmaster is supposed to see to that, and I think in a general way they do; but we know that, notwithstanding this check, one of the biggest frauds committed on the New Zealand Railways was worked at one of the largest stations on our system where the Stationmaster used to practically check the cash every day. He does not go through the books. The cash is brought in with a note, and he takes it as right. There is a sort of check.

59. How do you do at stations where there are no banks at all?—The cash is locked up in a bag and transmitted by a guard to the nearest place where a bank is.

60. *The Chairman.*] You stated, Mr. McVilly, that as a Stationmaster you used to have a field day in the office on Sundays?—I was relieving officer.

61. And although you had that field day on Sundays you considered it quite unnecessary?—Yes, I was very glad to have somewhere to go—somewhere to put my time in.

62. Well, that really suggests that you had plenty of time during the week during working-hours to do it?—Yes, there was plenty of time. The result of doing that on Sunday simply meant that on the Monday and Tuesday I had practically little to do except attend trains.

63. If you had another class of work during the week to fill in those days, then you would have to do that work during the week and the other work on Sunday?—No. My experience was that it was not necessary to do that work on the Sunday. I could have done it during the week or on the following Monday, but all I then had to do was the business that came in, and I had any amount of time on my hands.

64. How long ago was that?—A good many years ago. I have not been relieving officer for about twenty years.

65. Do you not think the conditions of the service are very different to-day from what they were twenty years ago?—At one particular station at which I was relieving the business was then £13,000, and it is now £5,000.

66. Is the monetary business a correct index of the work done?—It is in that case. It does not always follow, but it is so generally speaking.

67. What amount do you think is lost annually by fraud on the part of the First Division officers?—I do not know that it is any considerable sum at all—I am not suggesting that.

68. You suggested that there could be manipulation of the cash left if this alteration were brought in by which the period closed at 2 o'clock on Saturday instead of late at night on Saturday?—The position is this: if a man is £10 short on Saturday and he takes on the Saturday £20, he can make it up. As a general rule, the takings on Monday are smaller than on the Saturday. If he only takes £8 on the Monday he cannot make up Saturday's deficiency of £10 to balance by utilizing the cash for Monday's receipts.

69. *Mr. Brown.*] Then he has to bank on the Monday?—He banks day by day; the cash is made up and carried on daily. If there is an irregularity it is only discovered when the amount becomes so large that the floating capital you have got from the following day's receipts is not sufficient to meet the required balance; then, of course, discovery must ensue.

70. *The Chairman.*] I think you said you lose very little on the part of the officers of First Division?—I am not suggesting we lose a large amount, but there is the temptation.

71. But if the class of officers and their general conduct is good, would they not be able on an occasion like that to withstand the temptation?—Well, as long as I can remember the Railway Department has always taken the temptation into consideration, and has always been averse to increasing the temptation that is undoubtedly put in the way of officers under certain circumstances. It has always been maintained by the Department and those who have given the matter earnest consideration that any alteration in the system in the direction of allowing the men to have a larger amount of cash than they have would place additional temptation in their way; and, unfortunately, where irregularities have occurred they have been worked in the manner I have indicated—that is, by taking Saturday's or Monday's cash to meet deficiencies, and carrying on that system day by day.

72. Supposing you closed at 2 o'clock on Friday instead of 2 on Saturday?—You still have the same thing; it is immaterial what day you close.

73. If it is immaterial what day you close, where is the objection to altering the date from Saturday till Monday for beginning the period?—My experience was that Saturday was a busy day and Monday a slack day, and as Saturday's receipts would be in excess of Monday's it would be possible to manipulate the cash.

74. You stated that the Department recognized Sunday service where the District Officer said that Sunday duties must be performed?—Yes.

75. Are there any records in existence where you have disagreed with the suggestions of the District Officers?—Oh, yes, no doubt. The Department wants to know the reason for paying any men for Sunday duty.

76. There are instances of your not having considered the reason satisfactory?—Yes.

77. If an officer goes on duty to despatch a train on Sunday is he allowed four hours for that, regardless of how long it may take him?—Yes. If he is on duty for one hour he gets paid for four, and if over four hours he gets paid for a day.

78. If a man was on duty at midnight and a train arrived at 1 o'clock on Sunday morning, I understood you to say he would not get paid. Supposing his work finished at 8 o'clock and he was there later as the result of a train being run or a special train, do you think he should be paid then?—If a man was brought out to commence his duty to start a train he would be paid.

79. But supposing his work finished at 8 o'clock on the Saturday night, but owing to the despatch of an extra train he had to go on from 12 o'clock till 1 o'clock on the Sunday morning, do you not think that should be recognized?—I think that is recognized where any special trains have been running—not as a general thing, but where a man has had to come out specially, if he had finished at 6 o'clock and had to come out specially, then it has been recognized. There have been cases, I know.

80. That is an admission that the principle of making an allowance under those circumstances is right?—Under certain circumstances. Where there is any special circumstance it is dealt with on the circumstances and gone into at the time.

81. But only if the officer makes a claim?—Generally speaking, the matter is brought up by the District Officer.

82. *Mr. Brown.*] Do your officers not go at irregular times and say to the booking clerk, "Kindly give me the keys of your cash-box, as I want to look into it and check the cash"?—In some cases it is done. Some of our officers do that from time to time.

WEDNESDAY, 4TH OCTOBER, 1911.

ANDREW GRAHAM examined. (No. 25.)

1. *The Chairman.*] What are you?—President of the Railway Officers' Institute, and Stationmaster at Port Chalmers.

2. You propose to deal with clause 15 of the petition?—Yes. The clause reads, "15. That officers are required from time to time to work overtime, and that no provision is made under the regulations for remunerating them, nor do they receive any remuneration for such overtime." Our comparison on this occasion is on the basis of the Post and Telegraph overtime rates as compared with the Railways. Post and Telegraph: "Overtime" means the time in which any official or departmental duty is performed outside the regular hours of duty, and "Sunday" includes Good Friday and Christmas Day. Payment for overtime is made at the following rates: Officers drawing salaries exceeding £250, 2s. 6d. per hour; officers drawing salaries exceeding £200 and not exceeding £250, 2s. per hour; officers drawing salaries exceeding £100 and not exceeding £200, 1s. 6d. per hour; cadets and cadettes, 1s. per hour; other officers drawing salaries not exceeding £100, 1s. per hour; telegraph messengers, 6d. per hour. Payment is made at a rate and a half for overtime at all hours on Sundays for every purpose, and on week-days between 10 p.m. and 5 a.m. only, when mails are specially authorized by the Secretary, General Post Office, to be sorted. But no payment for any overtime to any officer is made at a rate exceeding 3s. per hour. Notwithstanding anything to the contrary in the regulations, no person is paid more than 10s. for duty in telephone exchange on a Sunday or a holiday. No overtime allowance is made to officers of either branch of the service unless the extra attendance exceeds twenty minutes. Attendance up to forty-five minutes counts as half an hour; over forty-five minutes as one hour. No overtime is payable for midnight cable Press attendance, or for the attendance of any staff especially appointed for the sorting of mails between 10 p.m. and 5 a.m. No payment for overtime for services other than those provided for by regulations is allowed except in cases of extraordinary or exceptional attendance, when specially approved of by the Minister. Overtime is paid for Sunday attendance, attendance on departmental holiday, for ordinary attendance in excess of forty-eight hours weekly. No person may draw any special allowance for doing any kind of work for which he is paid as for work done in overtime. In lieu of payment for overtime it is optional with the Minister to allow an equivalent reduction of ordinary duty either immediately before or immediately after the overtime duty is performed, at the rate of an hour and a half for every hour of overtime worked on Sunday, and at the rate of an hour for an hour at all other times. Any officer performing telephone duty between midnight and 8 a.m. receives an extra payment of 10s. per week. Telephone exchange officers performing duty between 8 p.m. and midnight on Sunday are compensated by being allowed time and a half off for the Sunday time worked. Now, gentlemen, let us compare the position on the Railways. Overtime payment, nil. Regulations provide that overtime allowances will not be paid to Railway

officers. Payment for Sunday duty, as per clause 14 of the petition, is entirely at the discretion of the Department, and is not governed by regulation. The Department says that in all business it is necessary for the staff to work overtime at stress times, and its contention is that when normal conditions prevail, the officer in charge is expected to compensate his men for the additional time worked by them at busy times. But this contention is contrary to fact, as a sufficient staff is not generally provided to enable this to be done. Other arguments against granting the request contained in the petition are that the officers receive privileges such as free passes and privilege tickets. Formerly sick-leave was granted without deduction from annual leave, and this was also considered a set-off against overtime. It would appear from this statement that the Railway Department is the only generous employer in the Dominion, but I would point out that outside business firms are just as liberal as, or more so than, the Railway Department. Leading business firms grant their employees annual leave on full pay in addition to public holidays, and no firm of any repute would deduct from their annual leave any time off sick during the year. They also frequently grant employees a bonus yearly which is more valuable to the employees than the free pass granted to Railway employees. Furthermore, employees in business concerns in many cases get the privilege of purchasing goods at a considerable reduction on the price paid by the Railway men. It is the practice in all shipping and railway companies to grant employees free passes when on annual leave. Now, sir, in our Department this free pass is always trotted out, at one time as an argument against the request for leave, at another as a set-off against overtime, and it is also regarded by the Department as an adjunct to salary. There is no legitimate reason why the Railway officers should not be treated the same as the officers in the Post and Telegraph Department in the matter of leave, and, as regards overtime, you must admit that the Railway officers receive no payment under the present system. I will now put in a statement showing some stations at which officers work more than nine hours per day.

Examples of Hours of Duty of Railway Officers exceeding Nine Hours per Day.

Station.	Designation.	Hours daily, not including Time off for Meals.	Hours weekly.	Remarks.
Drury	Stationmaster	..	57½	
	Clerk	..	58	Early shift.
Ngaruawahia	Clerk	..	51½	Alternate weeks (two clerks).
	Clerk	..	63½	
Frankton Junction	Second Clerk	..	46½	Week about.
	Third Clerk	..	63	
	Second Cadet	..	57	
Cambridge	Stationmaster	9¼	55½	
Morrinsville	Stationmaster	..	..	Summer, 7.45 a.m. to 6 p.m.; back at night to 10 or 11 p.m. on account heavy work.
Te Aroha	Stationmaster	9½	57	
	Cadet	9½	57	
Paeroa	Stationmaster	..	59¼	
	First Clerk	9½	57	Change weekly.
	Second Clerk	9¼	55½	
Karangahake	Stationmaster	11	66	Relieved one day each month.
Putaruru	Stationmaster	12	72	
	Clerk	12	72	
	Cadet	10½	63	
Rotorua	Stationmaster	10½	63	Change shifts weekly. Allowed one afternoon off weekly to compensate for extra hours worked at end of period, &c.
	First Clerk	10½	63	
	Second Clerk	12¾	76½	
Ohaupo	Stationmaster	9¾	58½	
Te Awamutu	Stationmaster	9½	57	Overtime in addition necessary to keep work up.
Taumarunui	Stationmaster	..	71	Hours extend from 7.40 a.m. to midnight.
Ongarue	Stationmaster	10¼	62½	
Levin	Cadet	10	60	
Feilding	Stationmaster	11	66	
	B. Clerk	9½	57	
Johnsonville	Stationmaster	..	58	Change weekly.
	Clerk	8½	51	
Lower Hutt	Stationmaster	..	56	
Greytown	Stationmaster	12	72	Shift extends 7.30 a.m. to 9 p.m.
Eketahuna	Stationmaster	9½	57	Change weekly.
	Clerk	..	..	
Ormondville	Stationmaster	10¼	61½	Change weekly.
	Clerk	10¾	64½	
Makotuku	Stationmaster	10	60	
	Cadet	..	58	
Waipukurau	Stationmaster	9¾	58½ Early 61 Late	Alternate.
Waipawa	Stationmaster	12	72	
	Clerk	12	72	
Otane	Stationmaster	10¾	64½	
Te Aute	Stationmaster	9½	57	
Farndon	Stationmaster	10½	63	
Napier	Stationmaster	11¾	70½	
,,	Chief Clerk	9	54	April to September.
		10	60	October to March.
Ward	Stationmaster	..	64	

Examples of Hours of Duty of Railway Officers, &c.—continued.

Station.	Designation.	Hours daily, not including Time off for Meals.	Hours weekly.	Remarks.
Carterton	Stationmaster	9	54	Change weekly.
	Clerk	10	60	
Granity	Stationmaster	10¼	61½	
Greymouth	G. Foreman	9½	57	
	G. Foreman	10	60	
	C. Foreman	..	57	Average.
Kumara	Stationmaster	..	62¾	Average.
	Cadet	..	58½	Average.
Greymouth	Parcels Cadet	..	58 / 54½	Change shifts weekly.
Ngahere	Stationmaster	..	68¼	Average.
Ross	Stationmaster	..	59½	
Blackball	Stationmaster	10	60	
Westport	Running-shed and Workshops Foreman	..	60	Often on duty till 10.15 p.m.
Addington	Stationmaster	..	60	Change weekly.
	Clerk	..	63½	
Rakaia	Stationmaster	9½	57	
	Clerk	9½	57	
	Cadet	9½	57	
Hornby	Stationmaster	..	..	Hours vary. Late shift 1 p.m. to 1 a.m. early shift, 1 a.m. to 1 p.m.
	Clerk	..	..	
Springfield	Stationmaster	10	60	
	Cadet	9½	56	Half day off four-weekly.
Waikari	Stationmaster	9½	57	
	Cadet	..	55	
Waipara	Stationmaster	..	72½	
	Cadet	..	69½	
Bennett's	Stationmaster	..	62½	
Cust	Stationmaster	10	60	
East Oxford	Stationmaster	10½	63	Hours extend from 6.20 a.m. to 8.40 p.m.
West Oxford	Stationmaster	10	60	Hours extend from 6.15 a.m. to 9 p.m.
Methven	Stationmaster	10	60	Hours extend from 6.30 a.m. to 9 p.m.
Washdyke	Stationmaster	10¼	61½	Much additional time worked on account of special trains run after ordinary hours of duty.
Outram	Stationmaster	10½	63	Busy postal station.
	Cadet	9½	57	
Henley	Stationmaster	9½	57	
Waihola	Stationmaster	10	60	Busy postal station.
Lovell's Flat	Stationmaster	9½	57	
Balclutha	Stationmaster	10¼	61½	Week about.
	Clerk	9¼	55½	
	Cadet	10½	63	
Waiwera	Stationmaster	10½	63	
Clinton	Stationmaster	10	60	
	Cadet	9¼	55½	
Palmerston	Two Cadets	..	55	Change weekly.
Seacliff	Stationmaster	9½	57	
Upper Port	Clerk in charge	..	..	Hours extend from 8 a.m. to 9 p.m.
Caversham	Stationmaster	10¼	61½	
Waipahi	Stationmaster	9¾	58½	Change shifts weekly.
	Cadet	10½	63	
Tapanui	Stationmaster	..	66½	
Pukerau	Stationmaster	9½	57	
Gore	Two Clerks	..	55	
Wyndham	Stationmaster	9¾	58½	
	Cadet	9¾	58½	
Riversdale	Stationmaster	10½	63	In summer-time 64 hours.
	Clerk	9¼	55	In summer-time 60 hours.
Balfour	Stationmaster	10½	63	
	Cadet	10	60	
Waimahaka	Stationmaster	..	62½	
Makarewa	Stationmaster	11	66	
	Cadet	9½	57	Relief half day off each week.
Winton	Stationmaster	10	60	
	Clerk	10¼	61½	Half day off fortnightly.
	Cadet	10¼	61½	Half day off fortnightly.
Centre Bush	Stationmaster	10	60	
Dipton	Stationmaster	10	60	
	Cadet	9¾	58½	
Lumsden	Stationmaster	Various	63¾	Change shifts weekly.
	Clerk	Various	65	
Thornbury	Stationmaster	10	60	
	Cadet	9½	57	
Fairfax	Stationmaster	9½	57	
Orepuki	Stationmaster	9	54	Change shifts weekly. Half day off per week.
	Clerk	9¾	58½	
	Cadet	9	54	Half day off per week.
	Cadet	9¾	58½	

Single-handed Stations.

	Hours open.	Hands employed.		Hours open.	Hands employed.
Shortland	10	1	Selwyn	9	1
Taringamutu	11½	1	Mount Somers	12	1
Tariki	13	1	Winston	12¾	1
Te Aute	12½	1	Winchester	10½	1
Opawa	11	1	Washdyke	13	1
Styx	11½	1	Makikihi	12	1
Cust	9½	1	Dunback	9	1
Oxford East	14½	1	Port Chalmers, Upper	13	1
Sefton	12½	1	Oturehua (Postal; busy) ..	9½	1
Prebbleton	10	1	Tapanui	10	1
Springston	9½	1	Fairfax	9	1
Ellesmere	10	1	Ahaura	13	1
Doyleston	11	1	Richmond	9½	1
Burnham	10	1			

The information contained in the foregoing statement is supplied by the officers themselves. In the case of Washdyke Station, there are more hours worked at this station on account of special trains run after ordinary hours of duty. This case was, I think, represented to the Department in June last as requiring some special relief, but up to the present time no relief has been granted to this officer. He has corresponded with the Department and laid his case before the institute. We have also laid the case before the General Manager, and, as illustrating that the hours worked are not singular, I will read a letter that this officer received from his District Manager. He wrote calling attention to the long hours, and the answer was as follows: "I regret I cannot arrange for relief of this kind. Ordinarily you are only on from 7 a.m. to 7.30 p.m., and there are other stations having as long or longer hours of regular duty, with attendance on specials when necessary. Specials will soon cease for some months, except unusual trips." Now, gentlemen, that is the opinion of the officer in charge of that section. I only mention that by the way of showing that it is the opinion even of District Officers that long hours are worked and are expected to be worked. Now, gentlemen, the hours worked in other Government Departments are fixed on a seven-hours-a-day or thirty-nine-hours-a-week basis—that is, 9 to 5 daily, with a half-holiday on Saturday. In the case of the Post and Telegraph Department, overtime is paid (or time off given) for all time worked in excess of 48 hours per week, and in other Government Departments they receive certain allowances if called upon to work after 5 p.m. As an example I might just instance Postal officers, a number of whom are at present called upon to work overtime in connection with electoral business. These officers are receiving payment for overtime at the scale shown in Schedule F. Now, sir, note the difference. In the Railway Department the officer must work any hours the exigencies of the service demands, and payment for overtime is not allowed under any circumstances. Many Railway officers are on duty from ten to twelve hours daily, and a large number, such as those quoted by me, work all through the year at not less than nine hours daily. The Department, I have no doubt, will advance the argument that at many of these places the work is intermittent, but it is certainly no more intermittent than that of the Postmaster in the same town, whose hours are fixed at 9 to 5, whereas the Railway officers' hours may be anything from 6 a.m. to 9 p.m. To give some idea of the cost to the Department if the daily duty were reduced to eight hours, I will take the case of an officer in receipt of a salary of less than £200 per annum working nine hours per day: if he were paid overtime at the Postal scale he would receive £23 odd in the course of the year; if he worked nine and a half hours he would receive £35 odd, and if he worked ten hours a day, £46 per year. Yet the Department maintains that the free passes, which are not worth anything like this amount, are given as a consideration not only for overtime but to compensate officers for the difference in the salaries paid in the Post and Telegraph Department and the Railways, and also the difference in the annual leave in these two Departments. Another point that should not be lost sight of is the fact that the Railway Department indirectly benefits from the free passes which are granted to its officers, as these passes enable officers to travel about and meet other officers and discuss with them the methods obtaining in different centres, to observe the manner in which the work is carried out in these places, and so improve their knowledge of railway matters generally. We have recognized all along the difficulties with which the Department has to contend in regard to arranging the hours of duty to avoid overtime, and if you will refer to paragraph D of the prayer of the petition you will see we are quite prepared to forego any claim to overtime provided the Department allows its officers the same annual leave as is granted to officers in the Post and Telegraph Department, and does not deduct sick-leave from annual leave. If, therefore, the Department is agreeable to sick-leave up to twenty-eight days not being deducted from annual leave, then the officers will not press for payment of overtime; but we certainly think that in those stations where officers work in excess of nine hours and a half daily some system should be devised whereby such officers should receive time off. Clause D of the prayer of the petition says, "That railway officers shall receive the same anual leave as officers in the Post and Telegraph Department, and that sick-leave shall not be deducted from annual leave, or, in the alternative, that Railway officers shall receive the same annual leave, the same sick-leave, and the same payment for overtime as officers in the Post and Telegraph Department." Now, gentlemen, I have very little more to add to what I have already pointed out. It will be obvious to any reasonable business man that we are not asking for anything outrageous. We are simply adhering to our petition by making a comparison with the only classified Department that we have available. These comparisons in the classification of the Department have been going on for years, and does not that of itself show that the classification has always been admitted as a comparison?—The Department has used it against us as well as for us. Now that the Post and Telegraph Department has reached a height to which we are not allowed to get, we submit that we have a perfect right to try and endeavour to get up to that height. That is all I have to say on that subject.

3. *Mr. McVilly.*] Mr. Graham, will you tell the Committee exactly what the institute wants in the matter of hours—what is to be the length of your day?—We base the petition on the conditions in the Post and Telegraph Department.

4. You have made certain statements in regard to officers working nine, nine and a half, ten, eleven, and twelve hours, and then you spoke in a general way about the length of the day. Now, I want to know, on behalf of the Department, from the institute exactly what length of day you are contending for?—We are not contending for any special length of day. We contend that the Department should endeavour to meet us and fix a day, and then when they have fixed it we are prepared to say whether those hours are suitable or otherwise.

5. But you have based all your argument on the Postal hours of 9 to 5?—Yes, the comparison.

6. Well, is that what you want?—If we could get it we should be only too pleased to have it.

7. We will come down to the 9-to-5 basis: have you ever taken into consideration what the cost of this alteration would be that you are asking for?—No, sir, and I simply say that the Post and Telegraph Department has not evidently been a bugbear to Parliament, and I think we may safely leave the question of cost in the hands of the House.

8. Well, that is all right, but there must be some relation between the cost of working the Department and the revenue of the Department, must there not?—No, sir, I do not think it always follows—not in the Railway Department.

9. Then is your contention this: that the whole of the receipts of the Department should be eaten up in working-expenses?—I have never contended that at all, sir.

10. Then, if you are going to consider a question of this kind irrespective of the cost, on what basis are you going to consider it?—I have already said that we leave that in the hands of the Department to consider, and then they will advise us later what they consider should be the proper hours and the cost.

11. Well, is it not within your knowledge that the working-cost of the Department has been extremely heavy for many years—practically the maximum?—I am not prepared to go into the question about the cost, because I have not got statistics or anything else to show me that the cost has been heavy. You might as well ask me, is it not a fact that the Railway Department had to supply immense quantities of coal in the Dominion at an abnormal expenditure, and also to import an extraordinary large quantity of plant. Those are questions that our institute has nothing to do with, and which I think are rather policy matters.

12. I am not talking about that, but the cost of working the Department. You say you have no information. Is it not a fact that for many years past every Stationmaster has been regularly furnished with a copy of the Railway Statement?—I believe that is correct.

13. Then, the percentage of cost is shown there from 1883, I think, up to date?—Yes.

14. If you have read that Statement, are you not aware that the Statement shows that the ratio of expenses to earnings has been an ever-increasing one?—Well, I think we cannot show a comparison with the whole of the costs of the Railway Department as against our contention on this head.

15. But the Railway Statement shows what the costs are of the Traffic Department, for instance?—Not the officers alone.

16. The cost of working the Traffic Department?—Yes, but you are including the outdoor division as well.

17. I am asking you, are you not aware that the ratio of cost has gone up considerably?—I am not prepared to give reasons for that. Possibly it is known to the Department.

18. Well, what is going to be the effect of giving compliance to your request—what increase of staff do you consider the Department would require to employ?—Well, having no statistics at my finger-ends I am not in a position to say what increased staff would be required.

19. Well, it comes down to this: that you have put forward this proposition without considering at all the financial effect?—No, sir, I do not think it is the duty of the Railway Officers' Institute to consider the financial effect. That is for our betters to do.

20. You do not think that is part of your duty?—No.

21. Then the duty of the Officers' Institute begins and ends with making requests that are going to involve the country in the expenditure of a large amount of money without consideration of the effect of the request?—We are not making a request in the true sense of the word—we are making a comparison.

22. But you are asking for something—you are making a demand?—We are asking as an alternative. We wish to make our position as plain as we can that we are working under certain disabilities, and we want, if possible, those disabilities removed, and we are making a comparison with the Post and Telegraph scales. We are not demanding anything like that at all; we are leaving it to Parliament and the Department to fix any scales of that sort themselves.

23. Well, then, do you wish the Department to understand that all you have got in view in putting this request forward is for the Department to take the matter into consideration and see what can be done towards meeting the request, and that you are going to be satisfied?—Well, after we understand to what extent the Department is prepared to go in meeting our request I should be better able to answer you, but at the present time I do not know what the Department contemplate doing, nor what they may do.

24. You made a statement just now that you were putting the request forward, and the institute would be content to leave the matter to the Department: well, I want to know——?—Not the Department. I said we would be content to leave our case in the hands of Parliament and the Department.

25. Not the Department?—No. We have approached the Department previously, Mr. McVilly, and got no satisfaction, and we have now got to appeal to Parliament, hence the petition. Our present appeal is to Parliament.

26. I understood you to say that the Institute was content to leave the matter to the Department?—No, I said Parliament and the Department.

27. You say now that you have approached the Department and have never got any satisfaction. Now, is it not within your knowledge that the Department has from time to time considerably increased the staff at various stations with a view of enabling relief to be granted to the officers—that is, shortening the hours?—Yes, and in connection with that I will give the Department credit for having given one station relief very recently at the request of the institute, and that is Edendale. We preferred a request to the Department, I think, asking for relief from long hours at Edendale, where the officer was working at the rate of eleven hours and a half per day—I am, of course, quoting from memory—and when the secretary totalled up the hours it was found that the man had been working at the rate of 134 days extra per year at that station, for which he got no remuneration, taking the comparison of the Post and Telegraph hours. This man, unfortunately, before he got relief fell sick, and he was off duty for a little over three weeks, I think, and the balance of the time he was off was deducted from his annual leave. That is what that officer got for working 134 days extra that year. I think there was another station on the Main Trunk line where the Department met us and appointed extra staff.

28. Well, take this case of Edendale: you say that the alteration was made at the request of the institute?—Well, I know that the reply came back to the institute that it had been decided to increase the staff.

29. That is so; but that is in accordance with the usual practice of replying to anybody who makes a representation on a certain matter?—Yes.

30. But are you not aware that the Department had had that matter of Edendale under consideration?—We have the file here, and I will refer to it to show what took place. The following letter was sent by the institute to the General Manager: "11th October, 1910.—Sir,—I have the honour, by direction of the Executive Committee of the institute, to bring under your notice the long hours worked by the Stationmaster and clerk at Edendale, and to ask that something be done to reduce these officers' hours of duty, and bring them within a reasonable limit. The present Railway staff consists of the Stationmaster and clerk and a porter. There is also a telegraph messenger at the station. It is impossible for one man to manage the postal and railway work, and consequently both the Stationmaster and clerk have to be on duty during the daytime. Their shifts (worked week about) are arranged as follows: Early shift—5.45 a.m. to 7.25 a.m., 1 hour 40 minutes; 8 a.m. to 12.50 p.m., 4 hours 50 minutes; 1.25 p.m. to 6.30 p.m., 5 hours 5 minutes: total, 11 hours 35 minutes. Late shift—8.20 a.m. to 11.55 a.m., 3 hours 35 minutes; 12.45 p.m. to 4.15 p.m., 3 hours 30 minutes; 5 p.m. to 9 p.m., 4 hours: total, 11 hours 5 minutes. These hours are increased at the end of the period, and also when late or early special trains are run. The work was continuous, and the hours of duty long, before the tablet apparatus was brought into use, and the instalment of the tablet, of course, has intensified the position. You are doubtless aware that, owing to the breaking-up of the large estates around Edendale during the past few years, the settlement in that district has largely increased, and that, as a natural sequence, the volume of the railway and postal work has been increased in proportion. The postal and telegraph work alone is very heavy. During the year ended 31st March, 1909, 9,490 telegrams and paid bureau calls were handled. Money-orders to the value of £2,691 7s. 6d. were issued, and over £676 worth paid. Savings-bank deposits totalled £4,138 15s. 11d.; withdrawals from the bank £2,585 5s. 9d. The sale of postal notes and stamps reached an amount of £1,284 4s. 8d. The Stationmaster placed details of his own and his clerk's hours of duty before the District Traffic Manager at Invercargill in April last, when the tablet was about to be installed, and made a request for the addition to his staff of a cadet, which he stated would permit of a shift being worked that would reduce the senior men's hours to a fair thing. The matter was under correspondence until the middle of July, when the Manager advised the Stationmaster as follows: 'The General Manager advises that it is regretted the clerical staff at Edendale cannot be increased at present.' The Stationmaster returned to the subject in August, only to be told by the District Traffic Manager that in view of your decision nothing further could be done. There appears to be no doubt that some additional assistance is required at this station, and my committee trust you will have the question thoroughly gone into, and that you will increase the clerical staff so that the desired relief can be arranged." Then there was an undated letter from the General Manager which we received on the 26th October, 1910, as follows: "Head Office, Wellington.—Sir,—I have the honour to acknowledge receipt of your letter of 11th instant in respect to the hours worked by the clerical staff at Edendale, and in reply have to inform you that this matter has received careful consideration, but I regret I cannot see my way to appoint additional staff at the station. It is considered that the present staff is ample to meet all requirements without working unduly long hours.—T. Ronayne, General Manager." Then the institute wrote again to the General Manager: "21st December, 1910.—I have the honour to ackowledge receipt of your undated letter No. 1910/2221/33999, in which you state that you cannot see your way to appoint additional staff at the Edendale Station. I would point out that the hours worked by the Stationmaster and clerk average eleven hours and one-third per day at ordinary times, and that the time cannot be considered intermittent, as the officers concerned are actually on duty and working for the full length of their respective shifts. The Stationmaster was recently compelled to take sick-leave (which has been deducted from his annual leave) on account of severe colds contracted whilst on duty, and aggravated by the long hours worked. Now that sick-leave is set against the annual leave due to officers, it seems unduly hard that a member should be expected to work the hours the officers at Edendale have to put in, and then, when off duty ill—practically as a result of overwork—lose the time off when his annual leave becomes due. You state that the staff at Edendale is sufficient to meet all requirements without working unduly long hours, but I would draw your attention to the fact that the Stationmaster's representation to his district office, to the

effect that it was imperative the shifts as detailed in my letter of the 11th October should be worked, was in no way refuted by the District Traffic Manager, who would, no doubt, have pointed out where an improvement in the hours of duty could be effected if this were possible. In view of these facts, I would ask you to again consider the matter, and see if some relief cannot be granted, and I would further ask, if you are still of the opinion that the staff at Edendale is ample to meet requirements, that a report be obtained from the Audit Inspector or some other responsible officer as to the need for action in the direction indicated." We got no reply to that letter, and the institute wrote again on the 24th March, 1911, to the General Manager, as follows: "Sir,—I have the honour to remind you that I have not yet been favoured with a reply to my letter of the 21st December last, concerning the excessive hours worked at Edendale Station, and to ask you to kindly advise me of your decision in the matter at an early date." Then the institute received a letter dated 1st April, as follows: "With reference to your representations regarding the appointment of additional staff at Edendale Station, I have the honour to inform you that upon reconsideration it has been decided to place a cadet at that station.—T. Ronayne, General Manager."

31. Which shows that the institute was coresponding with the Department, but it does not necessarily follow that the extra cadet was approved as a result of the institute's representations. Is that the only case you can call to mind in which extra staff has been provided?—No, I think there was one station on the Main Trunk in which the Department conceded extra staff—at Rangataua.

32. But is it not within your knowledge that it is the general practice of the Department to make additions to staff from time to time as the requirements necessitate?—If you ask me to quote personal experience, of course I am not going to do it, but if you ask me to give the experience of the Railway Officers' Institute I will tell you that we generally find that until some outrageous hours are brought before the Department—I do not say the management, mind you—the Department takes no action until the matter is forced upon them.

33. What do you mean by "the Department"?—Of course there are District Officers, and it may be their fault. I am not accusing the management in any one way. I only point out what has come under our notice in connection with the great number of cases that have to be submitted It is generally a considerable time before we can get the thing rectified. It may not be the fault of the District Managers or management—we are not prepared to go into that question—but we submit that very few alterations are ever made of the Department's own accord.

34. Well, are you contending then that when a request is made for extra staff or a complaint is made to any responsible officer that he should not investigate it and be thoroughly satisfied before he deals with it?—Yes, he should investigate it.

35. You are not contending that he should not investigate it?—No.

36. Your contention is not that a man should accept without question a statement that is made when extra staff is required?—Certainly not; I never contended that.

37. You are aware of cases apart from those in which alterations and relief have been granted when it has been brought under the notice of the Department?—Yes, I am quite well aware of that, but I have already pointed out that the matter has not been brought under the notice of the General Manager except by the institute in those cases I am speaking of.

38. In those particular instances?—Yes.

39. Now, coming back to the question of overtime, you spoke about a daily duty of eight hours, and you say the payment made to officers in the Postal Department receiving salaries of between £200 and £250 is 2s. per hour?—Yes.

40. Then, with regard to the daily duty that you think a man should work, is the case you have stated worked out on the Postal hours?—It is worked out on the Post and Telegraph scale as compared with the Railway officers, who work nine and a half to ten hours at the rate of 1s. 6d. per hour.

41. It is seven hours as against eight?—We have quoted eight and compared it as against eight hours. We have given you the forty-eight hours a week.

42. Then the £23 per annum is on the basis of eight hours a day?—Yes.

43. Then you say £35 per annum if nine and a half hours per day?—Yes, that is one and a half hours' overtime worked out at 313 days in the year. We are not including any overtime work on Sundays—that is simply on the 313 days.

44. You are eliminating Sunday duty?—Yes.

45. Because you are paid for Sunday now when you work?—Yes, but many of the officers do work on Sunday without getting any pay at all. That extends their hours also.

46. Where?—At suburban stations where trains may leave on Saturday night and have to complete the journey. Instances were given yesterday where members have to wait on duty for trains on Sunday for which they get no pay, which is also overtime if added on, but we have not added it.

47. But is it not a fact that men who go on duty for Sunday trains get paid for Sunday work?—No, not in every case.

48. Do you mean to tell me that Stationmasters on suburban lines are not paid for Sunday work?—No, not all of them. Some go on duty, say, at 5 o'clock on Saturday and have to remain on duty till next day.

49. Now, you are aware that those men are paid for Sunday duty?—No, with those exceptions I told you of they are not paid. There are officers of the Department who work on Sundays but get paid no overtime or ordinary time.

50. What officers?—We have already quoted them. I cannot speak of any particular officers, but I will illustrate what I mean by one case I know of. A train was supposed to leave Christchurch at half past 11 or a quarter to 12, and it did not leave Christchurch till after 2 o'clock. She was delayed through some complications, and the Stationmasters all along the line were kept on duty after the ordinary shift was finished to attend to that train, and they got no Sunday time for that, although they applied for it.

51. What line was that on?—Christchurch South—I think between Islington and Christchurch, but I am not sure. The circumstances were brought under my notice, but I could not remember all the details and give them offhand.

52. Is that the case in respect of which the institute communicated with the Department?—Yes, the institute brought the case under the notice of the Department.

53. Is it not a fact that in that particular case the man had actually entered a day on his pay-sheet for five minutes' work, and the institute was supporting him in that contention?—No, most decidedly not.

54. Well, what were you supporting him in connection with—will you state the facts?—I cannot from memory—you will have the records in your office.

55. You are speaking of Rangiora?—No, I am not. I think there were two stations applied.

Mr. Morgan: The instance referred to was at Hornsby and Islington, where the men were kept on two hours over ordinary time, and the institute's contention was that they should be paid for Sunday work.

56. *Mr. McVilly.*] Well, did not the institute represent the case of Rangiora in connection with this particular train?—No, not Rangiora—that is a different matter altogether. We did not take the Rangiora Station matter up.

57. Well, the institute has never contended that where a train left a station at five minutes past 12 on Saturday night that the men should be paid for a day's work?—We only ask the same system of payment to be introduced as is in operation at the present time for Sunday duty.

58. What is the minimum Sunday pay that the Railway Department allows its men?—I think it is four hours.

59. If a man works one hour he gets paid for four?—Yes.

60. And if he works five hours he gets paid what?—A whole day. If a man works fourteen hours he gets only one day's pay.

61. And if he works half an hour he gets half a day's pay, and five hours a full day?—Yes, it is a very equitable arrangement so far as the Department and the men are concerned.

62. If a man worked ten hours a day and was paid overtime the cost for the year you say would be £46?—Yes, worked out on the basis I have mentioned.

63. If your overtime calculation is £23 for eight hours a day, then the calculation for £35 cannot be right on that basis, because you have only got one hour and a half over?—It is easily enough calculated. I may have made an error in computing the figures, but it cannot be an error of any consequence, because if you take 313 days at 1s. 6d. a day you will get it.

64. It is the basis that you work on that I want to get at?—Well, 1s. 6d. per hour, the difference between eight hours and the time worked: that is, a man would be entitled to 3s. a day if he worked two hours overtime.

65. 3s. a day is more than £35 per annum?—You are trying to confuse me. You are quoting the amount for nine hours and a half and I am quoting ten, and you are putting the amount opposite the ten hours. I will read what I said in my opening: "To give some idea of the cost to the Department if the daily duty were reduced to eight hours, I will take the case of an officer in receipt of a salary of less than £200 per annum working eight hours per day: if he were paid overtime at the Postal scale he would receive £23 odd in the course of the year; if he worked nine hours and a half he would receive £35 odd; and if he worked ten hours a day, £46 per year." That is at 1s. 6d. per hour.

66. Now, you spoke about bonuses being given in outside businesses. Can you give the Committee any idea to what extent bonuses are paid?—Well, in a number of insurance and banking firms, and in the Union Company, I am sure, bonuses are granted.

67. To what extent?—They vary. Some of them go as high as 10 per cent. on the annual salaries of the officers; but I could not give you all the details, because I did not go into that. People as a rule who get bonuses are not very fond of parading about the actual amount they get, but I know in some firms it goes as high as 10 per cent. on the actual salary.

68. Then the amount of bonus is dependent on the amount of salary received?—It is calculated on the salary. It is not dependent on that, but on the profits of the firm, very likely.

69. Can you give the Committee some idea of the salaries of those men that you speak about receive, comparing a £200-a-year Stationmaster with a man who is doing the same class of work?—Well, you are taking me into private business, and I have no knowledge of the pay-sheets; but speaking generally as a man who knocks about a lot in the world, I found out that the employees of the firms I have in my mind are paid much more liberally than the officers of the Railway Department as a whole, and they attain to a much greater salary than we could possibly attain to in the Railway service.

70. What class of business?—Well, some of the large insurance companies, and also some of the big stores, such as Wright, Stephenson, and Co., Dalgety, Nichols, and others, where the salaries go up to £8 and £9 per week. A man has a chance of rising to that.

71. Do not the salaries in the Railway Department go up to £8 and £9 per week?—Well, if you live long enough.

72. Well, can you tell the Committee of any instance now in which men outside can go up in twelve years automatically—that is, the ordinary rank and file, and not men of any particular brilliancy—to £200 a year?—Yes, I can tell you better than that. I had an offer when I was in the Railway Department a few years ago of an appointment in a mercantile firm. I did not take it because I thought I was better placed where I was at that time, and before ten years were over the man who took the position, who was a personal friend of mine, was drawing £8 per week, and I was drawing equivalent to £4.

73. That was your misfortune in that particular case?—Yes, it was.

74. That is an exceptional case; but as against that how many cases can you quote in which men who have gone into mercantile concerns have not succeeded in getting £4 a week in ten

years?—It is not an exceptional case. I have been pretty well all over New Zealand, and I have even known of storemen getting up to £4 a week, and I know of one storeman just recently who, after thirty-five years' service with a firm in Dunedin, was kept on at full pay up till his death, which was quite recent, and he was off duty for three years.

75. That was an exception?—You are asking for exceptions, and I cannot quote you generalities.

76. You do not know about generalities?—No, it is only these instances that impress themselves upon your mind.

77. Those are exceptional cases that you have quoted as to liberal treatment?—No, I take it that is the basis of treatment that these firms give their employees, and I say that is a liberal scale.

78. I want you to give the Committee some idea of the lower-paid men. You cannot tell us now what the present pay is of the men outside in the ordinary rank and file—your information seems to be of an exceptional character?—Oh, no.

79. I want to compare the rank and file outside with the rank and file of the Railway Department, and if you can only quote exceptional cases, then, of course, it is no good?—I am not. It is you who said they were exceptional, and I said they might be. I said they were the only cases that came within my experience. The low salaries might be exceptional also—it cuts both ways.

80. With regard to the bonuses you spoke about, is it not a fact that they are generally given at the end of the financial year?—Yes, at the end of the financial year.

81. And depend on the financial results of the business?—I could not say so far as that is concerned.

82. Well, if not entirely, to a large extent?—I would be wrong in saying that. They are an annual thing in many cases, and are given for good conduct and freedom from accident and risk by the employee in many cases.

83. Are you suggesting that if a commercial concern was run for twelve months at a loss that at the end of that term the men would get bonuses?—They may not. They would not pay it out of losses, nor would the Railway Department pay us full salaries out of losses; they would want to introduce a ten-per-cent. reduction just the same as the merchant. It has been done before, and I could give an illustration.

84. I want to know whether, where those bonuses are granted, if it is not a fact that they depend on the financial results—that is, if a firm makes a loss they are not likely to pay bonuses?—None of those firms I have in my mind have made losses, and therefore there has been no year that has come under my notice wherein the bonus has been withdrawn.

85. But if a loss was made?—Well, if a loss was made in the Railways we should have to suffer.

86. In respect to those stations which you have quoted, where a man goes on duty at 6 o'clock in the morning, for instance, what are the hours that the station is open to the public?—The hours that the station is open to the public are from 8 to 5.

87. And if a man goes on at 6 o'clock in the morning it is not necessary for him to remain continuously on duty, providing there are no trains?—I think you have been through the mill as well as I have, and I think if I go on duty at 6 o'clock in the morning I can find sufficient work in the office to fix up the papers and clean it up till 8 o'clock in the morning.

88. In those stations you have porters, and the Stationmaster does not generally clean the office up?—In the report I got from the officers of the Department no outrageous hours were to be quoted, and meal-hours were to be excluded. If a man came out at 6 o'clock in the morning he could not go on duty for five or six minutes. He would also have to go back to breakfast.

89. If a man goes out at 6 o'clock in the morning it is not necessary for him to remain there, if there are no trains, till 8 o'clock in the morning—he can go away?—Well, what does he go out for?

90. A man goes to signal a train, and stays there two minutes?—If he has the tablet he cannot do it in twenty minutes. He has to have the tablet on before the train reaches the station, and then let the train through and close the tablet; and it is impossible for him to get away in three-quarters of an hour.

91. That would make it 6.45?—Yes.

92. Then, it is not necessary for him to come back till 8 o'clock?—It is necessary for him to go and see that his signals are all secure. He has a hundred and one little duties to perform if he is a careful man. The time it takes depends on the care of the man. If the station is interlocked it becomes more complicated, and takes a longer time.

93. I have in my mind one case which you quoted where there are no trains running after 5 o'clock and the man can go away for two hours, and he is contending he is on duty. In that particular case there has been very close investigation made?—Yes

94. If your last train went out at 4 o'clock and did not come back till 9 o'clock, you would not regard yourself as being on duty till 9 o'clock, would you?—I would only regard myself as being on duty till I had closed off my work and balanced for the day. I would reckon that was part of the duty, to remain on the station till I had balanced up, locked up everything securely and made the premises secure, and you must go round the yard and see that the points are secure and signals set at correct angles.

95. Would you consider it necessary to remain at your station from 5 to 9?—I am not aware of any of them doing that, but if I lived in a railway house I should certainly go home if I had secured everything.

96. That is what most of them do, I think?—Yes, I am granting you that. I would certainly go home if the hours of duty were finished for that day.

97. Then your contention is that where there is any important duty devolving upon a man he would not go home and leave it?—My contention to-day is that he has a right to do it and he

should do it. Of course, I would not be responsible for individual men—temperaments vary; but I know I should do it myself.

98. Now, Mr. Graham, dealing with the mercantile firms, you referred to the fact that a man can purchase his goods and gets a certain concession if he is in their employ?—Yes.

99. Well, if that is so—and I am not contending that it is not a fair thing to say—why should you eliminate, when discussing the Railway, the benefits that you get from the Railway Department in the matter of payment for sick-leave, payment for Sunday duty, free passes, and privilege tickets?—I am not eliminating them. I am using the argument to show that the favours are not all on the side of the Department; that the men give something for those favours. That is the argument I am trying to impress upon the Committee.

100. Very well, if you use the argument in the way you are using it, then you admit that the Department has a right to take credit and set those privileges off as against the services performed by the men and regard them as a concession?—Yes, but on the other hand I contend that the man who does the work has a perfect right to get credit for that work, and the time he is at work as a set-off against what he gets from the Department.

101. I am not contending the other way. As I understand it, in your opening remarks the contention was that the Department should not take credit for those things?—No.

102. At any rate, you admit, on behalf of the institute, that the Department has that right, and is quite right in taking those concessions into consideration?—Certainly, they are quite right in offering any argument to maintain their position.

103. But taking into consideration what is done outside in regard to bonuses and purchase of goods?—And passes also outside.

104. And you admit that the Department has a perfect right to take into consideration and to advance as value the fact that it is giving concessions to the Railway men which amount to a large sum annually?—Yes, but on the other hand I wish to impress upon this Committee that the Railway man has a perfect right to advance the extra hours or service that the Department is receiving for those privileges, and also the value of them as compared with what they are giving in return.

105. You admit that is right?—Yes, that is what is being done.

106. *Mr. Ramsay.*] Mr. McVilly's cross-examination was directed towards showing the difficulty in arranging the hours and the difficulty in arranging for payment for overtime. Now, in order to let the Railway Department out of this difficulty, I want to make this clear: that the Railway officers are prepared to forego any claim for overtime provided sick-leave up to twenty-eight days is not deducted annually?—That is what I have read in clause D of the petition.

107. *Mr. McVilly.*] Assuming the Department does that, Mr. Graham, I want to know from you, on behalf of the institute, whether you will give an undertaking, on behalf of the institute, that the officers connected therewith will do their level best and assist the Department in preventing malingering?—I could not give you that undertaking on my own responsibility—I should have to consult my executive committee.

Officers of Institute: Yes, certainly, give it.

Witness: But if you were to ask me as an individual if I would enhance that idea or strive to get that introduced, I would do it gladly, because I recognize that the malingerer is a very small commodity in the New Zealand Railways, and wherever I meet him he gets no time from me.

108. *Mr. McVilly.*] Then you recognize that the malingerer ought to be stamped out?—Certainly.

109. And the institute as an institute is prepared to assist the Department in stamping him out?—Yes. I cannot speak for the individual, but for the representatives I say we are prepared to stamp him out, and we will back the Department up in any strong steps it takes in regard to the malingerer, because we feel insulted that the whole lot of us should be classed under the same style.

110. *Mr. Dennehy.*] You heard Mr. McVilly state, in comparing the salaries paid outside, that a man in the service advanced to a salary of £200 in twelve years?—No, he asked if I knew of any case outside where a man went to £200 a year in twelve years.

111. Are you not aware that that scale only came into force in 1907?—Yes, I am aware of that.

112. You are also aware that none of us here present participated in that—none of us went to £200 a year in twelve years?—Yes, it is a new scale.

113. You are aware that the men now at the top of the £200 grade have nineteen years' service?—Yes.

114. *Mr. Ross.*] With reference to the question of malingering, Mr. Graham, do you admit that it is necessary for the Department to hold out a bribe to the officers before they are prepared to do their duty in stamping out the malingerer?—It is a difficult question. I do not admit that——

Mr. McVilly: Is that the right way to put a question, Mr. Chairman? Is the Department to be accused of bribery? I object, sir.

115. *Mr. Ross.*] I want the question answered—I have a reason?—In answering that question I would simply say that it is the Department's duty, in the first place, to take action in stamping out malingering, and if they do their duty in that respect I will admit that the bulk of the servants they have under their charge are loyal to them, and will assist the Department to the utmost of their power and ability.

116. You heard the question put to you by Mr. McVilly, asking that if certain concessions were granted to the First Division were you prepared to assist the Department in stamping out this malingering?—Yes, it was tantamount to that. It was a suggestion—it was not given as an offer.

117. *Mr. Witty.*] Mr. Graham, you read out a list of officers who were working excessive hours. Could that not be altered? Are there not some stations that are really overmanned, and by adjustment they could be equalized?—No, sir, I would not admit that. I do not know of any station in the New Zealand Railways that is overmanned; but it is possible, by taking an officer, we will say, from one station for half a day and sending him along to another station, to give what you call "compensation leave." It is possible to do that in a number of cases. There may be a station alongside with a staff of seven or eight, and instances have come under my notice where the Department has relieved on this system by asking the Stationmaster at one station to send one of his clerks along for half a day to relieve So-and-so.

118. You do not know of new stations in new districts where they have taken the work from both sides, and the work at the centre or new station is three times as much as the others, and still the staff at the old stations is kept up?—It may be possible, but I have no knowledge of any such case. It comes down to the same thing that I pointed out: that if the men on either side have larger staffs it is quite possible they could sneak a man off one staff for half a day to enable them to have equality of hours.

RICHARD WILLIAM MCVILLY further examined. (No. 26.)

1. *The Chairman.*] Do you wish to reply on behalf of the Department to clause 15?—Yes. This clause, sir, like most other clauses in the petition, is a plea from the Officers' Institute in the direction of increasing the operating expenses for the Working Railways Department quite irrespective of what the financial results are going to be. I have already pointed out to the Committee that the concessions given to Railway officers, and which it has been admitted by Mr. Graham on behalf of the institute it is fair to take into consideration in dealing with any extra services that any of the officers may perform, amount to a very considerable sum—viz., £129,000 per annum. While it may be perfectly true that officers of the Postal Department receive a certain amount of pay for overtime worked on Sundays and statutory holidays, it has also to be borne in mind that where this overtime is paid the officers do not get the seven days' leave shown in the schedules, and which has been so much talked about by the institute; they simply get pay, or in lieu thereof time off at the convenience of the Department, and that it is admitted in the petition. Well, sir, so far as the operating expenses of the Railway Department are concerned, this is one of the items that have to be taken into consideration. It is a question of the aggregation of small things which amount to a very large sum. The institute cannot dispute the fact that, where Railway officers are asked to perform necessary Sunday duty in the ordinary sense, where they are brought out specially for train services on port lines or for the purpose of carrying out in the large offices work that it is necessary to perform on Sunday, they get payment of one day's full pay. I stated yesterday what the position was in regard to one or two cases, and I wish now to show that the Department has not exaggerated the position in any way nor alluded to the difficulties of dealing with this overtime question without having good grounds for the attitude taken up. Now, here is one case which I had in my mind when I was being examined by Mr. Graham just now: "24th February, 1911.—General Manager, Wellington.—Payment of Sunday duty: Since the present Saturday late train service has been running between Christchurch and Rangiora application has been made by the First Division staff at Rangiora for Sunday pay. The passenger-train leaves Christchurch at 10.45 p.m. and arrives Rangiora at 11.50 p.m. The return empty train leaves Rangiora at 12.5 a.m. (Sunday) and arrives Christchurch 1.5 a.m. The return train is no doubt a Sunday one, still the duty so far as the staff is concerned must be continuous from the Saturday night, and it is not a case where they are called out to work a train on Sundays. Either the Stationmaster or clerk is on duty for the trains. Please advise if Sunday pay is to be allowed in this case." There is a beautiful position—a man works five minutes past midnight on Saturday finishing his shift, and he wants to be paid a full day's pay for that five minutes. Now, he not only wanted to be paid, but actually entered himself on the pay-sheet. "9th February, 1911.—On our pay-sheet for P.E. February 4th, 1911, I entered Clerk ——, two days for Sunday duty worked in connection with Sunday morning trains on 15th to 29th January. I find these have been struck out. Will you kindly say why? We have always previously been paid Sunday duty for this work in accordance with circular 08/108." If, as it appears, entries of that kind were passed through on the pay-sheets it reflects on the officer who checked them in the Christchurch office, because the Department never contemplated making payments of that nature and would not countenance anything of that kind.

2. *Mr Ross.*] This petition is not asking for that?—I am dealing with the clause in regard to Sunday pay. I am indicating the sort of thing the Department has to contend against, and using it as an argument to show the position we are frequently placed in not only in regard to claims for overtime but in regard to other matters. Seeing that the Department has applications of that kind to deal with, is it any wonder that it makes investigation even in cases that are genuine, and declines at the outset to take them at their face value? You have to probe right down to the bottom of every case. Very frequently that takes a long time, and then the men get irritated because they think the Department is trying to put them off or take advantage. In the case referred to the correspondence extended over two months.

3. Did the Officers' Institute take up this case you refer to?—Yes. The other case the Officers' Institute was talking about was this: A train was due to leave Christchurch at about 11 o'clock on Saturday night. The men on duty at stations in the ordinary course had to finish their shift; the train was scheduled, and they had to work it. The connecting train, however, arrived an hour late, and the train got to Islington at 12.51 a.m. and left at 1.3 a.m., a little over an hour after midnight, and the men claimed pay for Sunday duty—one day's pay for a little over one hour's work. The Department refused the pay, and I submit it was a reasonable refusal to an unreasonable request. Now, sir, with regard to the question of bonuses paid

outside the Government service, and Mr. Graham also mentioned salaries paid outside, I should just like to say that recently in Wellington—and I presume this fact is within the knowledge of members of the Committee—the clerks in some of the mercantile houses endeavoured to form a union with a view to getting their wages raised and ensuring better conditions of employment, and I believe those interested made statements showing that the wages of clerks and other men in what were considered to be fair positions averaged £2 per week. At any rate, I went to some trouble in ascertaining the pay and chances of advancement for men in large firms in Wellington, and I have got here some particulars in regard to a number of the leading mercantile firms. A lad of more than average intelligence starts at £25 a year, then he gets £40 after three months' trial, then £50 in another three months, in a year from that he gets £75, then £100, £120, £140, and £160.* If an ordinary cadet started in the Railway Department at the same time as this lad of more than average intelligence started in one of the largest firms in this country, when the exceptionally good lad was getting £160 outside the ordinary boy in the Railways would be getting £150, and he would still have before him the £15 annual increments up to £180 and then two increments of £10 annually, £200. Now, at the point of £160 it is difficult to say even approximately how the salary of the good man in private employ would progress afterwards: the financial operations of the employer would be the determining factor. Then my information also deals with men employed in large departments—*i.e.*, the men in charge of departments. The head man gets £350; chief accountant, £400 to £500; shipping man in charge, £300 to £400; man in charge of legal securities, £300 to £350; and man in charge of correspondence, £150 to £250. These men are experts and specialists. Now, these firms are known to most people in this room—I have seen some of their balance-sheets and saw what their net profits were last year—and these are the salaries paid. I was given to understand they were the exceptions, and I know that one particular firm is regarded by other firms as an institution that pays princely salaries. I do not wish to labour that point any further. I am just using the information to show that taking the pay for outside employment in Wellington to-day and comparing it with the Railways, the Railway Department's scale is, at all events, quite as good if not better.

4. And the hours the officers work?—Yes, I know the hours they work.

5. Are you going to put that on record?—Those officers work from 9 till 5 under ordinary circumstances, and from 9 till they finish when necessary; and I know at some of the offices they are frequently back till 10 and 12 o'clock at night. I know that from my own observations.

6. *Mr. Graham.*] Do they get no remuneration for going back?—They get a bonus at the end of the year. It runs from £15 to £25 on the average in good years, and the officers' responsibilities are very considerable. Now, sir, with regard to the question of payment for overtime and the hours. The hours at railway-stations cannot be the same as they are in the post-offices: there is no question about that. The train services will not permit it, and the requirements of the public will not permit it either: that is recognized wherever railways are run. It is, moreover, fully recognized in all countries that the Railway staff in control of the trains has to work any reasonable hours that public convenience necessitates. I contend that nine or ten hours at country railway-stations are not unreasonable hours. I have frequently worked nine and ten hours and over at country railway-stations and never found it any great hardship. Of course, if a rule is to be laid down it becomes a question of finance for consideration of the Government. If the officers want an eight-hours day fixed, then it resolves itself into a question of cost, and funds to meet it. The latter question, of course, is outside the province of the Department altogether. The other day the suggestion was made by a member of the Committee that Parliament always passes the Railway estimates. That is perfectly true; but I should like to say in connection with that matter that up to the present time the Railway estimates as placed before Parliament have always provided for the maximum expenditure; but notwithstanding that, the estimates have been largely exceeded year by year, and I do not see that we can go on indefinitely adding to the cost of operating by increasing salaries that are already on a liberal scale. It is, of course, a matter that is quite outside my province, but it comes down to a question of £ s. d. every time, and if the prayer of the Railway Officers' Institute in respect to overtime and other things is complied with and the operating expenses increased, then the present financial results, so far as the Railway Department is concerned, cannot be achieved without an adjustment on the revenue side of the ledger. That is all I wish to say in regard to that matter.

7. You admit, Mr. McVilly, that when special conditions prevail it is necessary for the Railway officers to work overtime?—Yes, certainly, the same as other people have to.

8. Now, under similar circumstances the Postal officers receive payment for overtime: is that not so?—I do not know about "under similar circumstances."

9. Well, when they have to work exceptional hours—for instance, when Parliament is sitting and they have to work extra hours in compiling returns they are paid for it, also in regard to the electoral returns and perhaps taking off the Financial Statement?—Well, where the Financial Statement is taken off my experience is that the men are worked in shifts, and they take their ordinary shift and are not paid. The payment of overtime is provided for in the Postal Regulations, and the policy of that Department I am not going to discuss.

10. Do you know of any reason why the Postal officers should be paid overtime and not the Railway officers?—I have already given a general reply, and, further, I have stated that in the opinion of the Railway Department the Railway officers are well remunerated for all the services they perform.

11. You have said that before: that is your own personal opinion?—That is the opinion of the Department.

12. And you have also admitted that the privileges are given as a set-off against overtime and the difference in the leave between the two Departments, also the difference in salaries: you

* See Exhibit No. 11.

have quoted those three instances that the privileges are to compensate?—Well, if you want to go into the question of salary I am prepared to discuss that——

13. But you used it as an argument when the question of comparison of the salaries in the Postal Department was being discussed?—The Department has never contended anything else but that the leave and other privileges that are granted to members of the First Division were given as a set-off for any and all the services the First Division might perform in connection with the time worked during holidays and other occasions, and all that sort of thing.

14. When you were under examination as to the difference between the scale of salaries in the Post and Telegraph Department and the Railways you said the Railway men received privileges which the Post and Telegraph men do not receive, so that you set it against the salaries on that occasion?—That statement of mine is perfectly correct. The Railway men receive £129,000 of privileges that the Postal men do not receive, and the Postal men would be very glad to get them.

15. Then the Railway man's privilege has got to stand duty for his difference in salary, his difference in leave, and also his overtime?—While on this question of salary it is just as well to now disabuse the minds of you people about the difference in salaries. The difference is in favour of the Railway staff and not as you are putting it in favour of the Postal officers.

16. I was speaking of the comparisons on the schedules?—I am coming to that. The difference in salaries is not in favour of the Postal Department, but in favour of the Railway Department. For clerks the Railway average is higher, irrespective of the privileges.*

17. Well, we are open to be convinced on that point?—Well, later on I will discuss that aspect of the question.

18. You also stated that when normal conditions prevailed the officers in charge for the time being will subsequently arrange to compensate the men for additional services by giving them time off?—Yes; and I will say this: that when I was a relieving officer I gave a man time off when he worked overtime as I considered fit, and I do not know of any instance in which any officer has ever questioned the Stationmaster's right to do that sort of thing.

19. There is no regulation to that effect as regards the First Division?—You do not make a regulation to deal with every little matter that the Stationmaster ought to deal with.

20. But has the Department issued any instructions to the officers to continue that practice or carry it out?—The Department has not issued instructions forbidding a practice that was in operation years ago, and which, as far as I know, is being continued, subject to reasonable conditions and arrangements.

21. Well, in regard to the officers working ten or twelve hours a day, such as I mentioned in the statement I put in, would you suggest that the men could possibly be allowed time off or should be allowed time off for the extra work performed?—What I should do if I were in charge of a station and had two clerks would be to so arrange the work that those men could get some time off, and I would not consult anybody about it. I would do what I considered to be right, and take the responsibility.

22. You would be in favour of providing a man with sufficient staff to do this work?—No one can convince me that any of our staff are overworked.

23. You, of course, have to remember that it is a long number of years since you were in charge of a station?—It is a few years, but the conditions in that respect have not altered materially.

24. You are not conversant with the conditions now the same as before?—Yes, I am. I could go and take charge of the largest station connected with our system to-day, and stand on my head and do it.

25. Well, that is an acrobatic achievement that I am not capable of?—Still it can be done, you know

26. I believe myself you have the pluck to do it?—Yes, and the ability too.

27. What I wish you to understand I am getting at is that the conditions have altered considerably since?—I am aware the conditions have altered to some extent, but do not forget this: that coincident with the altered conditions the position of the staff has altered—that is, all the staffs have been increased where necessary, and the staff at all those places is sufficient to enable the work to be done within reasonable hours if the officer in charge likes to make reasonable arrangements. I touched on that earlier in the proceedings, and quoted a case in which the officer in charge seemed to think his whole duty was to write one or two letters and keep the cash-book. We promptly pulled one man out of that station, and have not had any complaint since, and the work has gone on all right.

28. *Mr. Ross.*] You attribute the long hours worked in those stations to lack of control and to mismanagement?—I have not attributed that at all, Mr. Ross.

29. What is your contention?—My contention is that all that the Stationmaster has to do is to make his arrangements. If the hours are long the man has sufficient staff, and it devolves on the man in charge or in immediate control of the men to make suitable arrangements.

30. And you admit that in regard to the evidence given before the Committee to-day wherein it is proved that certain officers work sixty, seventy, and seventy-two hours a week, that proper arrangements are not being made, otherwise the hours would not be excessive?—I have not said anything of the kind, and I do not regard a bare assertion as proof. I have simply said it is possible to make other arrangements, and the Stationmaster should do that.

31. You suggest that better arrangements could be made?—I said that the Stationmaster should make the arrangements.

32. Better arrangements?—I said he should make the necessary arrangements.

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* See Exhibits Nos. 10 and 12.

33. To reduce the hours of work?—He should make the necessary arrangements to do the right thing for his staff.

34. And the right thing, in your opinion, is to reduce the hours of the staff?—The right thing is to have the work properly done at the station so as to remove complaints which the officers say they have got but cannot substantiate, and which I do not say exist.

35. That is a double-barrel answer?—You are not going to drag any admission out of me in regard to any case I do not know about at the moment. I know the conditions at some of the stations, and I know this: that in every case the Department provides the men and the machinery to enable the right thing to be done and the work to be properly carried out.

36. Assuming the evidence given by Mr. Graham to be correct wherein he stated that seventy-two hours a week are worked by some officers, are you of opinion that if the proper arrangements were made by the officers that those hours could be reduced to a reasonable number per day?—I am not going to admit that Mr. Graham's statements are correct, and I am not even going to assume that they are correct; but if the position is as he stated, then proper arrangements could undoubtedly be made, and should be made, by the man on the spot.

37. Are you prepared to say that the statement made by Mr. Graham to-day with reference to the hours worked by various officers at certain stations is incorrect?—I have already said that I am not going to admit any of the statements made by Mr. Graham.

38. Then you are going to contradict it?—I am not going to admit it, and I am not going to be drawn into a discussion in which I may have to tell Mr. Graham——

39. Are you prepared to contradict the statement?—Well, I am not going to admit that it is correct by any means——

40. I am not asking that?—Kindly allow me to finish. I have already stated that I have not got personal knowledge of every individual place, but I have got the knowledge which will enable me to say that the staff is generally sufficient to enable proper arrangements to be made, and if the necessity is there for making them the man on the spot should act accordingly.

41. If you are not conversant with the number of hours worked by the officers, how can you make that statement?—I am aware of the number of officers at each of the stations, and I am aware of the hours that the stations are open and should be worked, and I know positively of one case quoted by Mr. Graham where the hours stated to be worked is not correct.

42. Then, with regard to the evidence given by Mr. Graham as to the number of hours, is this the first intimation you have had of this condition of affairs existing in the service?—I cannot say that it is the first intimation. We have been getting intimation of this kind at various times throughout the year both in respect to the First and Second Divisions.

43. And what steps does the Department take?—The Department investigates the case and takes such steps as the circumstances existing at the moment have shown to be necessary.

44. *Mr. Witty.*] You heard me ask Mr. Graham if an adjustment could not be made at some stations?—Yes.

45. Is it possible to do that?—I know the particular case you had in your mind. The Department went to a very large amount of trouble to try and get that adjustment made at those three particular stations, but could not do it, although the Stationmaster there could have done it. Generally, if the Stationmaster does the right thing, it would be possible for him to make arrangements to reduce excessive hours that the Officers' Institute say are being worked. I do not know that they are—I am not admitting that statement—but if the statement is correct, then the Stationmasters should be able with the staffs they have got to deal with it satisfactorily.

46. I will give you an illustration in connection with East Oxford and West Oxford. At East Oxford the Stationmaster works over ten hours and has no one to help him, and it is a very hard station, whereas West Oxford is a light station, and there are three hands there. The Stationmaster at East Oxford is getting an excess of work, and I should not like to see you stand on your head and do it?—In a case of that kind the Stationmaster should represent the matter to the local Traffic Manager, and it is a question for the local officer then. Assuming the facts are as you say—and I am not, of course, disputing them—there should not be the slightest difficulty in meeting the position.

47. He is the hardest worked man in the service?—I do not think so. However, where you have an instance of that kind it generally results from the Stationmaster at A doing nothing for the Stationmaster at B—he raises objections.

48. I know arrangements have been endeavoured to be made in this case?—I have no personal knowledge of North Canterbury; but there should be no difficulty.

49. The accommodation at that station makes it much worse?—I will take a note of that and get the matter looked into.

50. *Mr. Graham.*] I put in a statement showing the number of single-handed men that it is not possible to get relief for unless supplied from an outside source: would you be agreeable to see what was required?—If you will give the Department a copy of the list we will be very glad to go into the matter and see what can be done. The Department only wants a reasonable thing, and is always prepared to do the reasonable thing itself.

ANDREW GRAHAM further examined. (No. 27.)

1. *The Chairman.*] I understand you will now deal with clause 16 of the petition on behalf of the institute?—Yes. The clause reads, "16. That Regulation 47 provides that when members are transferred to meet the exigencies of the Department the maximum period for which personal

expenses shall be allowed to married members and their families shall be—(*a*) Two days at the commencement of the journey; (*b*) one week after arrival at destination. It is also provided that provision whatever is made for increasing the time. That these allowances are insufficient by the General Manager may at his discretion reduce this time as circumstances permit, but no reason of the fact that in many instances it is impossible to make the necessary arrangements for removal within two days, and it is equally impossible to obtain suitable house accommodation within a week after arrival at destination, consequently officers often incur considerable expense which they are obliged to bear themselves." These allowances are in many cases insufficient to compensate officers for their actual outlay. Officers do not wish to be unreasonable, and all they ask is that the Department shall pay to them the actual amount which they are required to pay. Take the case of a man in the Traffic Department who is transferred to some position in a town strange to him, and whose duty requires his attendance at most irregular hours. This necessitates his living within a reasonable walking distance of his work, and limits his area of selection considerably as compared with that of the ordinary business man. For such a man it is much more difficult to obtain a house suitable to him than one which would suit a business man whose hours are regular, and who can take advantage of the car service. These conditions frequently compel a man to take an unsuitable house temporarily, with the result that he has to bear the expenses of a second removal when a suitable house is forthcoming. In addition to the actual expenses allowed by the Department under the regulations, it invariably follows that a man is put to further expense through having to cut up and renew floor-coverings and also to furnish new blinds, and do other matters which only those transferred can appreciate. I put it to you, gentlemen, that if any one of you who is a married man were required to shift from one town in New Zealand to another, do you think you could at short notice pack up all your furniture and effects and square up other matters in the two days, find a house at the other end of your journey, and become settled in it within a week? I know from my experience that it is not an uncommon thing to see an advertisement in the papers in Auckland offering a reward of £1 to any one who secures the advertiser a suitable house of five or six rooms, as the case may be, and I have no doubt the same conditions prevail in other towns. Any one who is acquainted with the different towns in New Zealand must know how difficult it is to obtain house accommodation, and that one might be weeks before securing a suitable house. We ask that the regulations dealing with this matter should be made more elastic, so that an officer transferred should receive the actual cost incurred in connection with his transfer. Referring to clause 17, Regulation 48 provides that when members are transferred by way of punishment they shall pay their own transfer expenses, and shall not be paid for the time they are travelling. Under this regulation a member may suffer monetary loss as follows: (*a*) Reduction in salary from £5 to £55 per annum; (*b*) loss of pay through suspension; (*c*) loss of salary during transfer; (*d*) loss of expenses incurred in connection with the transfer of family and effects; (*e*) reduction in value of superannuation retiring-allowance. I think, gentlemen, this should be taken very seriously into consideration by the Committee. There is no necessity for me to dwell on this clause any further. I will leave it to the sense of justice of you gentlemen to say whether or not you consider that a man should bear the additional punishment of being required to pay the expense of transferring himself, his family and effects, possibly from one Island to the other, which might result in crippling him financially.

2. *Mr. McVilly.*] How long, Mr. Graham, has this regulation respecting transfer been in operation?—I have not got a copy of the regulations to refer to, but I think since May, 1910.

3. Can you tell the Committee why the alteration was made—what was the previous practice?—The previous practice was to pay the actual out-of-pocket expenses.

4. And what did a man get—take a married man?—He got his 10s. per day travelling-allowance.

5. For the whole time?—For every night he was absent from his headquarters.

6. Well, if a man transferred, say, from Wellington to Ohakune, he is paid 10s. a day while in Wellington packing up?—You pay him from the day he is discharged from the one section till he goes on to the other.

7. I think you said he got 10s. a day while absent from headquarters?—Yes.

8. He got 10s. a day while packing up: was not that so?—Not in every case.

9. Well, when did the payment of 10s. per day commence?—It commenced from the day he started travelling. It was usually counted in every night he was absent.

10. Well, if a man packed up to-day and remained in Wellington to-night he made no claim for that?—I do not know what claim he made, but I do not think he had a right to make it.

11. Well, when he gets to Ohakune, his next headquarters, how long do you think he should be paid 10s. per day there?—Well, in some cases the Department has paid up to the time they were installed in their houses; in other cases they were paid only the actual out-of-pocket allowance: it has varied.

12. I am talking about before the alteration was made?—Yes, I am speaking of that.

13. Under the regulation before the alteration was made, when the man arrived at the other end was he not entitled to 10s. a night?—Until he was finally in his house. That was the recognized principle at that time

14. Well, in addition to that, if he was a married man what happened with his wife and family?—Their hotel bill was paid.

15. What happened in connection with the cartage of his furniture here and the packing?—That is always paid for by the Department. The Department supplies the carriage in accordance with the regulation.

16. What about the other end?—Carriage again.

17. And the costs are paid by the Department?—Yes.

18. Now, what is the practice in regard to packing of furniture and cartage?—It varies. Sometimes the Department does the packing and sometimes a man from an outside source does it.

19. When the Department does the packing, what happens in respect to the cartage?—The Department pays.

20. If the cartage and packing is done from an outside source, what happens?—If it is a reasonable amount the Department pays it.

21. Can you quote any instance in which the Department has declined to pay out-of-pocket expenses of an officer for carting and packing furniture when supported by receipts showing what he has actually paid?—No, unless when he is under punishment.

22. We have not come to the punishment clause yet?—No.

23. Then the only alteration in connection with the present regulation and the previous regulation is in respect to the limitation of time?—Yes.

24. Well, what happens to the man in private employment or in search of employment who goes from Wellington to Palmerston to take up employment—who pays his expenses?—Himself, I suppose.

25. Then, the Railway men in connection with transfers are getting something which the outside man is not getting?—Not in every case. There are some outside firms that grant the same concessions.

26. But the general practice is for the man to pay?—That is the individual man; but if his firm is shifting or transferring him they pay.

27. Can you tell me of any large firms who pay?—Yes, the Union Company. They carry everything free, and pay expenses as well.

28. Do they pay a man's expenses when he arrives at the other end and while on shore?—Yes; they pay his hotel bill if he is unable to get a house.

29. For how long?—I have not known of any instance where there has been an outrageous time.

30. Have you known of any instance where there has been an outrageous time in connection with the Railway Department?—No, I cannot speak personally on that.

31. Well, what would you call "an outrageous time"?—A matter of five or six weeks.

32. Well, what is your idea of the limit to which the Department should pay those expenses?—Well, if I give you an idea I am simply giving you the personal one.

33. I should like to have it?—I recognize a week is too little, and I should be strongly in favour of not less than fourteen days. That is my personal opinion.

34. Is that fourteen days going to apply to everybody in the service who is transferred?—That I cannot say.

35. Are you going to apply the fourteen days in the case of all transfers?—No, most decidedly not, Mr. McVilly. You misunderstand me. I am speaking of the maximum amount, not the minimum.

36. Supposing you fixed fourteen days as the maximum, what is going to happen?—I do not know what is going to happen.

37. Well, what did happen when the Department paid right up—paid for everything?—I could not say.

38. You are a man of very varied experience; you told us this morning that you have travelled round a good deal, and you are perfectly well aware that there is not a day goes past but what the Railway Department is shifting a number of men—there is a number of Railway men always on the move?—Yes.

39. Then surely you must have some idea of the time the people take?—I could give you some idea of the time I took myself.

40. Well, what was that?—I was shifted from Mataura to Edendale; I was three months living in board and lodging, and the wife and family were in Mataura.

41. That is thirty years ago?—Well, you have been quoting thirty years ago as well.

42. I am glad, because you are admitting that the conditions are not very much different to-day?—Then, again, I can quote you an instance more recent. I was transferred from the Bluff to Queenstown when the boats were taken over. I was three months in Queenstown, and lived in a hotel while the wife and family of seven were living at the Bluff, where I was paying £40 a year for a house, and I could not get a house even of four rooms to put the family in.

43. What expenses did you get?—I got paid three weeks' board and lodging in the hotel out of three months.

44. What were you told when you were paid the three weeks?—I was told that no further allowance could be granted.

45. And that three weeks was the maximum?—Yes.

46. Now, at that particular time can you recall any instance of officers who invariably took the maximum?—No, I cannot; but I have another illustration.

47. Well, what was it?—When I was transferred from Queenstown to Port Chalmers there was a change made with the Chief Clerk as well as the Stationmaster, and we both had to remain in a hotel. I was three weeks and the clerk five weeks with our wives and families.

48. And what expenses did you get?—We got three weeks at that time.

49. You got an allowance of so-much per day for three weeks?—Yes, and hotel expenses.

50. You and the clerk got an allowance plus hotel expenses for yourself and wives and families?—The regulation allowance we were paid.

51. Plus out-of-pocket expenses?—Yes, without any reduction.

52. Well, can you tell the Committee, Mr. Graham, any reason why the Department when it transfers a man should pay all those expenses and keep his house?—I cannot give you any reason, but I should like to ask why the Department did it and have done it from time immemorial.

53. Do you think it is reasonable to expect it?—I think that vested interests are always reasonable. We have a right to expect to get them when they have been ours for such a long period of time.

54. The Department has not given you the right to expect that it is going to keep your house for you?—Well, it has never kept my house—I have kept it myself.

55. I am talking about men on transfer—they have no right to expect that?—You have established a precedent, and we have a right to expect that the precedent shall be carried out.

56. And now you are altering it?—You have altered it.

57. Well, now that it is altered and there is a lower maximum, why are you complaining?—In the first place I have stated that the two days for packing up is a little unreasonable. We find it so from actual experience. The Department has reduced the time to two days. The Railway Officers' Institute have discussed the question right throughout New Zealand, and they are of opinion, and I have no doubt it is founded upon their experience, that two days is rather a short time in which to pack up and start a journey on. They also consider that one week at the end of the journey is not a sufficient time as a maximum. I do not say, as a minimum, because if a man is transferred to where there is a railway house the house is ready for him; but I am referring more particularly to places where there are no railway houses, because the Department does not provide a house in every instance. There is a considerable number of positions in the Railway service in which house accommodation is not provided for, and those officers are entirely at the mercy of the public landlord and are indebted to him for a residence. It is to those officers more particularly that we refer in regard to the hardship of the time-allowance which we consider is not sufficient. If a man has to hunt for a house it often ends in his being victimized and having to take a very ordinary house in an entirely unsuitable locality that perhaps no one would care to live in owing to his being jammed for room, and a further shift has to take place afterwards.

58. But does not the man in private employment have to contend with the same difficulties with respect to a house?—Yes, but the man in private employment is shifting to suit himself.

59. Then your complaint is that the Railway man is not shifting to please himself?—No. He may not care to go, and the Department may say, "You have got to go." These hardships I am referring to are extreme cases.

FRIDAY, 6TH OCTOBER, 1911.

ANDREW GRAHAM, examination continued. (No. 28.)

1. *Mr. McVilly.*] We were discussing the question of the time allowed for transfer by the Department. One of the complaints of the institute is that two days at the commencement of the journey and a week after arrival at destination is insufficient. Now, is it not the general rule that officers who are transferred have notice some considerable time ahead of their transfer?—It is the practice of the Department, I believe, to notify where it can be done that there is a probable change on.

2. They are given notice that it is proposed to transfer them, and what the change is so far as they are concerned. For instance, a man is told that it is proposed to transfer him from Dunedin to Timaru?—It has not always been the case, but in some instances it has been done. Generally they endeavour to give him notice.

3. Seeing that that is the case, what is to prevent a man making his arrangements ahead—that is, getting his arrangements well forward?—The inconvenience to his wife, his family, and himself. A man cannot upset his whole household arrangements for a whole week in order to be prepared to go.

4. But seeing that a man has the notice, what is there to prevent him making such arrangements that he can pack and get out in two days?—Well, I pointed out to you that the Department does not allow him anything for his expenses if he goes out of the house, and if he has to live in the house he must live there at serious inconvenience to himself and family if he starts disarranging his household furniture.

5. If a man has to shift on Monday, what is to prevent him having the packers there the first thing on Monday morning?—Well, the Sunday night intervenes there and inconveniences him.

6. Could he not make his arrangements on Saturday for the packers to go in the first thing on Monday morning?—Yes, it is possible.

7. If he does that, how long would it take—take the average run?—I can only speak from personal experience. It takes me regularly four days to do everything at the very least.

8. And during that four days your contention is that the Department should pay expenses?—Yes.

9. And relieve the man of any expense that he may have to incur in connection with the house?—Yes, I say that a man has to go out of the house to let the packing go on, because no man

can remain in the house with his wife and family with any convenience while the packing is under way.

10. Is it not a fact that the Department supplies packing-cases and packers in a large number of cases?—Yes, they do.

11. Well, in such cases as that, what is there to prevent the packing being done in two days?—Well, I do not know what does prevent it—either it is the workmen are not sufficiently active or the departmental servants are to blame in packing the furniture; but in my own cases four days is about the average that they have taken.

12. Well, outside of journeys in which a sea trip has to be undertaken, to what extent is it necessary to pack for railway transfers?—I think I have already mentioned that we are not alluding to short transfers, but more particularly to long transfers. We do not wish to take advantage of the Department.

13. The claim in the petition seems to be a general one?—Yes, and the regulation is a general one also; it provides two days for all kinds of transfers.

14. Well, when a man arrives at his destination in a large number of cases he has to go into a station house, as a considerable proportion of the transfers are among Stationmasters?—I think in a number of instances that is so.

15. What is the difficulty of a man getting into a station house within a week?—The difficulty of getting the other man out.

16. But the other man, generally speaking, is packed up, or ought to be packed up?—Well, it is not so. I may mention that when I relieved Mr. Marcus in Timaru he was three weeks in the house, and I had to appeal to the Department to insist on his leaving.

17. And what did the Department do?—Replied to me saying the matter would be taken up, but they did not remove the officer out of the house.

18. What was done in that case?—I got the usual three weeks' expenses. You will understand that there were different conditions then; three weeks were allowed at that time, but that is not allowed at the present time.

19. Well, why was that arrangement altered?—That I cannot say—that is for the Department to say.

20. You are aware from your own personal experience that at one time the Department paid expenses up to three weeks?—Yes, which was a fair and reasonable thing to do.

21. When that arrangement was in operation did the Department require the officers to do anything?—In what way?

22. Was it the practice to ask the officers to make any deductions in their vouchers?—In the earlier stages of that regulation, no; but later on I believe a departmental instruction came out stating that living-expenses were to be deducted from the vouchers.

23. You know that there was an instruction of that kind issued?—Yes.

24. Who fixed the amount that was to be deducted from those vouchers—the Department or the men?—Well, the Department always had the deducting of that finally. A man might make deductions himself, and if not satisfactory the Department still had it in their power to correct it.

25. The fixing of the deduction was left in the hands of the officers, who were expected to do the fair thing?—In the first place.

26. Now, is it within your knowledge that the fair thing was not done?—No, I cannot say it is—not from my own personal knowledge.

27. Is it within your knowledge that in respect to this particular matter the institute brought the unsatisfactory position with regard to deductions under the notice of the Minister at one interview?—It is within my knowledge that the institute moved in the matter, because they considered the deductions were unreasonable and should be abolished, and they appealed for their abolition.

28. And the reason for doing that was that the institute considered the deductions were unreasonable?—Yes, they did.

29. Is it not rather the fact that the ground put forward by the institute for making the request was that they recognized that the deductions that were made were ridiculous?—No, sir, I do not think so. The vouchers were never submitted to the institute at all.

30. Will you say that the institute did not put that ground forward when interviewing the Minister—that the institute recognized that the deductions were ridiculous, and on that ground urged that the Department should do something?—I could not say from personal knowledge that the statement was made.

31. You know that the institute brought the matter under the notice of the Department?—Yes. I know the reason why they brought it under the notice of the Minister. When the Hon. Mr. Hall-Jones, who was Minister of Railways, introduced this system it was with a view of arriving at a certain stated sum, and to bring us into line with the Post and Telegraph Department, that he instituted the practice of making deductions for the cost of living from the vouchers. It was his intention—I know this of my own personal knowledge from conversations with him—to give a lump sum for transfer expenses to each member after he had discovered what the cost of transfer would run into. That was the reason that instruction was sent out.

32. Can you state any instance in which the Hon. Mr. Hall-Jones gave utterance to such a sentiment?—Yes. He stated it at a conference where I had an interview with him.

33. That he intended to give a lump sum?—He intended to see if it could not be done in the same manner as in the Post and Telegraph Department, by giving a lump sum for transfer expenses.

34. That is different to what you said just now. You say he stated he would see if it could not be done?—You are quibbling now on one word. It was with a view of arriving at a satisfactory ratio of expense, so that the officer being transferred would not suffer any inconvenience or loss.

35. Was it not rather for the purpose of preventing or trying to prevent officers making unreasonable claims?—No, sir, I do not think so.

36. Was it not with a view of reducing the amount claimed by the officers, who were making claims up to three weeks in almost every case for transfer expenses?—I cannot answer that question, because I was not in Mr. Hall-Jones's confidence.

37. I thought you said just now that you were?—I gave you his statement to myself at the meeting.

38. He stated that at the meeting of the Officers' Institute?—Yes.

39. Can you say when that was?—No, I cannot say from memory. I think it was the only conference he held in Wellington.

40. Now, coming to this question of the cost of transfer, I think you told us that the officer gets 10s. a day for himself, and then he gets the actual expenses for the time fixed for his family: is that not so?—Up to the time provided in the regulations.

41. Well, if the expenses of the officer at the hotel he stays at are £1 5s. or £1 10s. a week for himself?—I would not like to stay at a £1 5s. or £1 10s. a week hotel, occupying the position I do in the Railway service. I think your quotation is a little low to start with.

43. The officer who is drawing 10s. a day is benefiting to the extent of the difference between the hotel tariff and the amount paid him for transfer?—No, I do not see that.

44. Well, if a man pays 5s. a day?—I am in the habit of paying 8s.

45. If a man pays 5s. a day and gets 10s. he benefits to the extent of 5s. a day?—No; you cannot live in a hotel without having other expenses going out.

46. None of us live in our private houses without having extra expenses: charges for luxuries are not included?—I am not including luxuries. If you live in a hotel you must comply with the usual conditions of the hotel and give tips in order to get proper attention.

47. But do tips cost you 5s. a day?—I would not like to travel on 5s. a day.

48. And in addition to that you get out-of-pocket expenses for your wife and family: is that not so?—Yes.

49. You say the time allowed is not sufficient. Can you quote any instances?—I have quoted them already.

50. *Mr. Ross.*] I would like it made clear to the Committee that during those two days for which you are paid prior to the transfer, and the week for which you are paid at the end of the journey, in all probability you will be on duty every day?—Yes.

51. And the Committee are not to understand that you are off duty?—No; as a rule, you are not.

52. Your experience has been that you are on duty while the packing up is going on in your house?—You are doing your transfer balance-sheets and papers relating to the station.

53. And actually employed on duty almost up to the time the train starts that is going to convey you to your destination?—In many cases that is so.

54. And instead of having an opportunity of assisting your people to get into the house you are required to go on duty immediately you arrive at the other end?—That is so.

55. *Mr. Arnold.*] I understand, Mr. Graham, that when you are travelling the usual tariff at hotels is 8s. a day?—Yes.

56. *The Chairman.*] As to clause 16, in connection with the two days at the commencement of the journey, what do you suggest that should be altered to?—Well, I think myself it would be a fair proposal to give them four. I am only going on my own experience.

57. Has the institute no suggestion to make regarding it?—The institute has not put forth any term: they only want the term extended. They are not forcing the Department into any line of action, but they suggest the time is not sufficient for the purpose, and ask for an extension.

58. As far as you are personally concerned, you suggest four days?—Not less than four days at the commencement.

59. And on arrival at the destination the present allowance is one week, and you suggest it should be one fortnight?—I suggest, not less than a fortnight.

60. The institute makes no suggestion in that connection either?—No. I do not wish to hamper the Department in regard to any arrangement of their own, but if that arrangement is made we will accept it loyally.

61. *Mr. Ramsay.*] The Department does not pay 10s. a day in addition to expenses: I understood the suggestion was that they paid you 10s. a day and any expenses?—They pay 10s. a day when on transfer. It is customary to claim 10s. a day, but still it is at the option of the General Manager, who may say that 10s. is not necessary, and they will pay you actual expenses.

62. The General Manager may say you are only to be allowed your personal actual expenses?—Yes.

RICHARD WILLIAM MCVILLY further examined. (No. 29.)

1. *The Chairman.*] Will you now state your case on behalf of the Department in regard to clause 16?—Well, sir, I will touch first in dealing with this question on the point just raised by

Mr. Ramsay. Mr. Ramsay's last question may have a tendency to mislead the Committee as to the position. The regulations distinctly provide—"Members of the First Division when travelling on duty shall be paid the following travelling-allowances for personal expenses, but such allowances shall not be payable when members are travelling on transfer: Members in receipt of salaries not exceeding £400 per annum, 10s. per day. When members are transferred to meet the exigencies of the Department, the cost of conveyance of members, their families and effects, by land or sea will, except as otherwise provided in clause 48, be paid by the Department, together with such actual personal contingent expenses as the General Manager may decide are fair and reasonable. Where the cost of transfer is paid by the member travelling, it will be recouped to him on production of receipts. No receipts will be required for sums of less than 5s. The maximum period for which personal expenses are allowed on transfer will be: At commencement of journey—(*a*) For married members, two days; (*b*) for single members, one day. After arrival at destination—(*a*) For members who are married, one week; (*b*) for members who are single, two days. The General Manager may, at his discretion, reduce this time as circumstances warrant. When members are transferred at their own request or by way of punishment free passes by rail will be granted for themselves, their families and effects, but all other expenses shall be paid by the members themselves." Regulation 49, regarding transfer and payment of transport by sea and land, merely covers the out-of-pocket expenses. The practice of the Department has always been to pay a member at the daily allowance quoted in Regulation 42, subject to the conditions laid down—that is, so far as he is concerned personally—and Regulation 47 provides that a man transferred shall be paid contingent expenses as the General Manager may decide are fair and reasonable. Then, that the maximum period for which personal expenses are allowed on transfer shall be—at commencement of journey, for married members, two days; for single members, one day. Well, that regulation is the only clause that governs the operation of Regulation 42, and Regulation 42, so far as the officer on transfer is concerned, is always adhered to—that is, a man gets the actual personal expenses for himself as per regulation, and fair contingent out-of-pocket expenses, cartage, or express hire. For instance, if an officer is transferred from here to Taihape he would get under the regulation payment for himself for two days at this end plus cartage of his luggage, and seven days at the other end—that is, nine days plus cartage. If married he would get in addition the cost of transport and out-of-pocket expenses, including board for his wife and family. That is the general practice, and it has never been altered, and it is being adhered to to-day. Now, with regard to the question of the sufficiency of time at the commencement of journey, it has to be remembered that, as a general rule, the bulk of Railway men, at all events, are simply required to take train journeys, and the experience of the Department in the past was that very considerable advantage was taken of the Department by members of the service in respect of the claims they made for the time taken to pack up and also to get settled at the other end. It was quite a common occurrence to have claims put in up to four weeks, and in such cases the officer would claim his full 10s. per day for himself and the full out-of-pocket expenses for his wife and family. Correspondence was continually going on between the Department and the officers concerned respecting the unreasonableness of the amount of the claims for transfer expenses. The contention of the Department was and is that if a man has a family he has got his home to keep; he is put to certain expense to keep up that home. Where transfers took place the Department did not expect officers to be out of pocket. On the other hand, it certainly did not expect them to make a profit out of their transfers; and I submit that where an officer is under transfer and claims expenses for an unreasonably long time, as there is no doubt many officers did in the past, they were making a profit out of their transfer. After looking into the matter for some considerable time a direction was given by the late Minister of Railways, the Hon. Mr. Hall-Jones, that a deduction should be made for the cost of living. This was not done for the reasons advanced by Mr. Graham, so far as the Railway Department is concerned, but because the Hon. Mr. Hall-Jones wanted to bring the Railway Department in that respect into line with another Department which he controlled at the time, and he was very strong on that. When the instruction was given that those deductions were to be made, and vouchers were sent back to be altered, the Department was surprised to find that it had in its service a very large number of members who had absolutely solved the problem of domestic economy, although they often complained of the cost of living when asking for higher pay. We have heard a good deal about the small amount that some nations can live on, but when the vouchers that came before the Department were looked into they indicated that our people could hold their own in that respect. Many of the deductions were investigated, and found to be absolutely ridiculous. They were so absurd that the Officers' Institute felt it incumbent upon them, when interviewing the Hon. Mr. Hall-Jones shortly before he relinquished control of the Railways, to pointedly refer to the matter. On that occasion the institute was represented in the matter by an officer of the Department who held a position in one of the district offices, and part of his duty was to deal with vouchers for transfer expenses. The statement made to the Minister was that "the deductions made on vouchers by members to cover the cost of living are so ridiculous that the institute marvels how officers exist on the amount stated." Now, that was the statement of the representative of the institute to the Minister of Railways at one of their interviews.

2. *Mr. Graham.*] We have no record of that, Mr. McVilly?—Well, I have.

3. It is accusing the whole institute?—I have made a statement which can be proved by the shorthand notes of the interview. I have simply picked the eyes out of the statement.

4. *Mr. Ross.*] Will you elaborate what is meant by "deductions"?—The instruction was that where officers were on transfer they were to deduct from the voucher rendered for transfer

expenses an amount that would fairly represent the ordinary cost of living in their household. They were paid the 10s. a day for themselves and actual out-of-pocket expenses—that is, the full hotel bill and carting expenses or anything of that kind that they incurred for their wives and families, less the deduction. The deductions were not satisfactory, and a large number of vouchers were sent back for revision. The Chief Accountant of the Railways queried a very considerable proportion of them, and when he was unable to arrive at a satisfactory conclusion as a result of correspondence with the member concerned the vouchers were put before the General Manager, who took the matter up, and whenever those vouchers were questioned in regard to the cost of living the stand taken up by the officer was invariably that he had made a fair deduction, and the amount represented his household expenses. Well, like the representative of the institute to whom I have referred, the Department all the time marvelled at the economies achieved in railway households.

5. Could you give an example of the average amount of deduction made?—I dare say I could. Here is one case where a man, for himself, his wife, and family of six, deducted £1 10s. a week.

6. What salary was he getting?—£250. Here is another instance where a man deducted £1 5s.

7. *The Chairman.*] How do you mean he deducted £1 5s. a week?—Well, suppose his voucher was for fourteen days, he would claim 10s. a day for himself for the fourteen days, and hotel expenses for his wife and family. The total might be £16, or £18, or £20. Out of that he would perhaps take off £3, which he claimed represented the cost of living in his own home. Here is another man, a shed foreman, who took off £1 10s. a week for himself, his wife, and four children. A clerk took off £1 a week for himself. The Department did not raise any objection to that. Another man, for himself, his wife, and family of five, allowed 4s. 6d. a day; another man, for himself, his wife, and family of six, 5s. 6d. a day; another single man, 2s. 6d. a day. Another man deducted £2 a week, but the number of the family is not stated. Another man, for himself, his wife, and two children, 4s. a day; another, with six of a family, 8s.; and another, with four of a family, 8s. a day. Those are just a few instances out of a large number that I have here.

8. *Mr. Ross.*] The deductions were made on the basis of the cost of food in their own homes? —The deductions were supposed to be made on the basis of the ordinary cost of their living—a man's fair living-expenses in his own home.

9. Not clothing and everything connected with living, but ordinary food?—That is right—ordinary everyday household expenses. That is what they were told to make a deduction of, and that is a reasonable thing, and the officers asserted that was the basis of their deductions. Now, it is all very well for the institute to contend, sir, that two days at the commencement of a journey is not sufficient, but the Department claims that if the members of the Railway service make their arrangements ahead—timely notice of the intention to shift them is given in, I believe, nearly all cases; but there are, of course, odd cases of emergency—there is no reason why the men cannot get their arrangements forward the same as they do when moving from house to house to suit their own convenience. So far as the packing is concerned, an officer is allowed to get any reasonable assistance that he requires. The Department provides him with packing-cases, and if he gets cases himself the Department pays for them. If he gets any packers to assist, the Department pays, and the same thing happens at the other end of the journey. Now, in respect to this, I submit that there is no reason why the Railway Department should be called upon to relieve a man wholly of his household expenses and keep his family for an unreasonable time merely because it is transferring him. Where the Department pays the contingent expenses, which cover the out-of-pocket expenses of the man, I submit to the Committee that the Department is doing all that it can reasonably be expected of it, and it is following the practice elsewhere. Now, with regard to the matter of packing up while on duty, or being on duty while he should be packing up, in some cases that may happen. It does not happen in all of them by a long way, and officers can and do get assistance, as I have stated. Where there is a difficulty in a man getting a house after his arrival at destination, it is within the knowledge of the Department that time off on pay is given to look round. The men are not expected to go straight into the station and take control immediately, and the Department would be very surprised indeed to find that that were done in the bulk of cases. I know that it is done in some cases, but I do not think those cases form the rule by any means. Now, the general practice is for the officers on transfer to claim the full allowances for personal and contingent expenses under the regulations. The Department does not find fault with them for doing that. It says that the officers are quite entitled to the allowances granted by the regulations up to or within the full time fixed by those regulations; but the Department knows from the experience in connection with the receipts obtained by the officers and sent in attached to their transfer vouchers what class of house they stay at. It is all very well for a particular officer to say he personally would not stay at a hotel where the tariff was, we will say, £1 10s. a week, but I put in a list the other day containing the names of hotels which were simply picked out at random from among the advertisers in the Railway Guide, and, if I remember aright, outside of one hotel, there were none over 8s. a day. The bulk ran from 6s. to 6s. 6d. a day and £1 5s. to £1 15s. a week. While I have had no experience of those houses, there is no reason to suppose that they are other than reputable commercial houses at which our officers would in many instances be compelled to stay, and we know, sir, that they do stay at that class of house. Now, I propose to put in a statement compiled from the vouchers for one four-weekly period, and showing the actual amounts that have been paid at hotels at which members of the First Division actually stayed. The vouchers were supported by receipts sent in by Stationmasters, clerks, &c. This statement fully confirms the conclusion arrived at and submitted to the Committee previously, after having examined the advertisements in the

Railway Guide, and it makes it clear that £2 2s. per week is sufficient to allow for relieving. The list is as follows:—

Schedule of Hotel Tariffs in various Parts of New Zealand as disclosed by Receipts held by Railway Department, and representing the Actual Charges paid by Members of the First Division when staying at the Hotels in the Localities named.

Town.	Hotel.	Rate actually paid as per Receipts.	
		Per Day.	Per Week.
		s. d.	s. d.
Auckland	..	..	35 0
,, ...	Waikato House ..	4 0	..
,, ...	Clarendon	5 0	..
,, ...	Waitemata	5 0	..
Cass	..	5 0	35 0
Cheviot	..	..	20 0
Culverden	Culverden	6 0	..
Dannevirke	..	..	25 0
Duntroon	..	6 0	25 0
Dunedin (south)	..	..	20 0
Eltham	..	..	20 0
Feilding	Empire	6 0	..
Fordell	..	6 0	..
Foxton	..	2 days, 8s.	30 0
Greytown	..	3 days, 8s.	..
Hawera	..	..	25 0
,, ...	Somerset House ..	..	25 0
Hunterville	..	..	20 0
Invercargill	..	4 6	..
Leeston	..	..	20 0
Little River	..	6 6	20 0
Morven	..	..	22 6
Milton	..	4 0	20 0
Morrinsville	Royal (private) ..	6 0	27 6
Marton	(Private)	6 0	..
New Plymouth	..	..	20 0
Oamaru	Queen's	..	20 0
Otane	Railway	5 0	..
Ohakune	Grand	4 0	27 6
Paeroa	Paeroa	..	25 0
Port Chalmers	Crescent	5 0	22 6
Rolleston	..	5 0	..
Rangiora	Junction	..	30 0
Riverton	..	..	25 0
Southbridge	..	..	25 0
Seacliff	..	..	25 0
Stratford	..	2 days, 8s.	..
Timaru	..	..	35 0
,, ...	Werry's	6 0	..
,, ...	Royal	..	22 6
Temuka	..	..	25 0
Taumarunui	Meredith House ..	..	30 0
Thames	Brian Borough ..	..	25 0
,, ...	Salutation	2 days, 6s.	..
Taihape	White House	..	20 0
,, ...	..	4 6	..
Turakina	..	..	25 0
Wellsford	..	..	20 0
Waihi	Golden Cross (private) ..	5 0	..
Waipahi	..	..	25 0

Now, sir, let us contrast the condition under which officers of the Railway Department or Government servants are transferred as compared with the position outside. The Railway man gets his expenses paid and his transport free, but what happens to the man outside? I take it that, except in a very few cases, and I know it is so, the bulk of the men in private employment have to pay their own expenses; and it goes without saying that where that has to be done none of us, no matter what position we are in, would take longer to pack up and unpack and get settled than

was absolutely necessary. The reason that the Railway Department adopted the existing regulation was because it knew from experience that extortionate claims were being made by officers for transfer expenses. The Department's practice originally was to grant payment for, I think, about a week. Then, in one or two odd cases the Department, as it always does, gave consideration to special circumstances, and expenses were paid up to a period of a fortnight. The fortnight almost invariably became the standard. Every transfer voucher that came in was for a fortnight. Then there was some exceptional case in which, owing to local difficulties, an extension of that time was asked, and after investigation the General Manager approved three weeks. Three weeks immediately became the standard; everybody contended for that. In one or two special instances a month was paid, and then an attempt was made to make a month the standard. Every case was taken up, and there was the utmost difficulty, from the 1st January to the 31st December, in getting the expenses kept within a reasonable limit in respect to time. Finally the matter was brought under the notice of the Minister of Railways at that time, Mr. Hall-Jones. He directed straight away that members were to make on every voucher for transfer expenses a deduction to cover their ordinary cost of living, the rule to apply to both divisions. That was done, with the result stated, and the deductions were not, in the opinion of the Department, fair deductions. I want now to touch on the conditions under which transfers are made elsewhere. Let us compare Railway transfer conditions in New Zealand with Victoria. An officer transferred there is granted free passes for himself, his family and effects. If the transfer is within the suburban area he gets no time off with pay, but has to work his shift, and to pack and unpack in his own time. Outside the suburban area he gets three-quarter time for travelling, with a maximum credit of one day for travelling and a minimum of one day for total time occupied in travelling and work. If no house is procurable he is allowed regulation expenses for himself, but none for his family. He has to notify the Department after one week if there is no house procurable, and then an endeavour is made to place him elsewhere. If he has to pay board for his family owing to delay to furniture, three-quarter expenses is refunded as a maximum. If the officer is not responsible for the delay a mutual arrangement is come to, but no pay or expenses. No payment is made if transfer a punishment. In South Australia when an officer or employee is transferred for the convenience of the Department the Commissioner transfers him, his family and his furniture, and such number of live-stock as is certified by the head of his branch to be reasonable, free of expense to the employee. He is allowed a day's pay for each day necessarily occupied in the transfer, and reasonable expenses for meals and beds for himself and family while *en route*. If he is a married man and unable at once to obtain house accommodation, he is paid board and lodging for himself at a reasonable charge for a period not exceeding two weeks, and 10s. weekly for a period not exceeding four weeks thereafter, provided he has not been able to obtain a house during the period named, but the head of the branch concerned in each case has to decide whether the latter allowance shall be paid for the full period stated. When an employee is transferred to suit himself, or as punishment, and not as a result of the Department's requirements, himself, his family and furniture, and such live-stock as is certified to by the head of his branch to be reasonable, are franked over the railways, but no expenses of any sort are allowed. In Queensland when employees are transferred in the interests of the Department, or for the purpose of promotion, they are allowed passes for themselves, their families and furniture, and are also paid for one or two days, or, as the case may require, for the time occupied in transfer from one place to another, and the head of the branch is empowered to pay reasonable expenses should he consider them warranted. When men are allowed to transfer from one place to another to suit themselves, or are transferred by way of punishment, they are allowed passes so far as the railways are concerned for themselves, their families and furniture, but no pay or expenses. In West Australia, when an officer is transferred from one station to another to suit the convenience of the Department he is paid actual out-of-pocket expenses not exceeding £2 when married and 15s. when single; in addition he gets a free pass for himself and family dependent upon him, and free railway transport of furniture and effects. When an officer is allowed to transfer from one place to another to suit himself, or is transferred on account of misconduct, he is allowed a free pass for himself and family and furniture, but no expenses. Under the Commonwealth, if officers are transferred at their own request they must pay all cost themselves, and also if they are transferred for misconduct. If an officer is transferred to suit the convenience of the Department or for the purpose of promotion, the actual cost of the conveyance of the officer, his wife and family, is paid by the Department. For carriage of his furniture and effects, an officer in receipt of a salary up to £200 receives a maximum allowance of £25; £200 to £400, £35; £400 to £600, £40; £600 and over, £50. They have to call for tenders for the removal of their effects. They must obtain tenders from at least two carters, and only in very special circumstances can these maxima stated be exceeded. I submit, sir, that, having regard to all the circumstances, and also the facts I stated just now in respect of the charges made for hotel accommodation, the Railway men in New Zealand have no justifiable ground for complaint, and that they are treated fairly and reasonably in the matter of transfers.

10. Does that statement refer to officers exclusively, or men also?—That refers to the officers.

11. *Mr. Ramsay.*] When you were dealing with the amount of transfer expenses paid at the present time did I understand you to say that this 10s. is paid in addition to the actual personal expenses?—I said that was the practice previously.

12. In addition?—Any expenses of his household.

13. That is, the Department pays the actual expenses of the household, but does not pay the expenses of the man—he is allowed 10s. a day to pay his own expenses?—That was the position.

14. I understood that what you said the position was previous to the passing of the present regulations was that the officers charged a maximum amount and a minimum deduction: is that so?—Yes; the officer claimed 10s. a day for himself—that is the maximum amount—and full hotel expenses for his family.

15. I mean, previous to the present regulations?—That was the position.

16. Do you not consider it would have been possible for the Department to deal with those cases of alleged imposition in a businesslike manner?—The Department did deal with them in a businesslike manner.

17. By passing other regulations?—No, by taking the matters up from time to time.

18. When the maximum expenses were charged and the minimum deductions were made, did not the Department inquire into each case?—The Department inquired into each case, and in many cases forced the men to make deductions, and where the men did not do so the Department took them off itself.

19. Then the Department did not suffer?—It did suffer.

20. How?—When a man said, "Very well, I have deducted £1 5s; that is a fair average cost of my living," supposing the Department took off £3, what was going to happen?

21. The Department should take off what they consider is a fair amount?—The Department left it to the men to do the fair and square and honest thing, and the Department was dealing with officers of the Department.

22. And if the Department considered the man did not do the fair and square thing they took off the proper amount?—It stuck up the voucher till he did do something in the direction desired.

23. Then they did not suffer?—Yes, they did.

24. I do not see it. If where a wrong charge was made the Department dealt with it properly and took off a fair amount, then the Department did not suffer?—Every person in this room knows that, notwithstanding any action the Department may take, the wrongdoer will circumvent and beat it in time, and that it will suffer in the long-run.

25. Now, you made certain comparisons, Mr. McVilly, between the position of men in the Railway Department and the position of men in private employ?—Yes.

26. And you stated, I understand, that where men were transferred from one branch to another branch of a private firm the men had to pay their own expenses?—No, I did not. I stated what the general rule was, but I knew there were exceptions.

27. The general rule is, then, that when men are being transferred from one branch to another branch in a private firm they pay their own expenses?—Yes.

28. Can you mention a single firm where that occurs?—I am not going to discuss the business of any individual private firms, but I know that generally it is so.

29. Do you know that is the practice in connection with individual firms?—Yes.

30. In Wellington?—Yes.

31. Are you aware of the provisions made for transfer expenses in other Government Departments?—No, I cannot say I am familiar with all the details. I know the Government pays the transport expenses of their officers subject to certain regulations.

32. Then, if I was to say that in the Postal Department the men are paid their actual outlay, would you deny it?—I have already said I would require the evidence of the Secretary of the Postal Department on any point of Postal practice before I would accept your statement as correct. I am not going to assume your statement is correct.

33. Assuming my statement is correct, then, does it not follow that the transfer expenses paid in other Government Departments are unreasonable?—I am not going to assume anything of the kind. I want direct evidence from the Secretary of the Post Office before I discuss that matter.

34. In your evidence I think you stated that the reason for altering the regulation which existed immediately prior to the present regulation was that the Hon. Mr. Hall-Jones wanted to bring the Railway Department into line with another Department under his control. Which Department was that?—I do not know which Department; it was one of those he had control over.

35. Do I understand that you do not know what the Department was? You said he wished to bring it into line with another Department, and then you say seriously that you do not know which Department it was?—I do not know anything about his other Departments, but I do know the reason the Minister had. He stated in a general way that the officers of other Departments he controlled had to make a deduction, and that would have to be done in the Railway Department.

36. Did you say "another Department" or "other Departments"?—I said "other Departments." Well, I will say "another Department."

37. Well, what other Departments did he control at the time?—That I cannot tell you at the moment.

38. Did he control the Post and Telegraph Department at the time?—I do not know that he did.

39. Will you deny that he did?—I should probably deny that he did at that particular time of which I am speaking.

40. What you say is that it was with the Post and Telegraph Department that the Hon. Mr. Hall-Jones wanted to bring the regulations into line with?—I did not say so, and I do not think it was. I am not sure which Department it was.

41. However, the position is this: that you are quite prepared to compare the expenses paid in the Government Railways with the expenses paid in all parts of Australia, but you do not like to compare them with the transfer expenses paid in other Government Departments?—I am simply quoting them for illustration. You people are complaining of harsh treatment, and I am simply making a comparison with other Railway Departments in other places where the business is exactly the same as the business we are dealing with here. If I had another Railway service here I would compare it. For instance, if the Manawatu Railway Company were now in existence and dealing with the Wellington–Longburn line, I should be very glad to make a comparison there, and I know the comparison would not help your case very much.

42. Do I understand that you do not know what the transfer expenses are in other Government Departments?—I have already told you on more than one occasion, and I am now going to repeat for the last time, that I am not going to discuss the policy or practices in other Departments. That is not my business.

43. That is, you shut your eyes to what is paid by other Departments for transfer expenses?—I do not know what is paid by other Departments, and I am not going to discuss the matter.

44. You do not want to know, do you?—I am not going to discuss the matter.

45. Can you say, roughly, Mr. McVilly, how many men there are in the First Division in Wellington?—No.

46. If I were to say there are two hundred, I suppose you would not say I was very far out?—I should say so—there are more than two hundred in our building.

47. So that there are more than two hundred in Wellington?—There might be.

48. What about Dunedin?—I do not know about Dunedin.

49. If I were to say there are one hundred and fifty, would you say that is about right?—If you are trying now, Mr. Ramsay, to make a mental calculation with a view to picking out certain stations and then suddenly going to say there is the bulk of the officers stationed here and somewhere else, you are not going to get me to admit those things without I look into them.

50. How many departmental houses are there in Wellington?—That I cannot tell you at the moment.

51. Roughly speaking, how many?—I have not an accurate idea just now.

52. If I were to tell you that in Wellington there are only three departmental houses, occupied by the Locomotive Foreman, Goods Foreman, and Coaching Foreman, would you deny it?—I do not know the correct number. I am not prepared to admit your statement.

53. You are not prepared to deny it?—Well, I absolutely deny that there are only three departmental houses in Wellington.

54. Are there more?—I know there are more, but I cannot say exactly how many more.

55. Are there five?—I cannot say. I am not going to state the exact number there are.

56. How many are there in Dunedin?—I do not know. It is years since I was in Dunedin.

57. If I were to say there are only two?—I would deny that, because I should want to know how many there are in Pelichet Bay and in Greater Dunedin.

58. Then you said in your report that in a considerable proportion of the cases of the men transferred they have obtained departmental houses at the places they proceeded to?—Yes.

59. Do you not think that is exaggerated?—No.

60. Well, it is so far as Wellington and Dunedin are concerned?—We are not discussing Wellington and Dunedin; we are discussing the general question of transfer.

61. Are there not several stations where there is no departmental residence?—If that is so, the man who goes there has the house-allowance included in his salary.

62. *The Chairman.*] While the actual expenses of the family are paid, the officer, if he incurs expense at a hotel, pays that out of the 10s.?—Yes, where he gets 10s. a day for himself, if he is paying board at £1 5s. a week, and he gets 10s. a day for seven days, and then in addition he gets the actual expenses incurred by his wife and family. It is all governed by Regulations 42 and 48.

ANDREW GRAHAM further examined. (No. 30.)

The Chairman: I understand, Mr. McVilly, that you desire to cross-examine Mr. Graham in regard to clause 17.

Mr. McVilly: Yes

1. *Mr. McVilly.*] In connection with the statements in clause 17, Regulation 48 deals with the men who are transferred by way of punishment?—Yes.

2. And the practice in such a case is to require those men to pay their own expenses?—That is so.

3. And they lose their pay during suspension?—Yes.

4. How long has it been the practice for those men to lose their pay during suspension?—Since the last regulations came in, I think.

5. I would like to take your own personal knowledge in regard to this matter. You joined the service somewhere about 1874?—Yes.

6. Well, do you not know that the old Rule 74 provided that where a member was suspended he was to lose his pay during suspension unless exonerated?—Yes, that has always been so.

7. Then this loss of pay during suspension is not a new-fangled idea: it has been in operation since the inauguration of the railway—or, at all events, you can go back to 1874?—Yes, that is correct.

8. Now, in a case where a man is transferred as a result of punishment and he makes a rail journey, what is the practice?—The Government give him free carriage for his furniture and effects.

9. Then the only out-of-pocket expenses he incurs are in respect of cartage of furniture and packing?—Yes.

10. Now, is there any particular reason why the Railway Department should bear the expense of those transfers where they are necessitated by the misconduct of the man?—There is no necessity for the Department to do anything it does not like to do. They still have power to do as they please; but you have already stated that it is equivalent to dismissal in those cases. Many changes have been made in the Railway Department, and there was no talk of dismissal from the Department's point of view, nor yet from the officer's, we will say, and he suffers the punishment I have enumerated as a whole, and what we wish to contend is that it is an enormous punishment to place on any one individual. In fact, if you placed a man in a Court of law and fined him equal to £100 for the offence that took place in the Railway Department, I think you would have the country up in arms.

11. Well, you talk about this £100 fine, but is it not a fact that in very many cases these punishments you refer to, or the matters you regard as punishments, are the alternative to dismissal?—Perhaps in a few cases it may be so, but in a number of cases it is not.

12. Well, in the number of cases where punishment is necessary and dismissal is not, we will say, the only alternative, is there any particular reason why the men who are doing the wrong thing should be treated the same as the men who are doing the right?—I do not understand you.

13. Your contention is that the man is losing his pay during suspension, and the suspension is brought about by his own misconduct?—That is where the difference comes in: it is not misconduct. It may be a technical fault or an omission, but not misconduct. Misconduct is too wide a word to be used altogether, because it would lead the Committee to believe that the man was almost guilty of a criminal offence.

14. No, I am not suggesting that, and I would be very sorry to think that is the position. The Committee are men of experience and know that the word "misconduct" is used generally by me. It is taken to cover breaches of the Railway Rules and Regulations, the results of omission or commission, or anything else you like, but from the Railway point of view they are called "misconduct." Is there any particular reason why a man who misconducts himself in that way should be treated exactly the same as a man who does not?—I think he should be treated a little more leniently.

15. Well, where would you draw the line?—Well, I am not going to draw the line at any particular instance, but I put it on certain broad principles, that cases have come under the institute's notice of many men who have served long years in the service and who have reached a fairly lucrative position in the service, and through one little technical error have to come down. They suffer quite enough when they lose their pay without being mulcted in all the other charges.

16. At the present moment I cannot recall a case of that kind. I can recall a case in which a man was reduced because he had failed to take advantage of repeated warnings that had been given him. That man was reduced to a £300 position and had to put up with a reduction of £55, but there is no reason why that particular man cannot rehabilitate himself, is there?—No.

17. You know of cases in your experience where men have been reduced and have subsequently been reinstated when they satisfied the Department of the sincerity of their repentance and the Department thought they had practically wiped out the offence?—Yes, that is so—I have known cases of that kind.

18. Well, take this particular case I have in my mind which was dealt with the other day in the correspondence, when the man is taken out of, say, the £355 grade and put into the £300 grade, where is he put?—He is usually put at the top.

19. Then, as he is put at the top of the grade, when promotion is being made subsequently, that man in the ordinary course would be the first one to be considered?—He should be.

20. Then, when the Department is satisfied as to his subsequent good conduct and satisfied that he has expatiated his offence, then you know of cases in which the Department has reinstated the man, promoted him again and given him another chance?—Yes

21. That is the only case I can recall, but are you suggesting that for a more technical error in connection with the regulations an officer would be reduced £55 a year where there were no serious consequences involved?—Well, as far as I can make out the opinion of the institute is that the enormity of the offence is calculated by the Department itself, and in some instances they have placed undue punishment on the man, while all outsiders think that the offence did not warrant such extreme punishment.

22. Supposing we take that view of it: is the decision in regard to the offence to rest with the man himself, with the outside public who do not know anything about Railway matters—although many of them think they do—or with the management, who are responsible for the administration of the Department and the safety of the public? Who is to be the judge, the man, the public, or the management?—We know very well that the Department is the judge, but we simply wish to draw the attention of the management to what we consider abnormal punishment.

23. Well, in this particular case did the officer appeal?—Yes, in one case he did.

24. Did he go to the Appeal Board?—Yes.

25. What was the result?—The Department was the final arbitrator, as it is in every case—I mean the Minister of Railways.

26. In the particular case I refer to the officer did not appeal, and I want to ask you whether you consider in a case such as this the Department would be justified in ignoring it. There was a case in which a man has an instruction in regard to train-running, to do a certain thing; the train comes into his station and he omits to comply with the instruction which has been issued for his guidance respecting the safety of that train. Now, that man was punished, and are you suggesting that in a case of that sort the punishment of reduction or even to the extent of dismissal would be excessive having regard to the seriousness of the consequences that might follow?—No, not if there was any likelihood of that man sacrificing life, certainly not.

27. Then you admit where this technical breach involves the safety of the travelling public, then even dismissal would be justified?—Yes, if it involves the safety of the public.

28. Then, if that is so, reduction in such a case would be fully justified also?—Yes, in that case.

29. In cases such as that, what particular reason is there why the Department should saddle itself with the expenses of the men that have to be transferred as a result of neglect?—In the first place, we do not suggest that a man under suspension should not lose his salary—you will understand that distinctly. That is part of the punishment.

30. I understood you were suggesting that?—We are simply submitting that the total aggregate disabilities under which a man is placed seem to be so serious that I wish to show the Committee and yourself that if you were to take some of the offences we have spoken of and transferred a man

from one Island to another and made him pay all his expenses as enumerated there, it would simply mean that one-half of the men in the Service could not possibly do it unless they went bodily into debt to do so.

31. That is an extreme case?—Mind you, it is done.

32. A man transferred from North to South?—Well, we will say a long distance where he has had to go into debt to do it.

33. A railway journey?—Yes.

34. When those transfers become necessary is the Department not put to considerable expense in transferring other men to fill the vacancies?—It may be. It depends where the officers have gone.

35. Notwithstanding that the officer filling the position has to be paid all out-of-pocket expenses for himself and his wife?—Yes, certainly, but the Department would have to do that if the man died.

36. But in this case the man is in the service and you have to fix him, and you know the Department often has to make several shifts in order to fit a man in?—They would have to do that in the case of ordinary promotion. If a man resigned you would have to do the same thing.

37. But in that case where a man died there would be a necessity, and in this case you are keeping the man in the service, and frequently the Department has to incur a large expenditure in keeping him in the service: is that not so?—Yes.

38. *Mr. Young.*] Referring to the illustration made by Mr. McVilly of an officer being reduced for a technical mistake, could such a mistake possibly happen to a Post and Telegraph officer?—No, it could not.

39. That is, a mistake entailing such punishment?—Yes, that is so.

40. Do you know of any cases of an officer resigning rather than accept such punishment?—Yes, I do.

41. That is, transfer from one Island to the other?—Yes.

42. *Mr. Brown.*] You said the punishment was abnormal for the offence committed—do you mean all cases?—No, a number of cases.

43. What proportion?—I do not know that I can estimate that, but in a number of instances; and it has been recognized amongst Railway men that it has been an outrageous punishment, because the officer is a good officer and is still left in the service. Of course, he has got an opportunity to rehabilitate himself, but it may take him years to overtake that punishment that has been inflicted upon him.

44. But he has still his superannuation and other advantages ahead of him?—No, he would lose his superannuation on the amount of salary.

45. Unless he recovered his position?—Even then he would lose it. If he retired during the next promotion he would have to serve five years in the grade to recover his former position under superannuation.

46. But a Postal servant could not possibly kill one hundred or one hundred and fifty people by a mistake?—No, that is what we say. We are a more important branch than the Postal Department, and they cannot kill any one.

47. When an officer risks killing fifty or one hundred people, then his punishment must be more severe than a man committing an error of an unimportant nature?—Yes.

48. Well, you say the greater responsibility rests on your shoulders because an officer may have done wrong in fixing the signals, and then his punishment must be more severe?—Yes, exactly.

49. That is where you complain?—No, because we receive less remuneration for taking those risks than the men in the Postal Department. That is the part we wish to emphasize in the whole proceedings.

RICHARD WILLIAM MCVILLY further examined. (No. 31.)

1. *The Chairman.*] Will you now state the case on behalf of the Department in reply to clause 17?—Yes. I do not wish to labour this clause, but I want to ask the officers of the institute by what line of reasoning they can claim that a man who misconducts himself should not lose his salary, should not pay out-of-pocket expenses connected with the transfer of himself and family and effects, or should not suffer in the event of his not being reinstated in connection with his superannuation allowance? Now, sir, we all know that if a man commits an offence he has got to bear the punishment; he cannot expect people who are not concerned in that offence to put up with the consequences thereof, and I submit that in very many cases where the punishments referred to are the only alternatives to dismissal the men are very fortunate in retaining their positions.* Take the first item in the clause, "Reduction in salary from £5 to £55 per annum": there are many offences committed in the Railway service in the way of breaches of regulations which involve serious consequences one way or another, and the only punishment for those offences is either reduction or dismissal. I have got in my mind a case in which it was contended that the breach of a very important instruction which involved the safety of the public was not by any means an important matter, and did not constitute a good and sufficient reason for the Department reducing the particular officer. I know that in another case, where an officer was reduced after repeated warnings, he contended that he was very harshly dealt with in the particular instance; but the reduction only came after the man had been given every opportunity. In that particular case there was no personal risk so far as loss of life was concerned, but very considerable irregularities had been going on right under the personal observation of this officer, and, notwithstanding repeated warnings, he had failed to deal with them. Now, sir, the rules of the Department and the rules of all railway services, as far as I can see—and I have examined a good many—all provide that where an officer or member of the service is suspended he loses pay during suspension

* See Exhibit No. 9.

unless entirely exonerated. Now, in many cases inquiries are necessary before dealing finally with offences, and where, owing to the difficulty in arranging for officers and witnesses to hold and attend at an inquiry, a man has been suspended for any length of time, the time the man is off is taken into consideration in finally adjudicating on the case and determining the penalty. The loss of salary is merely a concomitant to the suspension. The man, so far as the Department is concerned, is not regarded as being reinstated until he reaches the place at which he is again to take up duty. If he is suspended here and we transfer him to Napier, he is not considered to have resumed duty until he reaches Napier. Therefore he is under suspension. So far as removal is concerned, a man is given transport expenses and free passes for himself and family by rail, and he has only to pay the necessary expenses that anybody else would have to pay if shifting from one house in one locality to another. If a man is shifting from one house to another he has to pay his own expenses, and if he takes his family into a hotel during the time he has to pay the expense; while Railway men, on the other hand, would be given free transport for themselves and effects by rail. The whole point, in the opinion of the Department, is the question whether the wrongdoer is to be rewarded and to receive exactly the same treatment as the man who is doing his duty honestly and well for the Department. I want to make this point quite clear to the members of the Committee as well as to the members of the Officers' Institute: that the Railway Department does not want to severely punish any member of its staff: punishments that are imposed are inflicted after mature consideration, and after no end of trouble has been gone to by the head of the Department to get down to actual bed-rock facts. There is no question about that; and I will say further, for the information of the Committee, that there are many cases in which the head of the Department is blamed by some of the other officers because, in their opinion, he does not inflict severe enough punishment. An officer may recommend the dismissal of some one, and if it is not carried out he feels hurt and says, "It is no good recommending a man for punishment, your punishment is too light."

2. *Mr. Ross.*] And the same may be said the other way?—There are innumerable cases to show that the head of the Department takes a very considerable interest in the matter and goes to personal trouble to try and hold the scale of justice with equal poise as between the man and the officers. He only wants the officers and men to do the right thing; he is quite prepared to uphold them and does uphold them when they are doing right; but at the same time he has a public duty to perform, and has to deal out even-handed justice according to his views when offences merit punishment. I wish to indicate to the members of the Committee some of the expenses that the Railway Department is put to when officers and men unfortunately transgress the regulations. I instanced just now one officer who had been reduced because he did not do the right thing. In that case the Railway Department had to transfer a man with a large family—I cannot say now exactly the number—from Woodville to the other end of the South Island. We had to pay all that man's expenses for himself, his wife and family, and furniture. We likewise had to transfer another man from the Auckland District to fill a vacancy down here in the Wellington District, and then we had to bring a man from the South Island and send him to Auckland. All that was done at the expense of the Department because one officer who had been repeatedly warned had not taken the lesson to heart, but had let things slip, and finally he had to be dealt with and so reduced. Then we had another case in which three changes had to be made, and the Department likewise had to bear the whole expense. I am not saying that the institute, if they think fit, should not refer to this matter—they are quite right in doing so—but I am submitting now the Department's side, and I say that all the expense is not on the part of the wrongdoer. Very often the offence committed by a wrongdoer brings on the Department a very large amount of expense, and I think, sir, that in view of that fact it is not at all unreasonable for the Department to act as it is doing under the regulation. Now, with respect to superannuation, if a man is reduced he necessarily suffers reduction in his retiring-allowance, provided he is not reinstated in his former grade, but if he is reinstated in the former grade he may not suffer reduction—it depends entirely on the age of the man. He may get still further promotion into the higher grade, and he does not suffer then; but if he retires before he has been five years in the grade, then his retiring-allowance is based on his average salary instead of on the salary he receives at the time he retires, and his retiring-allowance may be affected. That is one of the things you cannot get away from; it is provided for in the Act, and the same condition prevails, I think, in the public service. That is all I wish to say in respect to clause 17, sir.

3. *Mr. Ramsay.*] Do you not consider, then, that a man in the Railway service is punished much more severely for a breach of the regulations than a man in the Postal service?—I am not discussing the Postal service, and I am not going to discuss it any further; but I will say this, that the punishments that are inflicted in the Railway service are only commensurate with the offences.

4. But you decline to compare the position in the Railway service with the position in the Postal service?—If you will give me any instances of punishment in a business the same as our own I will discuss them with you with the greatest pleasure, but I am not going to discuss the punishments in a concern where the conditions are altogether dissimilar.

5. Do you not consider that to compel a family man to pay all contingent expenses of transfer, in addition to reduction in salary from £5 to £55, loss of pay through suspension, loss of salary during transfer, loss of expenses incurred in connection with the transfer of family and effects, and reduction in value of superannuation retiring-allowance is a very serious addition to the maximum punishment contemplated by the Act?—No, I do not. I consider that a man who commits any offence under which that class of punishment is inflicted is, in very many cases, very fortunate to retain a position in the service.

6. But does it not necessarily follow that a greater hardship can be inflicted on a married man than on a single man?—You cannot take the domestic arrangements of the men into consideration:

you have to deal with the offence from the Railway point of view. If you want to discuss that aspect you might just as well say that a single man who is getting £220 as compared with a married man at £200 is better off than a married man. It does not always follow.

7. But it does follow that he receives more punishment than a single man?—I do not know that it necessarily follows. In an ordinary way you would say, Yes, it does; but the position is dealt with from the Railway standpoint, not the standpoint of the man. You cannot expect the Railway Department to carry the domestic responsibilities of all the members of its service. We have to carry a good many of them, but we cannot be expected to carry them all.

8. It would follow that if a man with a family and furniture and effects was transferred from one part of the country to another it would cost him more than it would a single man?—That is his business, and if he has those responsibilities it is his duty to exercise proper care and vigilance in order that he may not put on to his family the consequences of his misconducting himself.

9. Does the Act provide for additional punishment by compelling a man to pay transfer expenses?—The Act provides for the Department making regulations to give effect to the Act, and that regulation was made to give effect to the working of the Department.

10. Is it not possible, then, that the alternative to dismissal may be made so expensive that it would not be worth a married man's while to accept unless he was out of a billet?—I can tell you this: that the Railway Department's experience is that when it wants to get rid of a man who has perhaps committed a most serious breach of the Railway Regulations, that man moves heaven and earth to retain his position, and would take anything instead of going out.

11. Simply because he cannot get another billet?—No, because he recognizes when too late what a good thing he had got on.

12. The position, then, is simply this: that you have the whip-hand and can inflict any penalty you please on an unfortunate officer who has perhaps made a mistake through the undue strain which has been cast upon him by the extraordinary long hours he is compelled to work?—Well, if you are going to talk about whips, Mr. Ramsay, you and I will fall out.

13. I will risk that: you decline to answer that question?—I am contending that the Department does not inflict punishments that are out of reason, if that is what you are trying to get at. My contention is that every punishment inflicted by the Department is merited by the offence of the man.

14. Can you point to any regulation under this Act which gives you power to inflict this full penalty of compelling a man to pay his transfer expenses when transferred for punishment?—I can tell you this: that the regulations as existing at the present time are sufficiently good to satisfy the Crown Law Officers, and that is good enough for me.

15. *Mr. Brown.*] Have you any idea of the proportion of married men and single men who make serious mistakes where they are penalized to the extent of loss of salary?—No, I cannot say straight off. The last two cases I have mentioned were both married men. Then, I know of cases in which single men are concerned, but, generally speaking, the married men are more careful.

16. *The Chairman.*] I should like to know for the information of the Committee, Mr. McVilly, if the total weight or amount of punishment is taken into consideration when punishment is being inflicted, or is the punishment inflicted on a man for an offence of some kind regardless of the additional punishment that follows as a result of his transfer?—No, the whole question is taken into consideration at the time.

17. For instance, if it were a case of reduction in status in the Railway service you would not then simply consider reducing the man as punishment, but you would also take into consideration the fact that in addition to reduction in salary or in status there would be loss of pay during transfer, loss of expenses, reduction in retiring and superannuation allowance, &c.?—The whole effect of the punishment to be inflicted is taken into consideration, and, generally speaking, so far as the Department is concerned, it endeavours to transfer the man to some place close to where he has been located in order to keep down his expenses. In one of those cases I spoke of just now the man was only involved in a shift of ten or fifteen miles. We did not want an officer of that grade at that particular place, but we went to particular trouble to fit him in, and thus reduce his expenditure and minimize the punishment as far as practicable.

DOUGLAS RAMSAY examined. (No. 32.)

1. *The Chairman.*] Do you propose to deal with clause 18 of the petition on behalf of the institute?—Yes. The clause reads, "18. That it is understood that a Bill amending the Act is to be brought down this session containing the following clause—namely,—'The Governor in Council may from time to time, on the recommendation of the Minister, fix the amount of salary to be paid to an officer at any sum within the maximum and minimum limits of the class or grade in which such officer is placed, and such amount shall be the salary payable to that officer, or in respect of the office which he holds, without annual increment.' That a similar clause was inserted in the Government Railways Amendment Bill No. 2, 1910, as originally introduced, and was objected to by the members of the institute on the grounds that it gave the management power by Order in Council to fix the salaries payable to officers at any rate between the maximum and minimum of any grade without such officers obtaining the usual annual increment provided for by the Act, and without their having the right to appeal under section 60 of the Act. That subclause (*b*) of clause 3 of section 49 of the Act provides that with respect to every member the right to receive any increase of pay in any year shall in each case depend upon the efficiency and good conduct of the member to whose pay such increase is attached in the Third Schedule thereto, and no such increase shall be payable unless the permanent head of the Department certifies in writing that such member is entitled thereto. Your petitioner submits that the Department has under this provision ample power to withhold increments from those officers whose work or conduct is unsatisfactory, and that if such a clause as was included in the amending Act of last session were to become law

a distinct breach of faith would be committed by the Department with those officers who joined the service either prior to or under the Act." We do not propose to call evidence in reference to this clause, and I simply wish to state the position from the officers' point of view. This paragraph deals with the question as to whether or not the Department should have the power of fixing the salary of any officer within the maximum and minimum limits of the class or grade in which such officer is placed. The Government Railways Act, 1908, provides that the rates of pay, and of increment thereof, shall be mentioned in the Third Schedule of that Act, and paragraph (*b*), subsection (3) of section 49 reads, "With respect to every member, the right to receive any increase of pay in any year shall in each case depend upon the efficiency and good conduct of the member to whose pay such increase is attached in the Third Schedule hereto, and no such increase shall be payable unless the permanent head of the Department certifies in writing that such member is entitled thereto." Section 51 provides, "It shall be the duty of the permanent head of the Department to annually certify respecting each member to whose pay an increase is attached, whether he is or is not entitled thereto; and he shall also furnish, without comment thereon, a copy of all entries in the conduct-book relating to such member." Now, sir, the position at present is that an officer's increase in pay in any year depends upon his efficiency and good conduct, and on the certificate of the head of the Department. If, therefore, an officer has proved himself to be efficient in his work and is of good conduct, he receives the usual increase, but otherwise he does not, so that the Department is properly safeguarded. The Railway Department, however, proposes to have the Act amended by inserting the following clause: "The Governor in Council may from time to time, on the recommendation of the Minister, fix the amount of salary to be paid to an officer at any sum within the maximum and minimum limits of the class or grade in which such officer is placed, and such amount shall be the salary payable to that officer, or in respect of the office which he holds, without annual increment." The effect of this clause would be to invest the Department with the power of practically overriding the classification in the Third Schedule to the Act. The Department could in effect say to an officer, "You have reached the highest position in the Department that it is intended you should, and you cannot expect any further increases." Moreover the officer would have no right to appeal from the determination of the Department. The officers strongly object to such a clause, and they submit that the Department has under the provisions which I have just quoted ample power to withhold increments from those officers whose work or conduct is unsatisfactory. All that the petitioner asks is that he may be heard before the clause quoted or any other provision affecting the officers passes into law. Paragraph (*g*) of the prayer of the petition states, "That the clause of the Bill set forth in paragraph 18 of this petition may not pass into law, and that the petitioner may be heard, by himself, his counsel, agents, and witnesses, against the said clause, and such other clauses and provisions thereof as affect the interest of officers, and in support of such amendments and provisions as may be necessary for their protection." The suggestion I would make is that if at any time the Government intends introducing any legislation affecting the officers, the Government should take them into their confidence. Surely no harm could be done by sending a copy of the proposed measure to the Officers' Institute. The institute would then have an opportunity of considering it, and if necessary could send representatives to confer with the Government. That is all we ask.

2. *Mr. McVilly.*] Will you tell me the grounds on which the officers object to this clause?—I have already stated the grounds. What they say is that there is ample provision in the Act to protect the Department. If a man's conduct is satisfactory, then he receives his increase; if it is not, then he does not receive the increase.

3. Well, supposing this clause were put in the Act, where is the clause which says that the member shall have no appeal?—There is no clause which says that a member would have no right of appealing, but my point is that if you have an express provision giving the Department power to fix the salary within the maximum and minimum limits, then there can be no appeal.

4. Are you prepared to put your opinion against the opinion of the Crown Law Officers?—Yes, certainly.

5. Then this clause according to your view is another attempt on behalf of the Department to filch something from the officers of the Department?—No, I do not say that, but what I do say is that there are wide enough provisions contained in the Act to protect the Department without the insertion of this clause.

6. Do you think the Department would suggest a clause of this kind being put into the Act unless it was shown by those experienced to be necessary?—I do not know what the Department thinks, but I know that it was proposed to put this clause into the Bill last session, but objection was made and it was withdrawn. I do not know what the opinion of the Department is on the matter, but I know this, that the officers object to the clause and that they intend going on objecting to it.

7. You ask that the Department should take the officers into its confidence in dealing with matters of this kind?—What I say is this: that if you propose to pass any legislation you should tell the officers what legislation you intend to pass; that if you are going to bring down a Bill, you should send them a copy to consider so that they can come up here and discuss it with you. In other words, what I mean is this: that no Parliament in the world would thrust on to the public a measure of which the majority do not approve. Therefore, why should you pass provisions affecting a limited section of the public such as the officers when the majority do not approve of them?

8. Well, coming down to bed-rock, you are suggesting that when the Department finds it necessary in connection with administration, as a result of experience, to do something, that it should not do that something even in the interests of the public?—No, I do not say that at all. What I say is this: that where you propose to bring down any measure, you should consult with the Officers' Institute, and they could send representatives up to Wellington to confer with you. If you could come to some arrangement, well and good, but if you could not and the Government

thought the measure should be passed, then they would pass it. I do not mean that if the Government took up one stand and the officers another, that the stand taken up by the officers should be accepted. If no satisfactory arrangement could be come to, then let the Government go on with the matter.

9. Is it within your knowledge that the Department has ever declined to confer with the Officers' Institute about anything?—That is a question I would sooner leave to the secretary of the institute to answer.

10. *Mr. Ross.*] I understand your contention is that the officers should be recognized as officers, and be taken into the confidence of the management in regard to legislation that would affect the officers?—Yes. I do not say the individual officers, but I say that the Officers' Institute should be taken into their confidence.

11. And you are of opinion that if this recognition were extended to the officers the result would be more satisfactory for the Department?—Yes, I think it would be beneficial to both parties. If the officers suggested some measure and it happened that for financial reasons the Government could not carry it out, I am sure the officers as reasonable men would say, "Well, we recognize this cannot be carried out, and we will not ask for it."

12. *Mr Arnold.*] I suppose you know, Mr. Ramsay, that when the Bill of last year was brought down it was not even possible to give it consideration?—Yes, I understand it was brought down at the last moment.

13. *The Chairman.*] I suppose you make this suggestion, Mr. Ramsay: that copies of Bills should be sent to the institute and the opinion of the institute asked more as a matter of courtesy than anything else?—No, sir, I make it because I think the institute is a reasonable body of men, and if the Government met them fairly and squarely and discussed with them any proposed measure, a satisfactory conclusion would be come to.

14. I suppose you are not in a position to say whether the same course should be followed with regard to the Second Division?—No, sir, because I have not the confidence of the Second Division, and do not care to express an opinion.

15. But you would expect the Second Division would demand the same consideration?—I am not prepared to say. It would not be an unreasonable demand if they did make it.

16. I am not asking whether it is reasonable or unreasonable, but how far you would suggest such a proposition should go?——

ROBERT CARHAMPTON MORGAN examined. (No. 33.)

1. *Mr. McVilly.*] Can you say whether the Department has ever declined to confer with the Officers' Institute about anything?—Some years ago I understand the Minister in charge of the Department submitted proposed legislation to the Officers' Institute, but it has not been done in recent years. The Act of 1907 and the Bill that was brought down last year were not submitted to the institute, but some previous Bills were, I think.

2. When the Department or Government conferred with the officers, how did the officers meet the Government?—I could not say. The officers generally were not consulted.

3. But the institute was consulted?—The executive of the institute was consulted. I do not know how much further the matter went. The executive of the institute did not consult the officers of the institute so far as I am aware, and I was a member of the institute at the time.

RICHARD WILLIAM MCVILLY further examined. (No. 34.)

1. *The Chairman.*] The Committee will now hear the Department's case in regard to clause 18?—Well, sir, the opposition manifested by the institute to the proposal of the Department to get this clause inserted in the Act is, to my mind, one of the most extraordinary things that has happened since the institute became the institute. Notwithstanding anything said by Mr. Ramsay, the fact remains that the experience of the Department shows that a clause of this kind is absolutely necessary not only in the interests of the Department, but in the interests of the staff. So far as the Department is concerned, it does not want to do anything that is unfair to the members of either the outdoor or indoor staff. This clause is not a clause which was introduced for the purpose of monkeying with some of the privileges or the rates of pay provided by the schedule to the Act, as has been suggested by the institute. It was introduced for a good and sufficient reason, which was fully explained to the Minister of Railways at the time. Now, we have heard a great deal, sir, from the Officers' Institute about the Postal Department. I am not going to discuss the question of the policy of the Postal Department, but I say this, sir: that if a clause of that kind is found to be necessary in the only other classified Department in the Government service it is equally as necessary in the Railway, and as a result of fourteen years' experience of classification the Railway Department is of opinion that a clause of this kind would be a very good thing for the Railway Department to have in the interests of efficiency. The Department fails to see the grounds on which exception can be taken to the clause. The insertion of that clause in the Act would not take away any of the rights that the present members of the service have or future members will have. The clause in the Act concerning the appeal is quite specific as to what a man may do; he can appeal against the decision of the Department if he wants to. There is no intention to take away a man's right of appeal in that clause. The contention seems to be that if the Department were to fix the maximum pay for any position it would be so stiff-necked or obstinate that no matter how efficient an officer who had been stopped at the maximum may subsequently become the Department would never give reconsideration to that officer. Well, that idea is absolutely disproved by the actions of the Department every day. Mr. Graham has admitted that he knows of cases where the Department has subsequently promoted men who have been reduced. If the Department were to take the narrow-minded view of its powers that it has been suggested it would do, then once a man is reduced the Department could put him on top of a

grade and leave him there for ever irrespective of his subsequent conduct. The Department does not want to punish any man; the Department wants every man to be efficient, it wants to induce efficiency, and as a result of experience I submit, on behalf of the Department, that a clause like this is necessary. It has worked very well in the Postal Department, and the Department is satisfied it would work equally as well in the Railway Department. The mere fact of the General Manager being able to give a certificate or withholding a certificate in any one year does not meet the case at all. The Secretary of the Post Office can do the same thing. The Postal Department found that did not meet the case, and I say, sir, that a clause of this kind would be in the interests of the efficient men of the Railway service as well as in the interests of the Department. Now, with regard to the suggestion that the Department might meet the institute and consult with the institute regarding these matters, in looking through some old papers the other night I came across a copy of the Quarterly Report of the New Zealand Railway Officers' Institute for 30th September, 1896. I want, now, sir, to read an extract from this quarterly report.

2. *Mr. Graham.*] Who was the secretary?—R. W. McVilly was secretary. I want now to point out to the Committee the contrast in the spirit that emanated from and actuated the executive of those days with that actuating the executive of the present day. This is dealing, sir, with the first Classification Bill. I stated the other day that I have always been opposed to automatic classification; I was just as much opposed to it then as I am now. I wanted a reasonable scale of pay. I wanted a fair living rate of pay fixed for the clerks in the bottom grade, and after that I wanted to see promotion on absolute merit. I have never changed my view on that point. The Classification Committee, consisting of four officers—I need not name them, although I was one of them—had several long discussions with the then Minister of Railways, the late Sir Alfred J. Cadman, the General Manager, and Mr. Hudson, late Assistant General Manager. We got the Bill and went into it, and after full discussion the executive, acting on behalf of the institute, agreed to accept the proposals, because we were definitely assured that we could get nothing more than the Bill proposed. It was not quite as much as some of the executive thought we ought to get. Having a knowledge of the benefits, I strongly urged acceptance of proposals, or we would get nothing, and we finally agreed. We were working at the time in conjunction with the Amalgamated Society of Railway Servants, whose executive met in Wellington at the invitation of the Department. They too, after doing their best for the service, agreed to accept what was offered. "It was subsequently found, however, that it would be impossible for the committees to complete their work in the time, and, on the Minister being acquainted with the fact, he generously granted a further extension of time, and arranged to meet the committees at 7.30 p.m. on Thursday, 17th September. By working diligently, and through long hours, the committees were able to perform their task in the allotted time, and at the final meeting with the Hon. Minister the Bill was discussed clause by clause, and a number of amendments were proposed, some of which the Hon. Minister agreed to accept. He intimated, however, that in preparing the schedule attached to the Bill the Department had been as liberal as possible, and that he could not agree to accept any amendments to that portion of the Bill. The committees therefore, after mature deliberation, and with a due regard to its responsibilities, recognizing the benefits that would accrue to the present staff, especially to those members in the lower grades, decided to accept the Bill as affirming an important principle which members had been endeavouring to establish. It was not anticipated that the Bill would meet with the entire approval of every individual member of the service, but members generally will undoubtedly derive many benefits under it for which no provision exists at the present time." Now see what happened when unreasonable opposition was raised by the staff. "A great deal remained to be done after the Bill was accepted, and it was only by unremitting care and vigilance that it was got through during the last session, as, owing to the suspicion with which a section of the staff (who certainly did not appear to understand or realize the benefits accruing under the Bill as against the present scale) received the proposal. Much opposition was for a time raised against the Bill, and, as the Hon. Minister had stated distinctly that he would not bring it forward unless the staff was practically unanimous, it devolved on the committees to take strong action in the matter, which they did, with a satisfactory result. Members will, no doubt, recognize, after they become acquainted with the Act, that it is a measure from which they will derive very considerable benefits, and that the fact of its having become law is a matter for sincere congratulation." Now, sir, that was the position that the two executives took up at that time. They made the best bargain they could for the staff. Night after night the executive representing both bodies attended at the House, innumreable telegrams had to be sent all over the country to combat the misrepresentations made, and it was only with the greatest difficulty that we got the members to accept something from which they subsequently benefited by thousands of pounds. Now, when the Act of 1901, which still further improved the pay of the service, was brought forward there was the same old opposition. The Act of 1907 was a distinct improvement on the Act of 1901, but the members of the service would not see that £200 was better than £180 per annum; they wanted £220 or nothing. We have now got the same cry again, and every time the Department brings forward anything in the shape of any amendment to the Act, instead of the staff looking back at past experience and appreciating the fact that the Department does sometimes honestly try to do something for the benefit of the staff, they look upon the whole business with absolute suspicion. They are not prepared to give the Department credit for any honesty of purpose.

3. *Mr. Ross.*] How do you account for that?—I do not know; I cannot account for it at all. We have had the same thing all along the line—in 1896, in 1901, and again in 1907.

4. *Mr. Graham.*] You were one of the objectors in 1901?—Pardon me, I was not.

5. You were amongst them?—No, I was not.

6. Not in 1896?—I was one of those who, having done the best we could for the staff, fought to get the Bill through. I was not an objector then, and never have been. I say that if members

of the Railway service would look back on the history of the Department and contrast their present conditions with the conditions existing before the Government passed the first Classification Act they would find a lot to be appreciative of, and we would have less of this distrust and suspicion. It does not matter what is done, you have the same sort of thing to contend against every time. In Victoria, as soon as the Railway Commissioners there introduced a new scale of pay and of their own volition gave the staff increases to the extent of £115,000 per annum, every one was at their throats, and there was seething discontent. We are told here there is seething discontent from 1st January to 31st December. Where, then, is the inducement to make any alterations in the Classification Act at all. Supposing the Government, instead of introducing the Act of 1907, had let the 1901 Act go along, every one would have been satisfied. The staff thought that was a fine Act, but as soon as it was proposed to give them something better they, like Oliver Twist, clamoured for more, and they want more every time. If the service would give the Department credit for sometimes trying to improve the conditions of the staff, and have a little more confidence in the honesty of purpose of the head of the Department, they would find that things would be very much more comfortable both for the Department and for the staff. The Department is honestly trying to do its best for the staff, and I want to make this point perfectly clear: speaking with an intimate knowledge of the reasons for which it was desired to introduce this clause, and although I cannot, of course, give the reasons here (the Minister has had them, and he is satisfied), I can say without any hesitation that every member of the staff would after hearing the explanation be satisfied that that clause would be a benefit to the Railway service. I do not wish to say anything more on the question.

7. *Mr. Ramsay.*] When you were secretary of the institute, Mr. McVilly, did you not approach Parliament with a view to the Post and Telegraph Department's classification being adopted in connection with the Railways Act?—No, I did not; that is absolutely incorrect.

8. Well, did the institute at that time?—No. The members of the Railway staff, as I explained, were invited by the then Minister of Railways, the late Sir Alfred Cadman, to meet in Wellington and submit certain proposals which had been receiving consideration at the hands of some gentlemen, I think, at that time in Auckland. They met about the time I came up to Wellington, and I was elected the delegate for Wellington on the first council. I personally opposed classification on that council, as I have opposed it ever since. I wanted a reasonable scale of pay, and promotion absolutely by merit. Then I was elected general secretary of the institute. As general secretary of the institute I put before the Department the institute's policy, which, however, was not in accord with my own ideas all the same, and I made that perfectly clear whenever I had an opportunity. If I wished to ask a question on any point I was very careful to make my position clear all the time, and that was that I was not in accord with classification.

9. But the policy of the institute at that time was the Postal classification?—No, pardon me, it was not. The institute at that time was more reasonable. The institute asked the Government to improve the conditions of the service, and subsequently they battled for the Postal classification. We never asked for the Postal classification straight out.

10. You said there is a similar clause in the Post and Telegraph Act as was proposed to be inserted in the Railways Act last year, did you not?—Yes, but I have not read it just lately.

11. I suppose you had a copy of the regulations by you at the same time?—No, I cannot say I did.

12. Does not that clause in the Post and Telegraph Act—instead of saying, "to be paid any sum within the maximum and minimum," it leaves out the words "and minimum"?—I cannot say from memory.

13. Is it not a fact that the clause in the Post and Telegraph Act reads, "The Governor in Council may from time to time, on the recommendation of the Minister, fix the amount of salary to be paid to an officer at any sum within the maximum limits of the class or grade in which such officer is placed under the provisions of this Act, and such amount shall be the salary payable to such officer or in respect of the office which he holds, without annual increment"?—We will assume that is so, and we will take the £200 to £260 grade if you like. An officer is getting £220 in the Post and Telegraph, and £220 is within the minimum and also within the maximum. What is wrong in saying the limit shall be fixed between this maximum and minimum? From my point of view the putting-in of the word "minimum" is a protection to the men. The suggestion seems to be that there is some ulterior motive in putting in the word "minimum," but there is not. If a man is a competent clerk, and the maximum salary, £260, is fixed for the position, the Department would not fix that man's salary at £220. If a man is a clerk his pay has to be fixed at not less than the minimum and not more than the maximum.

14. So that if the maximum in the Post and Telegraph Department is £220 the salary could not be fixed at anything below that?—No, I have not said that. I said distinctly that it is quite within the power of the Secretary of the Post Office to fix his maximum at anything he thinks fit. The Railway Department takes this view: that it was a fair thing to provide that a man may not receive less than the minimum and not more than the maximum.

15. Supposing this clause were to become law, would it not be possible to fix a man at a certain position, and even although he was an inefficient man he could not possibly go to a higher grade?—All I need say is that the Railway Department would not be guilty of any such thing. It would be distinctly wrong to do it, and the Department would not do it.

16. That may be your opinion now, but it does not necessarily follow that it will be the opinion of the Department in years hence?—The opinion of the Department since I have been connected with it has always been to do the right thing, and I have never known the Department to adopt the pulling-down process, and I say emphatically it is impossible to use this clause in the sense you are suggesting.

17. But my point is that it would be possible?—No.

18. Why?—Because the Department wants efficiency, and in that sense no man would be pulled down.

19. Then the only reason they could not reduce the salaries is because they want efficient men?—No, the governing reason is because the Department wants to do everything that is just and fair and equitable to its men.

20. Do you not think there is ample power now for the Department to withhold a man's increase?—The Department honestly knows that a clause of that kind is necessary in the interests of the members of the staff as well as of the Department. I say that is the opinion of the Department after fourteen years' experience of the Classification Act.

21. You know the Officers' Institute did object to this?—I know that every time the Government has brought down Acts having for their object the improvement in the conditions not only of the Railway service but the Civil Service generally there have been objections. I know when they brought down the Superannuation Fund Act our men wanted everything for nothing, and it has been so with every Classification Act we have had, and it will be so I suppose till the end of the chapter.

22. They did object to this particular clause?—They took an unreasonable objection.

23. Did the members of the Second Division object also?—I do not know what the members of the Second Division did. I do not know that we should discuss them now. If I had definite knowledge of the facts I should state them straight out.

24. *Mr. Ross.*] You remember the passing of the Act of 1907?—Yes, I have a very vivid recollection of the passing of that Act.

25. And you remember that a telegram was sent from an officer at Wellington to officers in the country advising them that if members of Parliament insisted on placing the lower-paid Railway men on an equal footing with the Post and Telegraph Department the Bill would be withdrawn?—I do not remember anything of the kind. I have absolutely no knowledge of it.

26. You have heard nothing of members of Parliament receiving telegrams from officers intimating that they had been so advised?—No, I do not know what members of Parliament got.

27. You do not know that it was current talk in Parliament and Wellington that those telegrams sent to officers in the country emanated from a junior officer in the Head Office at Wellington?—No, and so far as my personal knowledge goes I should say it is incorrect.

28. *The Chairman.*] This proposed clause, while the words "maximum" and "minimum" are there, gives you power to reduce the status of an officer?—No, Mr. Chairman.

29. Well, my impression was that it did. Whether you require the power or not is another question. Have you had any legal opinion as to whether it is so or not?—The opinion is that it does not. We have not had a written opinion. We do not want the clause for anything of that kind, and simply stated clearly what was wanted. The Department gave the Law Officers the reasons, and stated what it wanted and asked them to draft a clause accordingly, and I take it we would not be able to reduce positions, and the clause is not for that purpose.

30. Well, it gives you power to increase the rate of pay of any officer beyond the scale increase?—No, the position is this: if a man is in between certain positions and is not giving satisfaction you may say that is the maximum salary for that man, but you may subsequently put the man up.

31. Then if it does not give you power to increase, or if you do not want it to give you power to increase, you want power to stop him at the point he has reached if the Department thinks he is being sufficiently remunerated for the service he is performing?—Yes, that is the position—exactly the same as the Post and Telegraph Department.

32. In other words, to withhold from him scale increases due to him under the Act?—No. If a man is holding a position which is not worth more, we will say, than £170, then the Department says that so far as that position is concerned, that is the maximum for it. If a man is fit for something better, then you can place him in a superior position and pay him accordingly.

33. Supposing this clause were operative and a Stationmaster were transferred to a station that did not allow of his receiving the scale increases, he might be promoted according to D.-3, but the station did not warrant his receiving the rate of pay because the station was not graded sufficiently high. Would this clause enable you to stop this Stationmaster at the grade of the station?—No. The minimum of every Stationmaster is £180, and they go on by increments to £200, which is the maximum for the lowest-grade station. If a man is at a station he would go to £200; if not fit for the job he would be taken out, but if he was left in charge of that station he would go to £200 a year, unless, of course, he was recommended for punishment, and then his increase could be withheld for one year, but that would be done under the present conditions.

34. But suppose a man were entitled to promotion and you had no station to place that man at, would not this clause enable you to practically reduce his position?—No, that is not the intention of the clause.

35. It may not be the intention?—No, it would not be used in that way.

36. Of course I am not suggesting that the Department wishes to use the clause improperly?—That is not the intention, and the clause would not be used in that way. It is for a good and sufficient reason which I could quite satisfy you or anybody else on if I was at liberty to state it. The Minister knows the reason.

37. Having regard to the inclusion of the word "minimum" and the other words "without annual increment" in the clause, you do not think it unreasonable of the institute to think that something is being done by the Department against the interests of the officers, as the institute has not got that explanation you have given to the Minister?—I say the institute has acted most unreasonably in connection with this matter. If the institute had asked the Minister for the reasons, I have no doubt the Minister would have given them, but the institute did not ask for the reasons: it simply opposed the clause right out without understanding its objects.

38. *Mr. Graham.*] The institute was never consulted?—I never said anything about the institute being consulted, but the institute knew all about the business apparently because it opposed the clause. It did not ask the Minister or the Department for the reasons for the clause.

39. *The Chairman.*] Did the institute oppose the clause after the Bill was circulated?—I do not know about that, sir. The clause was struck out, but I do not know why. The Department had no information and never heard anything about it.

40. Can the Committee have reasons why the Department requires this clause?—If the Minister likes to tell the Department that it can give the information to the Committee the Department has no objection to giving it. It is a matter for him to decide.

41. *Mr. Ross.*] Do you know, Mr. McVilly, if it is the intention of the Department to bring down an amendment of the Government Railways Act this session?—I cannot say: that is a matter for the Minister.

42. And in the event of an amendment being brought down would the Department be desirous of having a similar clause to the clause in the Amendment Act, No. 2, of last session?—So far as the Department is concerned it considers it is desirable that this clause should be introduced in any Bill that is passed, but the decision as to the inclusion of the clause is a matter for the Minister and Cabinet—it is not my business.

43. I think you told the Committee that under the Act of 1907 Stationmasters in the lowest-grade stations would go up to £200 a year?—Under the Act of 1907—the present Classification Act—Stationmasters go up to £200 a year. That is the maximum pay of the bottom-grade stations.

44. Are you aware of any cases where the Department has declined to give Stationmasters in that grade the promotion to the maximum amount—namely, £200 a year?—Not unless it has been through punishment for some offence. The £10 increment might be stopped if a man committed a serious irregularity.

45. If I told you there are cases, would you say I am not correct?—Yes, I should question it. I should want the cases mentioned, and I should be very glad to look into the matter. I have no doubt if I had them looked up I would be able to give a satisfactory explanation as to the reasons; but if the question is in the direction of implying that men who ordinarily ought to go up to £200 and are satisfactory are not allowed to go up to £200 a year, then I say that is incorrect. If you will give me any specific cases I will be glad to go into them and give the Committee all the information.

46. You say emphatically that in no instance has a Stationmaster in a lower grade been prevented by the Department from reaching £200 a year?—I said, provided his conduct was satisfactory.

47. In other words, it is an admission on your part that under certain conditions it is quite possible for a man to remain at that station and receive only £180 a year?—No, I think not, unless a man's conduct was unsatisfactory. If a man's conduct is unsatisfactory then he would be punished: I have said that already. He might have his increment withheld for one year at £180 or it might be withheld at £190; but ultimately the man would go up to £200 as soon as he had expiated his offence.

48. Then departmental officers could override the Act under a pretence?—There is no question of pretence at all. The departmental officers do not override the Act, and if you have got in your mind any particular instance which justifies a question of that kind and you will give me the instance, I will look into it, and I have no doubt I will be able to supply a satisfactory reason for the action taken by the Department.

49. As a matter of fact, seeing this clause 10 in the Government Railways Act, 1910, suggested to me cases of the kind I have been speaking of?—As a matter of fact it was nothing of the kind—it was suggested for generous reasons, if you want to know particularly, and not, as you seem to imply, for the purpose of filching from somebody something they are entitled to under the Act.

50. But you are not prepared to tell the Committee the reasons?—If the Minister of Railways tells me I can enlighten the Committee I will do so, and I have no doubt when the Committee have heard the departmental reasons they will see that the Department is prepared to do the generous thing.

51. *The Chairman.*] I think the Committee ought to have the reasons of the Minister for including this clause in the Bill?—It rests with the Minister.

TUESDAY, 10TH OCTOBER, 1911.

RICHARD WILLIAM MCVILLY further examined. (No. 35.)

1. *The Chairman.*] We had just disposed of clause 18 on Friday, but in answer to a question by Mr. Ross I understand you have looked up some information that Mr. Ross asked about?—Yes. Well, sir, I think the case was that of an officer in charge of a station at £180 a year, whereas the maximum of the class was £200. Mr. Ross asked if I knew of any case. I could not at the time recall the matter to mind. Subsequently the name was given to me, and I then remembered the whole circumstances, which are briefly as follows: The officer concerned was in charge of one of the small stations on the main line, and he was not recommended for promotion for several years. The maximum pay of the station at that time was £180—that was the top of the old grade 9, now grade 10. The officer was very much concerned because he considered he was being passed over unfairly, and, as a result of frequent representations he had made to his local Manager, a favourable recommendation was ultimately made in respect to him. An opportunity for promotion subsequently presented itself, and he was transferred from the station where he was receiving £180 a year and placed in charge of a station which carried a pay of £190 to £220. Almost from

the outset he found that the work at his new location was too much for him, and I am quite within the mark when I say that within a month from the time he was installed at this new station he practically asked the Department to take him out of it. We kept him there, however, for a further period on trial. He had some domestic worry at the time, and it was thought possible that a change of climate and change of scene would be beneficial and relieve his anxieties in that respect, and that as he got accustomed to the work he would find that he was able to undertake it. However, things went from bad to worse, and finally, at his most urgent solicitation—brought about, I may say, through his inability to do the work of this higher-grade station—the Department reluctantly had to remove and reduce him. He asked to be appointed to a certain station or given a clerkship, and was accordingly appointed to Dunedin. Although the work he was called upon to do was of a most routine nature, the Goods Agent was most dissatisfied with him. When the classification was altered, and the maximum rate of pay altered from £180 to £200 for grade 10, the Goods Agent advised that he was unable to recommend this man, and, furthermore, that the work he was doing and the way he was doing it showed distinctly that he was not worth more than £180 a year. That position continued as long as he was in the Dunedin goods office. Finally, on urgent representations and a very pathetic appeal to the Department, the General Manager was asked to agree that he should be given the appointment of Stationmaster at another country station on the South line. That was very reluctantly approved, and the man was sent to what was regarded as one of the easiest of railway-stations. Before he had been there very long he left the stop-blocks off the road and the main-line points unlocked during the busiest part of the day, to the danger of the line and traffic. The Department dealt with these matters, and then decided to take him off the main line and sent him to another country station at the end of a branch line, but still at £180, as he had not been recommended for any increase by his Managers. After he had been on the branch for some time he suffered a domestic bereavement, and was brought to the North Island, and he is still in this Island. Unfortunately, his work is not regarded as being satisfactory, and owing to the little shortcomings of this man we have had to take the matter up pretty severely with the Stationmaster. Inquiries made this year indicate that, although he does his best, he is not capable of fully undertaking the work of a tenth-grade clerk at other than an easy station. If a special place were found for him he could do certain work of a simple nature, but he could not undertake and satisfactorily fill the position of a man at £200 a year at a busy station. That, in brief, sir, is the position in regard to this particular case. I could have told the Committee that on Friday if the name had been given to me. I have known this officer personally for very many years, and have very deep sympathy and personal regard for him, but you cannot shut your eyes to the fact that he is getting all that he is worth.

DOUGLAS RAMSAY further examined. (No. 36.)

1. *The Chairman.*] I understand you desire to make a statement?—Yes. Before dealing with clause 19, I should like to mention that the last day we were before the Committee I asked Mr. Graham, when dealing with overtime, a question which might lead the Committee to believe that the officers were prepared to forego payment for overtime provided sick-leave to the extent of twenty-eight days was not deducted from their annual leave. In view of the cases quoted by Mr. Graham it would be unreasonable to expect them to agree to this. The officers intend, therefore, to adhere to clause (*d*) of the prayer of the petition. There was a case referred to by Mr. Graham —the Washdyke Station—and Mr. McVilly said he would make certain inquiries. In that connection, in order to assist Mr. McVilly, I should like, with the permission of the Committee, to read a letter from Mr. Williams to the District Traffic Manager, as follows: "17th May, 1911.—I beg to make application for time off once a week on account of the long hours and continuous time on duty. With the tablet now on both sides, and branch trains and numerous meat and stock specials to Smithfield, it is very difficult at times to get meals. For the past two months the hours have averaged about 84 per week. It does not matter what time Timaru wishes to run a special on to branch, I have to be here to open points. On Easter Monday, 17th April, I was on duty from 6.30 a.m. until 11.50 p.m. After finishing at 11.50 p.m. I was on again for M. 4 passenger special at 3 a.m., after having 3 hours 10 minutes off duty. As the time off was not sufficient to go home to bed, I had to sit in the office for fear of falling asleep and delaying train. Then, on Tuesday, 18th April, I was not released until 7.30 p.m., after being on since 3 a.m. Less meals, these two days made a total of 31 hours straight. I attach a statement of hours for Easter week and the previous week, which will give you a good idea of the times worked. Hoping to receive an early and favourable reply, yours obediently, R. H. Williams, S.M." The statement shows that from the 10th to the 15th April, inclusive, the total time on duty was 89 hours 25 minutes, and actual time worked 77 hours. Easter week, 17th to 22nd April, total time on, 83 hours 35 minutes; and time worked, 75 hours 25 minutes. To that letter the District Traffic Manager replied: "19th May, 1911.—I regret I cannot arrange for relief of this kind. Ordinarily you are only on from 7 a.m. to 7.30 p.m., and there are other stations having as long or longer hours of regular duty with attendance on specials when necessary. Specials will soon cease for some months, except unsual trips." Then, on the 26th May, Mr. Williams wrote to the Traffic Manager,—"I regret you cannot supply regular relief, but perhaps you could arrange with the S.M., Timaru, to let me off a few hours occasionally when I wish to run into Timaru on private business. A porter who could work the tablet would be sufficient. He could put in his odd time between trains in cleaning the station. It is impossible to leave the station, as there is generally some train on the tablet sections, and at times I find difficulty in getting time to light my signals, the branch home and north home both being a quarter of a mile from the station." Then, on the 27th May the District Traffic Manager wrote in reply, "That is much the same thing. I cannot give you what other S.M.s cannot have."

Mr. McVilly: In dealing with this matter the other day, Mr. Chairman, I did not touch on the position at the present time, and I can just say, for the information of the Committee, that since this matter was brought under the notice of the Head Office instructions were given that the man was to be relieved, and at the present time the arrangements are that he is to be relieved from Timaru on, I think, two days a week. At any rate, he is to be relieved. The Department does not want that sort of thing. We recognize in this case that the facts stated show that the hours are unreasonable, and we have made the necessary arrangements.

2. *Mr. Ramsay.*] Do you know if he has been actually relieved?—I could not say. All I can tell you is that about three weeks ago we gave instructions that arrangements were to be made to obviate this kind of thing being done. He was to get relief from Timaru.

3. You did not reply to that letter of the institute's?—I could not say now. I believe we have told the institute, but it is probably since you have been up here.

DOUGLAS RAMSAY further examined. (No. 37.)

1. *The Chairman.*] The Committee will now hear your statement on behalf of the institute in support of clause 19 of the petition?—The clause reads as follows: "19. That under section 57 of the Act an Appeal Board is thereby constituted for the North Island and South Island respectively, consisting of the persons therein mentioned, and it is further provided by clause (*a*) of section 64 of the Act that every decision of the Appeal Board shall be submitted to the Minister, and that no such decision shall take effect unless and until he signifies his approval thereof. Your petitioner submits that if the Appeal Board were properly constituted, there should be no reason why its decisions should not be final and conclusive, as in the case of a decision given by the Appeal Board constituted under the Tramways Amendment Act, 1910, on appeals by tramway employees." The petitioner asks under this clause that the Government Railways Act shall be amended so as to provide that the Department and the officers shall be equally represented on the Appeal Board, that the Board shall be presided over by a Judge of the Supreme Court, and that the decisions of the Board shall be final. There is at present an Appeal Board which consists of a Magistrate, who is Chairman, a member of the First Division, and a member of the Second Division, but the Department is not represented on the Board. The Board hears the cases in the usual way and gives its decision. The decision is submitted to the Minister, but it does not take effect unless and until he signifies his approval. This is what is commonly referred to as the Minister's power of veto, and it is to this power that the officers object. There have been several appeals by railway employees, but where the decision has been given in favour of the men it frequently happens that the Minister vetoes the decision. The result so far as the members of the First Division are concerned is that they have come to the conclusion that it is useless to appeal, so that the Appeal Board has practically become a dead-letter. There are two cases to which I should like to refer, one being the case of McKenzie's appeal which was lodged in 1904, and Harrington's appeal during the current year. I have no personal knowledge of either case, but I should like if you, sir, would ask Mr. McVilly to produce the files in these cases.

2. Are they both First Division men?—Yes, and perhaps it would be convenient if Mr. McVilly would send for these files now.

Mr. McVilly: I have not got them here, but I have no doubt they could be got from the office.

Witness: McKenzie was originally a member of the Second Division, but qualified for transfer to the First Division, to which he was promoted some time prior to the D.–3 list, 1904. When this list was published McKenzie found he was placed a good deal lower down the list than he considered he should be, and he therefore lodged an appeal. It was, I am informed, some considerable time before the appeal was heard, and, so far as McKenzie was concerned, it might as well never have been heard, because the finding was not carried out. The other case to which I wish to direct attention is of a different nature. Harrington was suspended and ultimately dismissed for being under the influence of liquor while on duty. He appealed, and if the Department had given effect to the finding of the Board it would have greatly mitigated his punishment. Further, if he had remained in the service a few months longer he would have been able to retire on superannuation. The officers ask that the decision of the Board should be final, but at the same time they recognize that as the Department is not represented on the Board it would be unfair to ask this without the Department having an equal say with the men in the decision given. To get over the difficulty they therefore ask that each side should be represented on the Board, that the Chairman of the Board should be a Judge of the Supreme Court, and that the decision should be final. It has been suggested by the Department in its report that the establishment of a Board such as we propose would have the effect of taking the control of the railways out of the hands of the Minister and placing them so far as the staff was concerned in the hands of three irresponsible persons, two of them would be subordinate officers of the Railway service. There is, however, we submit, no reason whatever why the Department should appoint a subordinate officer, as it would be open to them to appoint a responsible officer. Moreover, the Chairman of the Board would be a Judge of the Supreme Court, so at least two members could hardly be termed irresponsible persons. Under the Tramways Amendment Act, 1910, employees of tram-proprietors have the right of appeal under certain circumstances, and the decision of the Appeal Board is final. Section 6 of that Act provides: "6. (1.) An Appeal Board consisting of three persons shall be set up in each tramway district, and shall consist of one representative to be appointed by the employers, and one representative to be appointed by the employees of the tramways within the tramway district, and the senior Magistrate exercising jurisdiction in the district, who shall be Chairman of the Board. (2.) The Board shall hear and determine all appeals by tramway employees against dismissals, disratings, fines, or other punishments, or reductions in pay or other emoluments, inflicted by their employers, and also appeals on the ground of promotion being unreasonably withheld. (3.) The determination of the Board shall in the case of every appeal be reported to the Minister, and shall be binding

on all parties and enforcable in any Court of competent jurisdiction." In many cases the proprietors of tramways are corporations which, in addition to controlling tramways, control other very large undertakings. We submit that if the proprietors of tramways are to be bound by a decision of the Appeal Board why should the Railway Department not be bound in like manner. We do not suggest that an appeal should lie in all cases, but only in those cases provided in the Act which are as follows: "(1.) The head of the Department is bound to annually certify respecting each member to whose pay an increase is attached. If such member is dissatisfied with the certificate given he may appeal. (2.) A superior officer has power under certain circumstances to suspend, fine, or reduce, and from that decision a member may appeal. (3.) There is also a general clause giving a member who is aggrieved with any decision of his superior officer the right to appeal. You will therefore see that if the decisions are made final it will not be such a deadly matter so far as the Railway Department is concerned, and it will not mean taking the control of the railways out of the hands of the Department. In regard to those two cases to which I referred, I am quite unfamiliar with the facts, and I should like if you, sir, would ask Mr. McVilly whether those files can be produced so that we may inspect them.

3. *The Chairman.*] I cannot see myself why you require the files. I do not want to prevent you getting access to any papers you require?—The Committee may want to refer to them.

4. Do you suggest that there is anything to indicate that those men were improperly treated or that the files would prove a different state of things to what we understand exist?—I am not able to say. I think the files will disclose what I have already stated.

5. We are right on to clause 19, and you have asked for the files at the last moment. I think you should have asked before. I have no objection to asking for them, but perhaps they could be here when Mr. McVilly is replying and you are replying?—Mr. McVilly may be able to explain the position satisfactorily. That is all we propose to say in regard to that clause 19.

6. *Mr. Witty.*] How many cases do you know of where the Minister has vetoed the decision of the Appeal Board?—The only case that I know of is the decision in Harrington's case.

7. *The Chairman.*] Do you know of any Second Division cases?—I believe there have been five cases where the decisions have been vetoed. I do not know anything about the cases myself.

8. *Mr. McVilly.*] You stated, Mr. Ramsay, that the officers ask that a Judge of the Supreme Court should be chairman of the Board?—That is so.

9. Do you wish the Committee to understand that the institute would be satisfied with a decision of a Judge of the Supreme Court?—We would be satisfied with a decision of a Judge of the Supreme Court provided the Officers' Institute is represented on the Board.

10. Well, will you tell me why in that case the institute is now referring to Mr. McKenzie's case seeing that at that time the Chairman of the South Island Board which dealt with that matter was a Judge of the Supreme Court—that is, District Judge Ward?—You know that District Judge Ward is not a Judge of the Supreme Court.

11. That may be, but District Judge Ward is a man competent to give a fair decision?—Yes, he may be.

12. He was a man of very wide experience?—I believe he was. I believe as a matter of fact he was temporarily Judge of the Supreme Court during Judge Williams's absence.

13. I think he was acting as Judge of the Supreme Court at the time that decision was given in McKenzie's case?—That may be.

14. Well, is it not a fact that if you have a Judge of the Supreme Court on the Board you practically constitute the Board a Court, and *ipso facto* the decision is final?—Yes, that is so.

15. Then that is why you want a Judge of the Supreme Court: you know if a Judge of the Supreme Court was put on the Board that the decision would be final irrespective of any provisions here?—That is so.

RICHARD WILLIAM MCVILLY further examined. (No. 38.)

1. *The Chairman.*] Will you now state the Department's case in regard to clause 19?—Well, sir, in dealing with this question of the Appeal Board, I desire first of all to direct the attention of the Committee to the fact that this is a matter that has been placed before successive Ministers of Railways, I think, by members of Parliament, by representatives of the Railway Officers' Institute, and also by the Amalgamated Society of Railway Servants. Every Minister, without exception, has definitely declined to admit a principle which, they contended, would place the administration of the Railway Department in the hands of irresponsible people. The Right Hon. Sir Joseph Ward, in dealing with the case in 1901 (*Hansard*, Vol. 119, p. 1025) said, "One of the matters brought before me was this: Honourable members know that in connection with the Railway service we have an Appeal Board, and the proposal was made that the power and authority of the Appeal Board should supersede the responsible Minister of the day—that is, that the decision of the Appeal Board should be final. Well, that is a matter I did not agree to, and I explained why, as I shall explain to honourable members. There must be a responsible head, and there must be some one responsible to the people of the country; and if the responsibility in conducting the Railway service was taken away from those who control the affairs of the colony and handed over to any one who was not responsible to the colony, you would require to supersede the Minister himself. That will show how impossible it would be to give effect to such a proposal. It has been my experience that, in connection with the running of the trains in some portions of the colony, accidents have happened in which drivers, firemen, and others have been involved, and, as a result of appeals to the Appeal Board, the recommendation in one instance, at any rate, came before me that the engine-driver should be reinstated in his former position. . . . The responsibility in that case, as in all cases of the lives of the people who travel, and who form a very large section of the community and contribute a very large amount of revenue to the railways of the colony, is not upon the members of the Appeal Board; it is upon the responsible head of the Department.

In the first place, the responsibility of the proper arrangements for their safety is on the head of the executive officers. There are also grave responsibilities upon the head of the men themselves, who might, in the event of an accident happening where death resulted, be charged with manslaughter; but the final responsibility is on the Ministerial head of the Department, and therefore it is impossible, no matter what pressure is brought to bear upon the Minister who is carrying on the railways of the country, to hand over such a responsibility to any Board. When I placed these views before those making the request they readily agreed that there was reason on the side of the Government for the position they took up." That, I may say, sir, is only a reflex of the statements that were made from time to time by the late Sir Alfred J. Cadman when Minister of Railways; he absolutely refused on more than one occasion to hand over the control of the service to an irresponsible Appeal Board — in other words, he would not waive the power of veto. Sir Joseph Ward declined to waive the power of veto, the Hon. Mr. Hall-Jones took up the same attitude, and the Hon. Mr. Millar has done the same. Now, sir, we have heard of McKenzie's case. Briefly, the position was this: he was a member of the Second Division, and was promoted to the First Division. He should have got a salary when promoted of £150 a year, but he was appointed to a station and given £170 a year. He was placed on the D.-3 list below all the clerks who had attained the full pay of a clerk before he was transferred. He was dissatisfied with that position, and he appealed. I took the case before the Appeal Board, and I put in a statement showing that to give Mr. McKenzie what he was asking would result in his superseding either 406 or 426 members of the First Division. I made that position quite clear to the Board. The regulation was quoted on the other side, and I was asked what was the literal interpretation of the regulation. I stated distinctly to the Board what the literal interpretation was, and that the Department was not defending the case on the literal interpretation of the regulation at all. I put it to the Board that in that case we were very much in the same position as a corporation with a by-law providing for an unreasonable thing to be done contrary to the intentions of an Act and therefore bad at law. After mature consideration the Board unanimously decided that, in view of the fact that to give effect to Mr. McKenzie's request would give him an unfair advantage over a large number of men, they would make no recommendation, but left the matter in the hands of the Minister. The Minister, after obtaining a full explanation of the case and its effect, thereupon directed that no alteration be made in the position, and Mr. McKenzie was told he could make no alteration. That, I may say, was done by the late Hon. Mr. Pitt, who was Attorney-General and also a lawyer. He saw the unreasonableness of the position. Mr. McKenzie got £20 more money by being appointed a Stationmaster than he would have got had he been appointed a clerk, and he was put in the position which we have for years past put every man from the Second Division who is placed in the First Division—that is, he goes below all members who have attained to the full rank of clerk and is sandwiched in between the clerks and cadets. He was dissatisfied, there was a lot of correspondence, and he was told over and over again what the position was. The Hon. Mr. Pitt, after hearing a full explanation of the case, declined to make any alteration, so did the Hon. Mr. Hall-Jones, and there the matter rested. With regard to Harrington's case, the Department recognized it was very unfortunate for the man, but it is not the only unfortunate case; there was an equally unfortunate case in Napier. That man was within a few months of superannuation, and he committed a serious breach of the regulations. When in charge of about £30,000 worth of property he kept up Christmas or New Year, and got into trouble. He was dismissed, and went to the Appeal Board. That man could not be reinstated. In Harrington's case it was admitted that he took liquor and was under the influence of liquor: he admitted that. The Act says (section 64), "The Minister, in respect of appeals to him, and the Appeal Board in respect of appeals to it, shall have full power to confirm, modify, or disallow the decision appealed against, in such manner in all respects as is deemed just: Provided that—(*a*) Every decision of the Appeal Board shall be submitted to the Minister, and no such decision shall take effect unless and until he signifies his approval thereof; (*b*) in no case shall any person who has been dismissed for peculation or drunkenness be again appointed on the permanent staff of the Department." Now, sir, in both those cases, those two unfortunate men I am speaking about were dismissed for drunkenness. There is the Act; the Appeal Board cannot override that. I submit if the Department establishes clearly to the Board the fact that a man was dismissed for drunkenness, and in those cases it was established beyond doubt, then there is no alternative: the man is out, and you cannot re-employ him under that clause.

2. That is a Second Division case?—No, Harrington's case was exactly the same, and about the same time. I want to make it clear that, personally, the General Manager always feels sorry for these men, and so do other departmental officers. It is not a pleasure to the Department to have to dispense with men right on the eve of their retirement—practically to put them out and deprive them of their superannuation benefits at the close of their lives; but what are you to do? Public safety is involved. In Harrington's case, it is true, the public safety was not involved, but the man held a position in which lack of control would certainly involve the Department in a very large expense, and would interfere materially with the discipline, the operation of the place, and the work he was engaged in. Harrington, I may say, for the information of the Committee, was a man who for very many years had not been recommended for promotion, and one of the reasons why he was not recommended for promotion was that he was not considered reliable in the respect indicated, but the matter had never been brought under the notice of the Department by a specific report. The Stationmaster at Lyttelton evidently had his suspicions, because finally he notified two men in the shed, "If you don't report Harrington the next time he is under the influence of liquor, then I will deal with you." That is how the matter came out finally. So far as McKenzie is concerned, I submit his case received the fullest consideration. The Board left the matter entirely in the hands of the Minister. The position and attitude that the Department took up was solely in the interests of the 406 men that the Department considered would have been

unfairly dealt with if this man had superseded them. Many of those men were in the service holding responsible positions when McKenzie himself was a junior porter. Well, there was the position, and the effect would have been to allow a man who joined as a junior porter to supersede men who were holding responsible positions when he was a boy in the service—to supersede capable and efficient men with good records. Such a position would be quite untenable: you could not uphold it. Now, sir, in regard to the number of vetoes since the institution of the Appeal Board: there have been 199 cases heard up to date.

3. That is the total of both divisions?—Yes. The total number of instances in which the veto has been exercised is eighteen—that is about 9·45 per cent. Four of those vetoes were exercised in cases of misconduct owing to circumstances which made it illegal to retain the men, and two in cases where there had been neglect to take necessary precautions to ensure the public safety. That is six out of eighteen, or 33 per cent. of the total. Of those cases, Sir Alfred Cadman vetoed six in 1896; Sir Joseph Ward vetoed two classification cases in 1900, and one case of misconduct; the Hon. Mr. Hall-Jones vetoed one case of misconduct. When the Hon. Mr. Millar took charge there were a number of classification cases standing over, and he was put in the unfortunate position of having to veto straight away four of those cases. I will explain the position. Some cases were taken in the South Island, and the Board there, through wrongly interpreting the Act owing to reading into the Act a word that is not there, gave a wrong decision. At that time there were, I think, five similar cases in the North Island, and they were heard about the same time as the South Island cases. The South Island Board, through reading the word "then" instead of "now," gave a wrong decision. Subsection (3) (*a*) of section 49 of the Act reads, "With respect to all persons who were members of the Department on the first day of April, one thousand nine hundred and two (being the date of the coming into operation of the Government Railways Department Classification Act, 1901), nothing in this Act shall be construed to reduce the pay of any of such member below the rate *then* actually received by him, or to prejudicially affect his right to any increases of pay provided for by any regulations *then* in force." Now, the South Island Appeal Board in dealing with the matter which was brought under the Act, instead of reading the word "then" as it is there, read the word "now," and thus decided the cases on a wrong interpretation of the Act, because this Act provided for a man retaining what he was entitled to under the Act of 1901, and the appellants had got that, but were claiming something under this Act to which they never had been entitled.

4. *Mr. Ross.*] Did the Board report in that direction?—The Board reported exactly as I have said: they read the Act as "to reduce the pay of any such member below the rate then actually received by him, or to prejudicially affect his right to any increases of pay provided for by any regulations *now* in force," which is an entirely different thing.

5. *Mr. Ramsay.*] Who was the Chairman?—Mr. Haselden. In the North Island, when the case came up. I put the very same matter before the Board, but pointed out that the men were getting all that they were entitled to under the Act of 1901 and something in addition. I submitted that the Department was taking nothing from them, but was giving them more, possibly, than they had been entitled to, and therefore it was fully justified and legally entitled to classify them in a certain position, and the North Island Appeal Board was divided as to the position; but the Chairman gave a very full ruling on it, and said it was a legal question, and that no doubt the Department was legally right. Well, there were two decisions of the Appeal Boards diametrically opposed to each other on exactly the same clause and involving legal interpretation. The reasons why the decisions were opposed to each other were apparent from the South Island Appeal Board's decision. I, personally, pointed out the position to the Chairman of the South Island Appeal Board, and the Minister wrote stating that he had vetoed those decisions, and directed attention to the wording of the Act. The Minister could not help himself: he was in an unfortunate position, and compelled to take up a legal position which necessitated the veto of those four decisions.

6. That would never happen if a Judge of the Supreme Court were Chairman of the Board?—It might have happened. Then there was a case of misconduct in 1909 which he had to veto. That case was one in which two men were involved: one gave a signal to the other to go out on the main line, and the other man without taking any trouble to look round, went out on the main line and there was a collision. We had a very considerable amount of trouble over that case. The Appeal Board upheld the decision of the Department in dismissing the shunter, but wanted to whitewash the driver. The Department wanted to know the reason why, and put the whole facts before the Minister, showing the rules bearing on the subject, and he went into the matter personally, and after carefully reviewing the facts vetoed the decision of the Appeal Board in the interests of the public safety. It is manifest that if you take up the attitude that all a driver had to do was to sit back or go forward when told or signalled regardless of the fixed signals, then you are fixing on some low-paid man all the responsibility for seeing that the line is clear before he gives a signal, whereas you pay every engineman to see before he moves his engine that the road is clear, the signals properly set, and to take a proper share of the responsibility, and to exercise care in the interests of public safety. In this case the man did not look round, nor did he take the trouble to see that the signals were properly set, and he justified himself by making all sorts of statements with regard to the conduct of that station which, I may say, were proved on the closest examination to be absolutely without foundation. The man had to go out. Those are fifteen of the cases, with the reasons.

7. *Mr. Witty.*] How many of those affected the First Division?—I think the veto was exercised in the First Division in regard to two only. Most of those classification cases in 1908 were in connection with the First Division, but I have not looked them up. On the 15th June, 1909, a full report was made on the matter, and the position then was that since the institution of the Appeal Board 168 cases had been heard, and the veto had been exercised in fifteen cases, twelve owing to a wrong interpretation of the Act, two owing to misconduct under circumstances

that made it illegal to retain the employee, and one of neglect to take precautions to ensure the public safety. Well, sir, that is the position in regard to the Appeal Board. The question narrows itself right down to one of public policy. Minister after Minister has definitely stated that he is not prepared to hand over the administration of the Department to an irresponsible Board no matter how it is constituted. So far as the Railway Department is concerned, it is quite immaterial to the Department—it is a matter entirely in the hands of the Government for their consideration. I have given you now the reasons advanced by Sir Joseph Ward, and those reasons, I may say, were almost identical with the reasons advanced by Sir Alfred Cadman and also the successive Ministers of Railway up to the present time. I have also stated the position with regard to McKenzie's case and Harrington's case. In Harington's case there was the legal bar, and McKenzie's case resolved itself into a question of equity and justice. McKenzie lost nothing, but he certainly, so far as the Department was concerned, was not entitled to supersede 406 men, and, as I have already said, a large number of those men were in the service and had actually assisted to train him. That is all I have to say on that question.

8. *Mr. Ramsay.*] You referred to the Board we propose, Mr. McVilly, as an irresponsible Board?—Yes, that is so.

9. We propose that this Board shall be composed on the same lines as the Arbitration Court?—Yes.

10. Do you consider that the Arbitration Court is an irresponsible Court?—I do not know anything about the Arbitration Court. I am not a solicitor and have not had an opportunity of going before the Arbitration Court, and therefore I am not going to discuss it; but I can say this: that in view of the fact that the Railway employees have now an Appeal Board and have got the Minister to whom they can go direct, if they are not satisfied with their opportunities now, I should say that no Board, no matter how constituted, would satisfy them.

11. But it does follow that if in your opinion the Board that we propose is an irresponsible Board, and if it is to be constituted on the same lines as the Arbitration Court, that therefore the necessary deduction is that the Arbitration Court is an irresponsible Court?—I am not going to discuss the Arbitration Court.

12. You are aware that under the Tramways Act a decision given by the Appeal Board constituted under that Act is final?—I understand there is some provision in the Tramways Act for an Appeal Board, and that in a general way the Minister does not interfere, but there is this difference between the two: the Government Railways Department is a Government Department for which the Minister is held responsible. The Minister is not held responsible for the administration of the Corporation tramways.

13. That is the only reason you can give why the decision in one case should be final and the decision in another case should not be final?—I think that is a good and sufficient reason. If the business was yours you would be the man who wanted to have the last say, and as the Minister is the man who represents the people who own the railways, the Minister, as the representative of the people, should have the last say.

14. Well, in comparing the reasons, could not the Corporation have the last say?—I do not know anything about Corporations.

15. In regard to McKenzie's case, you said he should have received £150 when promoted: how do you arrive at that?—That was as good as the rate of pay he was getting at the time.

16. How long had he been in the service when he qualified to be promoted from the Second Division to the First Division?—I cannot tell you just now from memory.

17. I believe in 1903 he was transferred?—I think he had been in the service for about nine or ten years, from memory. I remember the time he joined the service, but I cannot remember the year. I fancy it was 1894.

18. Before a man is promoted from the Second Division to the First Division he must pass a fairly stiff examination and possess abilities?—In those days they did not pass the examinations that they do now.

19. What was the difference then?—I do not think the Department went so closely into the question. I do not think they were required to make up station accounts, and they are now.

20. Are you certain about that?—No, I am not sure. I do not know whether McKenzie was or was not, but I know in some cases they were not, from some of the failures there were subsequently.

21. When he was promoted to the position where he is, did it not depend on his length of service in the Second Divison?—No, it was governed by the pay he was getting.

22. And is that the position now?—Before McKenzie's appeal came on the position was as it is now. It was fixed by regulation that a man who was transferred from the Second Division had to be put below all the clerks. Supposing a cadet is getting £110 and he is entitled to £120, well, he becomes a clerk then, and if a member of the Second Division is transferred subsequent to the date that that man gets £120, then he goes below the man at £120, but if he is transferred before the man gets £120 then he goes above him.

23. That is irrespective of his age?—Yes; you cannot take into consideration the age. You take into consideration the date he is transferred to the First Division.

24. You say that if he had been promoted to the position he desired to be promoted to he would have superseded 406 members?—Yes, if the Appeal Board had upheld his contention then he would have superseded 406 members.

25. Where were those members?—All in the First Division.

26. But what grade were they in?—They were in the same grade that he was put in himself. I do not know what the grade was now.

27. You said that the finding in that case was against him?—It was, too. The finding was that in view of the fact that he would supersede a large number of men the Board would make no recommendation, but left the matter in the hands of the Minister of Railways.

28. The Board then made no recommendation?—The Board made no recommendation, but left it in the hands of the Minister of Railways to deal with, and the Minister of Railways dealt with it. The effect of that was that if the Minister considered that the Department had done an injustice to the man, then the Board left it to the Minister to adjust, but the Board evidently was not of the opinion that an injustice had been done, otherwise they would have said so.

29. And did you communicate that to McKenzie?—McKenzie was told definitely, by direction of the Hon. Mr. Pitt, who was then Minister of Railways.

30. When was that?—Almost immediately—within a short time of the decision being given, and he was told many times subsequently.

31. But did not McKenzie lodge an appeal against the Department's action in not giving effect to the decision?—Not that I am aware of, but in any case the position had been settled by the Minister. The Minister in effect said the Department was right and he was not going to make any alteration; and as the case had been settled, whether a second appeal came in or not, what was the good of it. I do not know that an appeal was lodged—I am not admitting that.

32. Now, in regard to Harrington's case, I understood you to say that this man had not obtained the usual recommendation every year?—I said that Harrington had not been recommended for an increase for some years past, and that is a fact.

33. And was the reason stated by the head of the branch of the Department at Wellington?—We got every year, "Harrington not recommended," and we got that for many years.

34. And was no reason furnished?—The Department took the recommendation of the District Officer and the head of the branch, the same as it takes a recommendation in cases where the recommendation is favourable to a man. In Harrington's case we knew years ago from inquiries then made that Harrington and another man at Lyttelton who was in the same box were not satisfactory—that is, they were not worth more money than they were getting.

35. When this man was not recommended, then you would inquire into the reason, would you not?—When a man is not recommended year after year for a period of years and you know at the outset the reason, then you do not make any subsequent inquiries. If a man had been recommended and subsequently not recommended, then we would make inquiries to see in what way the man had fallen away from grace.

36. You said you knew at the outset the reason?—I said we knew years ago that a man was not regarded as being altogether satisfactory—that is, he was not worth more money than he was getting.

37. Was that the only reason?—As far as I know, it was.

38. But when that reason was given that he was not capable of earning or not worth more money, did you not inquire into it?—You are asking me to go back about twenty-four years, and I cannot do that.

39. You stated that the reason the man was dismissed was on account of drunkenness?—The man was dismissed because he was under the influence of liquor—he was drunk on duty.

40. Had he been drinking for years past?—I do not know about years past, but evidently the Stationmaster was not satisfied with him for some time past, and he cautioned the men in the shed that unless they reported the next case that came under their notice he would take the matter up against them.

41. Do you mean the first case of drunkenness?—I have already stated quite clearly what the position was.

42. I want to know whether the Department knew the man was drinking or not prior to this?—As far as the Head Office was concerned, we had nothing on record, although we knew the man was not worth more money than he was getting.

43. In this particular case, when it was found out by the Department that he had been drinking, and it was for that reason he was dismissed, was he actually dismissed from the service or suspended?—I think he was suspended and an inquiry held, and then he was dismissed, or he was suspended and admitted the offence, and was then dismissed.

44. Do you mean dismissed by the Punishment Board?—Dismissed by the Department, with approval of the Minister, in terms of the Act.

45. Is that after the decision was given by the Appeal Board?—The decision of the Appeal Board is not given until after the Department has taken action. A man has no ground for appeal until the Department has taken action, and that gives him the ground for appeal.

46. What is the exact point of time at which he was actually dismissed?—I cannot tell you to a minute when he was dismissed, but the fact remains that he was dismissed, and I think that is quite sufficient.

47. I want to know whether he was absolutely dismissed or only suspended. If he was suspended only, then section 64, subsection (*b*), does not apply; if he is dismissed, then it might apply?—Well, Mr. Ramsay, you are a solicitor and I am a layman, but if it comes to a question of reading this clause I will back my opinion against yours, and I say that until such time as the Department took action and dismissed that man, and he was dismissed, he could not have appealed.

48. *Mr. Ross.*] I should like to know, Mr. McVilly, if every man who desires to has a right to appeal?—In certain cases. Do you mean in trivial cases?

49. Assuming that a person feels he has a right to appeal, has he a right to do so?—Yes, the Department has never contended otherwise. At times men have said they would like to appeal because of so-and-so, and it has been pointed out to them from time to time that no appeal could lie, because they had no ground.

50. So that the Department takes upon itself to say whether a man has a right or not?—No. If a man thinks he has a right we invariably give him the right. There have only been one or two cases in which a man has been told that there is no good of his going on with an appeal.

51. So, in other words, the Department can prevent any man from appealing?—Well, the Department does not do it where a good and sufficient reason can be shown. The Department has

no objection at all to any man taking a fair and proper case to the Appeal Board. For instance, I know of a case recently where a man was told that he should not do a certain thing. He was told, "It is quite wrong for you to do this, and you are cautioned for it," and he wanted to go to the Appeal Board with that. Now, in a case of that kind the Department would say to him, "There is nothing in this, you are cautioned and there is an end of it; but if you can show us that that caution has been wrong we will put it right, but there is no appeal against it—it does not affect your position."

52. I want to have it placed on record whether the Department has a right to prevent an appeal?—No, we do not contend that at all.

53. Still, the Department has prevented it in the past?—Where a man has said he wants to appeal, if it is a question of caution, we tell him it is a trivial case and does not affect him in any way, and there is no hardship. If he can show that he has been dealt with wrongly the Department will put the matter right, but there is no necessity for a case of that sort to go to the Appeal Board to be heard. If a man has a classification case, or he is fined more than £2, or is suspended and then dismissed, then in a case of that kind he can go to the Appeal Board—that is, where a man is likely to be affected.

54. If I told you that the Department has declined to allow a man's notice of appeal to be lodged in a promotion case, would you say I am incorrect?—If he has given his notice within the time specified. There are lots of cases where they do not give notice within the time, and then the Department says No. I know of one case where that was done.

55. Do you know anything of the case of G. T. Robinson, a clerk in the Traffic Inspector's office at Christchurch?—No, not from memory. The case I have in my mind was a Wellington case.

56. I think you told us that in McKenzie's case the Board gave no decision?—The Board made no recommendation.

57. Neither upheld nor dismissed the man?—They left the matter entirely to the Minister.

58. Consequently they gave no decision?—I take it they gave a decision and declined to interfere.

59. They had a duty to perform?—I take it the Board gave its decision. District Judge Ward was Chairman of that Board, and he was a gentleman who generally gave decisions.

60. But the fact remains that they neither dismissed nor upheld the appeal?—The Board left the matter in the hands of the Department and made no recommendation.

61. In another case you found the Board was incapable of correctly interpreting the regulations?—I said in that case the Board, when dealing with the appeal—if you wish to have the full facts—had in front of it the Consolidated Statutes, 1908, instead of the Classification Acts of 1901 and 1907, and they gave their decision with that Act in front of them.

62. Or, in other words, they gave a wrong judgment through misreading the Act?—I have already stated what the facts were—that is, that the Board dealt with the case with the Act of 1908 in front of them instead of the Act of 1907, and they failed to notice the difference in the wording—that is, that the word "now" in the Act of 1901, which was the principal Act, was "then" in the Act of 1908.

63. And having failed in each of those cases, you are still of the opinion that the present constitution of the Appeal Board is satisfactory both to the Department and to the staff?—Well, if you want me to speak from the Department's point of view, that is another matter. So far as the staff is concerned, I take it it does not matter what the constitution of the Board is, you will never satisfy the staff, because they expect to get all the decision their way; but so far as the Department is concerned, it has been satisfied with the Board, and, as I have already stated, the policy is not to hand over the control of the Railway Department to an irresponsible Board.

64. *Mr. Witty.*] Do you know of any case where a man has been dismissed and where he has been refused the right of appeal?—Not if he is a permanent employee. A casual hand has no right of appeal.

65. There is no case, then?—Not that I am aware of.

66. *Mr. Arnold.*] Mr. McVilly, what do you term the "Punishment Board"?—The Punishment Board consists of the heads of branches.

67. The particular branch under which the person is charged?—No; generally speaking, it consists of the Stores Manager, the Chief Mechanical Engineer, the Chief Engineer, and the Chief Traffic Manager, and three form a quorum.

68. So that it would be that Board that would first hear the case?—Yes, the Board makes its recommendation to the General Manager.

69. Can you remember the recommendation of the Punishment Board in Harrington's case?—No, I cannot at the moment.

70. What was the finding of the Appeal Board in Harrington's case?—I think the Appeal Board took the charitable view of the matter and recommended, I think, that as he was nearing his retiring age he might be re-employed; but that, as I have said, was contrary to the provisions of the Act.

71. From the appeal and decision one might almost take it for granted that the Punishment Board recommended his dismissal?—Yes, very likely. I would not like to say for the moment, but I think they did on account of this clause in the Act, because all the members of the Punishment Board know that where a man is found guilty of drunkenness that is the punishment.

72. *The Chairman.*] I think you said that a Judge of the Supreme Court was wanted as Chairman of the Board, so that the decision of the Board should be final?—Yes, that is so. Mr. Ramsay said that in reply to a question from me.

73. Such a position could be met by still having a Magistrate as Chairman of the Board, but by the law making the decision of the Board final?—Yes, that is so; but if you had a Judge of the Supreme Court I take it that by virtue of his powers that the only appeal from his decision would be to the Court of Appeal.

74. It would be final then without an additional clause in the Act?—Yes.

75. What I wanted to get at was, should we employ such a high and responsible officer of the Crown as a Judge of the Supreme Court?—I understood that.

76. And give a Magistrate the same powers as a Judge on this particular Board?—I should like to say this: that, except in cases where the public safety is involved, like that position at Marton, the Department and the Minister have never interfered. If it comes to a question of law, there is the law, and the veto has to be exercised, but you can see from the number of cases that the Department has accepted the decision generally.

77. You said there had been 199 appeals?—Yes.

78. Can you tell us how many were upheld or how many granted?—There were only eighteen decisions vetoed.

79. But how many of the whole 199 cases were not granted: surely the Board decided in some cases against the appellants?—Oh, yes. I cannot tell you straight away. I will be glad to get that information.

80. The important point to the Committee is what relation the number of cases vetoed bear to the total number of decisions upheld by the Board?—Yes.

81. Now, in Harrington's case, did the Department give him any casual work?—I think not. I do not think he has ever applied; at all events, if he did apply to the Stationmaster at Lyttelton he would get it.

82. That clause in the Act does not prevent the Department giving a man similarly situated casual work?—As a matter of fact, we do it after a lapse of time. We cannot do it straight away. It has been done in a number of cases.

83. *Mr. Ross.*] So that you override the Act?—No, we do not; it is casual work. The Act says "permanent staff."

84. *The Chairman.*] Do you think there would be any objection to the reinstatement of a man such as Harrington in the service as a casual, and allowing his superannuation to count?—Well, sir, when a man goes out, as the law now stands, he must stop out, and as soon as he is out his superannuation payments cease, and he has got to withdraw his contributions under the Act. Only a member can receive superannuation under the Act, and a casual is not a member.

85. Yes, that is so. How long was Harrington in the service?—A great many years—I think probably thirty-four or thirty-six years. He was one of the old-timers.

86. He had only six years to go, even providing he did not reach the age-limit, and he could have gone out on superannuation?—He could have gone out on age-limit in nine months, I think.

87. Well, that being so, I want to get at your opinion regarding an alteration of the law to provide for a man with, say, thirty years' service, and meeting with hard luck like Harrington met with, continuing his payments as a casual and then going out on superannuation?—The difficulty I see, sir, is this: the number of cases you have such as Harrington's are very few, but you have a considerable number of cases in which young men go out—men, say, with ten or fifteen years' service—and if you are going to put those men in the position where they can continue their payments into the Superannuation Fund, while you have no control over them as to their subsequent misconduct outside, then I am afraid the fund is going to suffer very materially.

88. I do not suggest that: I said men with, say, thirty years' service. If a man had thirty years' service in, and his punishment for some irregularity should be dismissal, do you think, in your opinion, it would be advisable to allow that man to re-enter the service as a casual, and complete his time as a casual and draw superannuation?—No, I do not, for this reason: that if a man is getting, say, 9s. a day, and you take him on as a casual, you practically pay him the same amount, and you are giving him the benefits that would accrue to the other men—that is, in regard to superannuation. I take it he would pay his superannuation up to the time he retires from the permanent staff; then he pays no superannuation contributions subsequently, and he is better off to that extent than the men who have been in the service and conducted themselves properly, because he could not contribute as a casual. You would simply preserve his right.

89. Assuming that the power was given in this particular case to contribute as a casual?—Then, I am afraid you would find it would be detrimental to discipline. That is my opinion, based on the result of personal observation.

90. Two cases have been quoted by the Officers' Institute—McKenzie's and Harrington's. Do I understand from you that the Minister has not vetoed in both those cases, but in one only?—The Minister declined to make any alteration in either case. He vetoed Harrington's, and told McKenzie that the position would remain as it was.

91. Then, do you contend that was not a veto in McKenzie's case because the Board had not made a recommendation?—No, I am not contending that at all. As a matter of fact, it is included here in one of the vetoes.

92. Regarding the question raised by Mr. Ross about the Department preventing a man from appealing, can the Department prevent a man from appealing?—No, and, as I say, we do not do it.

93. *Mr. Ross.*] What about Robinson's case?—I do not remember Robinson's case; I will look into it.

94. *The Chairman.*] I was under the impression that every permanent man in the service had the right of appeal. Can the Department under any regulation or any other clause or rule prevent a man appealing?—No, sir, I cannot find any such provision in the Act.

95. *Mr. Witty.*] Every one has the right?—Yes.

96. *The Chairman.*] But you write to a man and say the appeal is of a trivial nature?—We simply state the facts, and if he says he wants to go on he can do so, provided he makes up his mind and tells us so in time.

97. He can still go on with it although you suggest the position is trivial?—Yes. Where correspondence takes place we explain the position to the man, and if he is not satisfied we take his appeal. He has only to say he is dissatisfied, and I do not know of any case in which the

Department has declined to let an appeal go on where circumstances of that kind existed and warranted it.

98. Is there not frequently delay in giving effect to the decisions of the Board?—Well, when the decisions of the Board come along they have to go to the Minister, and the Minister cannot always deal with them straight away, and neither can the Department deal with them straight away. The Minister and the Department have got certain other public matters to attend to, but there is no avoidable delay, and effect is given to the decision as soon as it can be. If a man is suspended and it is recommended that he should be reinstated, that is generally telegraphed, and then he gets his pay from the time it was withheld.

99. There is no unavoidable delay in giving effect to the recommendations?—No.

100. *Mr. Ross.*] As the question of drunkenness has entered into this subject so largely this morning, Mr. McVilly, might I ask you what is the recognized departmental definition of drunkenness?—Now you are asking me to explain something which the Chief Justice has admitted he cannot define. I am not prepared to say when I should consider a man drunk, but if a man came along and I thought he had had liquor and was not able to do his work I know what would happen then; but I am not not going to define when a man is drunk.

101. So that a man might have one drink and be considered drunk?—If you had got a fanatic on temperance to deal with I think he would say that a man with one liquor is under the influence of liquor, while another man will say that a man with a gallon is not. You have to leave that to the person who sees the man at the time.

102. What I was going to suggest is this: That as this consumption of drink on duty is evidently fatal to quite a number of good officers, would it not be a good thing to insist on all employees in the service being absolute abstainers?—They do so in America in regard to train-running, but I am afraid if we tried to do so in this democratic country a lot of us would have to get out.

103. Why I am putting the question is because I am afraid that any outsider reading this evidence would come to the conclusion that drunkenness was pretty prevalent in the Railway Department among officers?—No, I do not think that could be sustained, because, taking the service as a whole, there is only a small number of cases, and you will have that in every walk of life wherever a number of men are employed. The probabilities are that greater prominence is given to the matter in the Railways by reason of the fact that the public safety has to be considered, and therefore a sharper look-out is kept; but I do not think you would get the same amount of intemperance in the Railway Department as among a similar number of men employed outside.

104. You would probably get less?—Yes, very likely so, but I cannot say.

Mr. Ramsay: I should be glad, Mr. Chairman, if you would ask Mr. McVilly to produce the files in connection with Harrington's and McKenzie's cases.

The Chairman: Yes, they will be put in for the information of the Committee.

Institute's Statement of Estimated Cost of Proposed Increases.

The Chairman: Regarding the statements asked for from time to time, I think the first one was mentioned in Mr. Dennehy's evidence. Mr. McVilly promised to look into the matter of the cost based on the institute's request, and supply the Committee with his estimate of the cost.

Mr. Dennehy: It was the estimated cost of granting to the Railway officers a similar scale to that given to the Post and Telegraph Department. I quoted certain figures, and at a later date the institute handed to Mr. McVilly a statement which he agreed to look into and give the Committee his opinion of at a later stage.

Mr. Ramsay: With regard to the statement put in showing what the institute estimated would be the cost of adopting the Postal scale in the Railway service, perhaps Mr. McVilly admits that those figures are correct.

Mr. McVilly: Oh, no, I do not.

Mr. Ramsay: Then, if they are not correct, what is the position to be? I suppose Mr. McVilly will point out where they are incorrect, and allow one of the members of the institute who understands the figures to cross-examine him.

Mr. McVilly: If I might be allowed to state, sir, the position was this: When Mr. Ramsay was giving evidence he put in a statement of the estimated cost, and when examining me on a point of evidence I had given he asked me if I would admit their statement as to the cost was correct. I said I would not, but would be glad to look into the statement if it was handed to me. I would like to say that this statement was put in as a result of my having read out certain estimates prepared by the Department to show that the cost of what was proposed would be about £816,000 in fifteen years. Mr. Ramsay then put in the institute's statement showing "the total estimated cost for four years was £30,260," and he asked me to admit the correctness of it, but I have not admitted the correctness of it. So far as the Department is concerned, I am quite prepared to stand by the original figures I quoted.

The Chairman: Mr. McVilly should deal with this statement as his side of that particular point. The institute has placed on record its side. Mr. McVilly would then be putting on record his side of the case, and the institute could question him as before.

Mr. McVilly: I understand that when asked to look into this matter I am asked to admit the accuracy of the statement submitted by the institute, that the total cost in four years in bringing into effect what they are asking would be £30,260. Well, I said at the time I did not admit the accuracy of the statement, and, obviously, to deal with it I must place some figures before the Committee to show wherein it is inaccurate; and in dealing with that I propose also to hand in some other statements showing the cost of various proposals that have been made.

The Chairman: Statements you want to put in which have reference to any matter that has not been postponed you can put in without comment, but any other matter you will have an opportunity of explaining.

RICHARD WILLIAM MCVILLY further examined. (No. 39.)

1. *The Chairman.*] Will you now deal with the statement prepared by the institute of the estimated cost of what they propose?—Well, sir, referring to this statement which has been handed to the Committee by the Railway Officers' Institute, it purports to be "a statement showing the estimated cost of adopting a scale similar to that given to the Post and Telegraph Department, based on the numbers in present grades from 1 to 9 inclusive, as shown on D.–3 for 1st April, 1910." Now, the total estimated cost is stated to be £30,260 for four years. The yearly cost of the proposed scale if it were adopted is stated to be—First year, £14,625; second year, £9,010; third year, £4,555; and fourth year, £2,070. The yearly cost of scale increases under the present scale is stated to be—First year, £1,310; second year, £250; and third year, £50. There is also a note on the statement, "This proposal does not provide for members automatically reaching a salary of £260 per annum." Well, if it does not, I do not know what it does do; but speaking, sir, to the figures in their statement, they say the total cost for four years is £30,260. You have got for the first year £14,625; then they tell you the second year costs £9,010; but the second year does not cost that—it costs nearly £24,000. Then they tell you the third year costs you £4,555, but it costs you nearly £29,000. Then they say the cost for the fourth year is £2,070, when, as a matter of fact, the cost is £30,260, and after that your annual cost goes bumping up at the rate of £30,260. I will now state the Department's estimate of the cost based on the way we should classify the men. The Officers' Institute in making their calculations have not dealt with the men as we should deal with them. They have taken the amount and given the men here in some cases £30 increment. The Department's estimate of the cost is—For the first year, £11,705, as against £14,625; for the second year, £20,715, as against £9,010; for the third year, £29,410, as against £4,555; for the fourth year, £31,840, as against £2,070. The Department's total estimate at the end of the fourth year is £93,670. The position thus is, deducting the scale increases—First year, £1,245; total, £10,460: scale increases, second year, £1,580; total, £19,135: scale increases, third year, £1,805; total, £27,605: scale increases, fourth year, £1,905; total, £29,935. The Department's total is thus £87,135, as against the institute's total of £30,260, in four years; and then, sir, at the end of four years you have got a recurring annual expenditure of £29,935 to be added to the £87,135 over and above what you have got now. These things look very nice when you simply deal with one year only; but you have to take the aggregations compared with your whole expediture for the present time, and when you come to work out the cost up to the fourth year your additional expenditure is £29,935 per annum, but the increased expenditure you have incurred by the adoption of the scheme at the end of four years is £87,135, and that amount progresses annually to the extent of £29,935, which represents the recurring annual expenditure for every year afterwards. If you take the matter on that basis, the cost of the institute's proposals, taking their own figures for fifteen years, would be £429,570; then you have still other grades to provide for. They state that for four years the cost would be £30,260, but that statement is £56,875 short of what the amount would actually be. Therefore it is inaccurate and misleading. Then there is the statement regarding promotions dealt with by Mr. Dennehy. It is quite inaccurate; but, taking it as a basis, in fifteen years you have a further expenditure of £78,835 under his best years, or of £61,665 on his estimate of the last three years: this makes a total expenditure of over £500,000 over and above present expenditure and commitments we have got now. Well, the Department's estimate of the cost of what the institute is asking for was £816,415. Then you have got to provide for the promotion men not dealt with in the statement or included in the estimate, and you have got to raise those men a grade, because that is what would inevitably follow. That is going to cost a further sum of £75,130 in five years, and at the end of fifteen years this will cost £265,680, making the total additional cost of adopting the proposal £1,082,095. For ten years the cost would be the modest sum of £560,200. Well, that is an entirely different matter to £30,260 in four years, and I submit that it shows that the institute has not worked out the scheme accurately. I do not know the reasons, and I am not going to suggest any reason; but there is no question about this: that the Department's figures are absolutely accurate, and they show exactly what we would have to pay if this scale that the institute is asking for were brought into operation. That is exactly what would happen with each of the men concerned. They would be put in those positions and advance year by year, and at the end of four years the Department would have expended not £30,260, but £87,135 over and above the present expenditure and commitments under existing Act. After that you have to provide for the promotion of men now in the £220 and £255 classes, who would no doubt clamour loudly when they found the tenth-grade men coming on by scale increase only. I know perfectly well what the institute's contention will be, and that is that they will all be very happy, and those now in the £260 grade will be very content to remain there. The Department knows what happened in 1901 and in 1907, and they know what happened in 1897: the staff when they got something were not happy—everybody wanted to get more than the Government proposed, and more than the Government was able with the finances at its command to give them. I do not think it necessary to labour that question any more. For my purposes I simply show you that the figures presented in this statement by the institute are both inaccurate and misleading. It shows that they are not able to work out the cost; and even assuming these estimates have been fairly worked out—and I have no reason to assume otherwise—it seems to be an indication that the gentlemen who made the calculations do not understand the classification or the way to work it out.

2. *Mr. O'Loughlen.*] You say that in four years' time the annual cost per annum will be £87,135. Do I understand that is the annual cost?—No, the cost will be £87,135 at the end of four years; then you will have £29,935 additional annually.

3. That is the aggregate amount?—Yes. In the fourth year you will have £87,135, which is the aggregate, and then you will have £29,935 annually added on to that.

4. I want to make it clear to the Committee that the annual cost at the end of four years will not exceed the amount of £30,260 we have stated?—I am not prepared to admit even that, because I have already stated that you cannot stop at one class in estimating cost of such proposals as are being considered. The men who are in the class now at £255 will not be content to remain in that class and see others put into the class on the same footing as themselves; they will claim to go to a class higher, and then the cost would be higher still.

5. You know we have not taken everything into consideration?—Yes, there are lots of questions you have not taken into consideration which the Department has to. Where you are dealing with other people's money it is very nice and convenient to overlook things, and that is one of the things you have overlooked.

6. Is it not a fact that the annual cost will not exceed £30,000 at the end of four years?—The annual cost for the fourth year will be £29,935. Add that to the aggregate for the previous three years, making £87,135 for four years; afterwards take £29,935 per annum, and then add on the amount for the previous four years: that is what your scheme is costing.

7. That is, your annual cost would be £87,000 per annum more?—I have told you that at the end of four years the cost will be £87,135; then for the fifth year, £29,935, added to the £87,135. That will give you about £116,000, and so you go on *ad infinitum*.

8. That is the aggregate cost?—Yes, and it is the aggregate cost you have to deal with. What you are trying to do is to get this matter dealt with on an annual cost, forgetting conveniently that the annual cost does not represent the cost at all. You are leaving out your aggregations. If you give a man a £10 increase on £200 salary, in three years that is not £10 increase, but £30 increase. It is the aggregations you have got to deal with.

9. *The Chairman.*] You say £87,000 is the aggregation?—Yes; and then on that you have to put £29,000 for the next year.

10. *Mr. O'Loughlen.*] You keep on adding on from year to year?—That is the money the Department has to pay.

11. *Hon. Mr. Millar.*] Taking 2,000 officers, how many would be included—how many officers would that £30,000 be divided amongst?—Roughly, 550.

12. That is, £30,000 per annum for 550 men?—Yes.

13. *Mr. Ross.*] I understand that you in no way dispute the officers' figures except that the total arrived at by you is the aggregation?—I do dispute them.

14. Your aggregation is taken over four years as compared with the annual increased expenditure as shown by the officers in their statement?—I dispute their figures. I say their figures are inaccurate and misleading, and I have shown where they are inaccurate and misleading.

15. That is, assuming that you confine yourself strictly to the present proposals of the institute?—This table of the Department's is worked out on the same basis at the institute's table, and it shows clearly that the table submitted by the institute is inaccurate and misleading.

16. In other words, that you have not taken into consideration anything outside that which is taken into consideration by the officers in dealing with their statement?—I have dealt with the staff as we would deal with them in classification. It is not what the Officers' Institute say would be done, but what the Committee wants to know is the position the Department would take up if a certain thing were done—that is, supposing we altered the classification to-morrow, what would you do in connection with the men now in the service, and our total is worked out on that.

17. So that your total is not worked out on the basis of their proposals, but on the basis of what you say would happen following on the heels of their proposal?—My refutation of the officers' figures is arrived at by an examination of their figures, which show that the position has been put in a misleading way.

18. But in your calculations have you embraced anything beyond the definite proposals made by the officers?—I have already stated that we have worked out the same staff on the same basis as the Officers' Institute have done, and in the way that the staff would be worked out by the Department if it were classifying the staff to-morrow under a new Act; and in that connection I may tell you this: that if it had been worked out on the basis of the Officers' Institute my figures would have been increased materially. I did not want to exaggerate the position at all, but wanted to put the position clearly before the Committee. I wanted the Committee to understand exactly what the position would be if the alteration was made, and at the same time I have shown that the figures presented by the Officers' Institute are inaccurate and misleading.

19. So that your results have not been obtained on the same basis as the officers?—Yes, they have; but they are worked out in a proper way on the basis of the number of the staff.

20. And beyond the number of men, in every other respect it is the same?—I have worked out our scale on what would be done by the Department under that classification, and the Officers' Institute has not done it in that way.

21. In working out the figures you have taken into consideration something which you conclude would happen as a consequence of something done by the officers?—If an alteration were made and we had to deal with the men, it would have to be done in the manner provided here.

22. In other words, consequent upon these proposals being carried into effect, other proposals that are not included in the officers' statement would become necessary for the Department to carry on in what they consider a satisfactory manner?—If I am to understand from that question, Mr. Chairman, that the implication is that we have included in this statement something that would have to be undertaken differently if the officers' proposals were carried into effect, then that impression is quite erroneous. I have said that these figures are worked out on what would have to be done by the Department in respect of those particular men if the Officers' Institute proposal were carried into effect, and without making any provision for the extra promotions, which would only cost us about £75,000 in five years.

23. *Mr. Witty.*] You say there are 550 men affected?—Yes, about that.

24. And the amount is £31,000?—The amount we would have to deal with is £29,000 per annum after four years, but the aggregation is £116,000.

25. *Hon. Mr. Millar.*] I understand, Mr. McVilly, that what you say is this: that with the present number of men—viz., 550—if this schedule were agreed to, in fifteen years they would have received £1,000,000 more from the Railway Department in salary than under the present conditions?—In ten years' time we would have paid those men £389,795 more, and in fifteen years £816,425, without allowing for promotions, which would cost £265,680 additional.

26. *Mr. O'Loughlen.*] You stated that the return put in by the Railway Officers' Institute is misleading?—Yes.

27. Is it misleading in favour of the Railway servants, or misleading in favour of the Department?—I consider it misleading in favour of the officers, because you have shown that your annual cost is a decreasing one, whereas, as a matter of fact, it is an increasing cost. You start at £14,000 and drop down to £2,000.

28. Your estimate is less than ours per annum for the first year?—Yes; but that is not your fault, but it is owing to your not having understood how to work it out.

29. Is it not this way: that we have taken the full number in those grades and assumed they would all be put up?—No, that is not so, because the Department has to put them up. You have assumed they were going to get the maximum all the time, and they would not—some would have to get the minimum.

30. That really means we have overstated instead of understated the position in regard to the cost?—No, you have not overstated it.

31. We went on possibilities and not probabilities?—But your possibilities are not always the maximum. It is always a good thing to deal with the possibilities in connection with the actual facts. You have gone on this up to a certain point, then you carefully forget to deal with the possibilities of the 122 men in class 8; you do not provide for taking them up to class 7 as they would have to go. You have not taken class 7 up to class 6.

32. We have taken D.-3 for 1910, and assumed the classification with the Postal scale on that basis. For the first year we have said the cost would be £14,625, and you have said that under the Department's classification it would be £11,705, and that shows we have overestimated rather than underestimated?—No, you have not; you cannot get that on to me.

33. You took one year?—I took year by year and stated what the position was. I stated definitely in dealing with your statement that the second year should be £20,715, instead of £9,010, and that the third year should be £29,410, instead of £4,555, and that shows clearly that right along the line you have misstated the position.

34. That is the aggregation?—If you had put £14,625 of your own money into something and another £9,000 the next year, you would say that was £23,000; you would not say it was £9,000.

35. You do not deny that the Railway Officers' Institute has overestimated the position?—I say you have not overstated the position. According to you it is going to cost £30,260, and according to the Department it is going to cost £87,135 for four years.

36. *The Chairman.*] Can you give the Committee a statement of the annual cost according to the Department's estimate, leaving out the aggregate altogether?—Yes, it is a question of subtraction. The first year is £10,460; second year, £8,675 added on to the first; third year, £8,470 added on to the two previous years; fourth year, £2,330 added on to the three previous years; and that brings it out at £29,935 annualy at the end of four years.

37. How do you arrive at the £80,000—by taking the present salaries paid and adding the increments on to those?—Year by year.

38. That is the total cost of salaries?—£87,135 is the total extra cost for the four years.

39. What is important to the Committee is what the increase would be?—Well, the increase is going to be £87,135 for four years.

40. That is to say, if the Postal scale were conceded to the First Division those amounts you have just quoted would be the annual increase on the present salaries?—No, one year above the other. It would be an increase on an increase all the time.

41. You misunderstand my question. What would be the annual increase, taking each year separately, over and above the present?—No, in four years' time——

42. I am not talking about four years at all: leave all the other years out. Supposing in the first year they had the Postal scale, what would be the increase?—The first year would be £10,460, and the second year £19,135—we are taking the position to-day, what it would be two years hence—and three years hence £27,605, and four years £29,935; and your expenditure would then have been £87,135 over and above what it is to-day.

43. I realize that, and we might say in fifty years hence it would be so-and-so; but what I want to get at is the average increased annual cost to the Department?—Then you have got to fix some time. We are dealing with the cost as at the present day.

44. In regard to promotions, in your figures do you provide for more promotions than what the institute has provided for?—No, I have dealt with the same men and classified them exactly the same as if we were dealing with the new Act to-morrow.

45. In providing for putting them up have you exceeded the recent percentages?—There are no percentage barriers.

46. Yes, but I am dealing with the percentage of officers promoted to the number of officers in the service?—We have not done that. We have simply provided for the men going up in the ordinary course as they would do. You have to remember this: that the institute has cut out one class, and you have to put those men up. Those men who are in a certain position have been put up. There is no barrier, and you have to assume the men are all efficient.

47. That is so far as that grade is concerned?—So far as those grades are concerned which the Officers' Institute has been dealing with, from 1 to 9.

48. You made a reference, when dealing with the institute's figures, about automatic promotion?—Yes. "This proposal does not provide for members automatically reaching a salary of £260 per annum."

49. That was the suggestion, that the Department would not be called upon to automatically promote a man whether he merited promotion or not?—But the institute has worked this out on the number of men in the grade, and they are in the same position as we are.

50. Therefore they have taken automatic promotion?—Yes, and so have we, and you cannot do anything else. I take it they think that if a man is not efficient we would leave him out.

51. The suggestion is that you would save by non-automatic promotions?—You might save a small amount; but in connection with that I have pointed out that where scale increases are concerned, as they would be if the proposals were given effect to, you would find very few instances in which the men were not recommended for increases.

52. You do not provide for automatic promotion now?—No, we do not, and I think that is one of the complaints.

Members of Institute: No, no.

Witness: It is easy to deny that, but the correspondence shows otherwise.

53. *The Chairman.*] If you did promote automatically it would be entirely apart from merit?—Yes.

54. Have you any reason to believe that the Officers' Institute figures are inaccurate according to the proposals they submit?—Of course, the figures are inaccurate to the extent I have stated—that is, that their statement does not represent the actual yearly increase, but only amounts, year by year, and the total increases at the end of four years as shown by them is inaccurate. It is not the total, but only the annual increase at the end of four years. They have practically taken the men to the maximums, and have given them in some cases up £30.

55. If you had done exactly the same, would not your figures have been the same?—The annual cost may have come to £30,260—my figures might have come to that. There is a difference of £300 between us, but we should not have agreed as to the aggregate cost of one year over another.

56. But you would have agreed if you had done what they did, added one year to another?—I do not agree we would not have agreed.

57. Although you have not adopted their method you are only £300 out?—That is the annual cost of one year at the end of four years, but in the aggregate cost to the Department in four years there is a difference of £57,000 between their figures and mine.

58. What I want to get at is this: has the institute simply taken the four years separately and added those four years together?—Yes.

WEDNESDAY, 11TH OCTOBER, 1911

The Chairman: When we adjourned yesterday, Mr. McVilly was about to hand in various statements that he would have supplied earlier if he had had the information. He has since looked up the information and is now prepared to hand in the statements.

Mr. Ross objected to any other statements being put in except those which had been promised by Mr. McVilly to members of the Committee during the course of the evidence. It was agreed that the statements should go in, but that the Chairman and Clerk of the Committee should go through the evidence and see what statements had been promised should be put in, and that those statements should then be included in that portion of the evidence where they are referred to.

Mr. McVilly: Might I ask whether the Department is going to have an opportunity of replying to Mr. Ramsay's final address?

The Chairman: Not according to the decision we arrived at as to the proceedure.

Mr. McVilly: Was not the decision at the outset that the representative of the institute should address the Committee at the finish, and the Department should have the right to reply?

The Chairman: No.

Mr. McVilly: Well, sir, had I anticipated for a moment that that would have been the case, I should have put in the whole of my statements and dealt with them *in extenso* when giving my evidence yesterday—in which case the evidence would not have been as far advanced as it has been—but I did not wish to take up the time of the Committee in talking on matters dealt with in these statements because a short explanation which I proposed to make in closing the Department's case would have enabled the Committee to see for themselves the position just as well as if I had taken up a lot of time in giving evidence for the purpose of placing the statements before the Committee and then being examined on them. The Department is certainly being placed in a most invidious position if it is to be debarred from the right to put in the statements it desires and to explain them.

Mr. Ramsay: There would be no difficulty in putting the papers in before the final address, but if the tables are to be gone into and we have to cross-examine Mr. McVilly on them we will be here for another fortnight.

Mr. McVilly: I wish to make a few remarks in connection with Mr. Ramsay's last statement. I take it that the object of the institute in petitioning Parliament was to get certain things properly gone into. The Railway Department at very considerable inconvenience has arranged to relieve these officers. Now, those gentlemen have been here prosecuting this business for several weeks; they have had nothing else to do all day, and in the course of their evidence they have referred to all sorts of things which the Department's representative has had to meet. In other words, the Department's representative has required to know, in order to meet the statements made by these gentlemen, everything that has gone on in the Railway Department during the last

fifteen to twenty years and carry it all in his head. Now, sir, it is all very well for the representatives of the institute to now say that if a certain course of procedure is followed that we shall be here for another week or ten days but that statement is only made after they have finished their case. I take it, sir, that now the Committee has been set up it should go into the business and get right down absolutely to the bed-rock position once and for all, and when that is being done the Department should have every opportunity of putting its side of the case fairly and squarely before the Committee. I submit it is very much better to do that now than to have trouble and dissatisfaction next year or the year after. I just wish to say that so far as the question of time is concerned, the Railway Department has raised no objection to these gentlemen remaining here. It is very anxious that the matter should be definitely settled once and for all, so that the position may be fully understood by the public and others interested. The Department is desirous of going on with this matter and bringing it down to a final conclusion. It has got to be remembered that I have a large office to look after and a large amount of office work to do after I finish here every day. The preparation of the information required has involved a large amount of extra work and ever since this Committee has been sitting I have been working till 1 and 2 o'clock in the morning. I have not nor am I complaining of that, I have done that because I want to see finality reached, and now these officers after being here for the past four weeks coolly come along after they have taken all the time necessary to finish their case and point out the great inconvenience they will be put to if the necessary time is now taken to finish the Department's side.

The Chairman: The Department has not been prevented from giving evidence. All the clauses in the petition have been taken one by one purposely to give the Department and the institute the opportunity of discussing fully each clause. Now, you surely do not contend for a moment that you have been prevented from giving evidence on each clause as it came up.

Mr. McVilly: No, I am not suggesting that, but these statements have been referred to and are part of the evidence, and the Department is desirous of putting them in.

The Chairman: If those statements are additional to those asked for at the time you were giving evidence they are not in order. It seems to be the opinion of the Committee that the statements you intend to put in traverse the whole of the evidence that has been placed before the Committee, simply because certain points were raised. If at the time you had said in connection with certain matters you would put in a statement, they would have been accepted, but if you are coming along with fresh statements dealing with points that have already been closed, as these clauses have been, then they are quite out of order according to the procedure of the Committee.

Mr. McVilly: Well, sir, these are not fresh statements. In the course of my evidence I gave certain figures showing costs and other data, and in connection with those I said at the time that I would put in full information later. These are the statements showing the working out of those figures.

Mr. Ross: It seems to me we have arrived at a reasonable conclusion. Mr. McVilly says that the statements he wants to put in are papers that he is entitled to put in according to our ruling or mode of procedure. We have no objection to that.

Mr. McVilly: I do not wish to labour the matter any further, I simply want to say in conclusion that on behalf of the Department I desire to make it quite clear to the Committee that we are not out to try and do any hanky-panky business. The whole business so far as the Department is concerned is fair and square and above-board, and I am not trying to put in or do anything which, if I were on the other side, I would consider unfair or inequitable.

RICHARD WILLIAM McVILLY further examined. (No. 40.)

1. *The Chairman.*] Will you now explain what statements you desire to hand in?—The statements I wish to put in are as follows. (1.) Comparative statement showing salaries of Stationmasters in South Australia, Victoria, and New Zealand (value of house-rent deducted in the case of South Australia and New Zealand. (2.) Statement showing house-rents paid by Railway Stationmasters in New Zealand. (3.) A few typical cases where the Department has increased the pay of positions. (4.) Comparative statement of salaries paid to Stationmasters in years 1897, 1902, 1907, and 1910. (5.) Conditions, rates of pay, and privileges of employees on foreign railways. (6.) Statement showing the additional cost to the Railway Department to bring First Division of the staff, as existing on 1st April, 1911, under the Postal classification. (7.) Estimated cost of adopting the scale submitted by the Railway Officers' Institute worked out on the basis of figures submitted by the institute; and estimated expenditure incurred for promotions based on those made during the best year since 1905. (8.) Statement showing fines inflicted on all employees and paid into the Government Railway Superannuation Fund for each year from 1st April, 1903, to 31st March, 1911. (9.) Statement of commissions paid by the Government Life Insurance Department to Stationmasters at combined railway and post offices for the performance of life insurance business. (10.) Statement showing some of the members of Postal service who were transferred to Railway Department, and the positions they took up immediately on appointment. (11.) Comparison of schedule rates of pay as fixed by the Postal and Railway Acts, 1908. (12.) Rates of pay of leading mercantile establishments in Wellington at present time. (13.) Comparative statement of salaries of officers of Railway, Post and Telegraph, and Civil Service Departments. (14.) Average salaries, Division I, Railway and Postal Departments.

2. *Mr. Ross.*] Yesterday I referred to a case of a man being refused the right of appeal, and mentioned Robinson's case, and I understood we were to have definite information in regard to that case?—I had the file looked up, and it will come before the Committee. It is on all-fours with the classification cases dealt with by the Appeal Board before the case came up. The position was that the man was entitled under the Classification Act of 1901 to £150 on the 9th May, 1908. He was reclassified under the Act of 1907 on the 1st April, 1908, and given a salary of £150 per annum as from the 1st April. The pay was at least as high as that to which he was entitled in May,

1908, and he got it seven weeks before due date, and had therefore no ground for complaint. When, however, the 9th May came round he wanted another increase of £15 a year—that is, two increases within one year. That claim was an illegal one and could not be conceded. He obtained all the advantages to which the Act entitled him and suffered no disabilities. He was contending for something to which he was not entitled, and in accordance with the decision of the Appeal Board in other similar cases where classification was intended he had no claim.

3. There were also two other files to be produced in connection with two cases where the decision of the Appeal Board had been vetoed by the Minister?—I should like to say, Mr. Chairman, that when these papers were asked for I promised that they would be placed before the Committee. I did not promise that the Departmental files would be placed before the officers of the institute, nor will the Department allow that. All the files that the Committee asked for are being looked up and will be submitted to the Committee.

JAMES YOUNG further examined. (No. 41.)

1. *The Chairman.*] I understand you now desire to make a final address to the Committee, summing up the position from the institute's point of view?—Yes. Mr. Chairman and gentlemen, I am somewhat at a disadvantage in reviewing the evidence, because, as you know, it has extended over three or four weeks, and we have not had full notes of the evidence supplied to us. We have therefore to trust chiefly to our memories, but I will confine my remarks as closely as possible to what has been actually given in evidence. First, we start with clause 6 of the petition. We contend that our claim "that the spirit and intention of the Act has not been carried out" has not been disproved by the evidence brought forward by the Department. We have quoted cases where officers in a lower grade are filling positions previously occupied by officers in a higher grade. These positions have been filled by a lower-grade officer in some cases for several years, and we therefore submit that we have proved our case. We have instanced the case of the Locomotive Foreman at Auckland, who has been two years at the top of the lower grade, notwithstanding the fact that the traffic on that section has increased to a very great extent and that his predecessors were in a higher grade. We have also instanced the case of the Locomotive Foreman at Palmerston North, who has also been some considerable time in the lower grade. In this case the Department's reply was to the effect that this officer's section had been curtailed; but this officer has quite as many engines to deal with now as his predecessors had; the duties and responsibilities are, therefore, at the present time practically equal to those performed by his predecessors. The evidence given by Mr. Smith shows clearly that the positions in the Locomotive Department have not been improved for a great number of years, and in some cases they have been reduced. We have also instanced the reduction in the status of the positions of Stationmaster, Bluff, and Traffic Clerk, Christchurch, which, to our minds, show that positions are being systematically reduced. Mr. McVilly, in his evidence regarding the reduction of positions, stated that positions were not graded, but I think later on he admitted that some stations were graded. However, as D.–3 frequently shows many officers with a tag to the effect that promotion will not take place until a vacancy occurs in a higher grade, it must be evident that some of the positions are graded. We want to point out that the different reasons advanced to account for the reduction of positions makes it very difficult for the Department to uphold the position they have taken up, and it is not possible for any member of the service to form any reliable estimate as to what promotion he is likely to receive in the course of years. It has been stated that positions have been increased out of charity to make room for members who were promoted and were afterwards reduced, although in many cases the traffic has been maintained or increased. In other cases the reason given by the Department for the failure to promote members is that there are members in other branches ahead of them on the D.–3, but for whom there are no vacancies. This results in reducing salaries for an indefinite period, and we submit there is no good reason why an Inspector of Permanent-way or a Locomotive Foreman, for instance, who do the same or more work than their predecessors at a lower salary, should not be promoted merely because there are officers in other branches ahead of them on D.–3 for whom there are no vacancies. The figures quoted by Mr. Dennehy in his evidence have not been refuted by the Department. These figures can easily be verified or otherwise by checking them with the parliamentary papers. They have not been refuted, and, as a matter of fact, they cannot be. The comparisons are clearly stated, and we wish especially to draw the attention of the Committee to these figures to show that the number of officers in the higher grades generally has not been maintained. For instance, compare grades 7 and 9 in 1908 and 1910: Grade 7 (£260–£300)—in 1908 there were 83 in this grade, whilst in 1910 there were 75, a reduction of 8. Grade 9 (£210–£220)—in 1908 there were 247 in this grade, whilst in 1910 there were 278, an increase of 31. The statement shows also that the salaries paid in proportion to the revenue and in proportion to the expenditure have not been maintained. The petitioner has therefore proved that efficient officers of long and faithful service have been deprived of promotion to which they are entitled; and, gentlemen, it is the men of the rank and file that feel this. Clause 7—System of promotion: The fact that in 1908 two officers were promoted ahead of two other men, and that the positions were reversed the following D.–3, shows that the system of promotion is defective. The Department has referred to the system of promotion by examination, which is a feature of the system of promotion in the Post and Telegraph Department, apparently with a view of showing that the lot of a Railway officer is easier than the Postal officer. Now, in connection with that we wish to draw attention to the fact that the Officers' Institute has approached the Department with a view of establishing at least a commencement of such a system. I refer to the proposal which was made in 1910 to introduce a system of examination for promotion of cadets after three years' service. This the Department declined to consider, on the grounds that the present system prevailing in the Railway service was superior to that of the Postal service. Now, if the proposal made by us had been given effect to it would, in our opinion, have been a commencement of

a system that would have been of great assistance to the Department in classifying the staff, and a step in the direction of bringing the best men to the top. For, gentlemen, I can assure you that the Railway Officers' Institute is not in favour of promoting men purely for length of service. We should like to see the best men go to the top. The Department produced a number of files to show the trouble it had had with District Officers to get them into line and to get them to make consistent recommendations. Nothing further appears to be required to prove our case. It may be that the Department's executive goes to infinite trouble in its endeavour to arrange promotions equitably; but, owing to the fact that the system is based on individual opinions of a large number of officers scattered all over the Dominion, it fails to attain its object, and therefore the head of the Department may not have sufficient information at his disposal to enable him to judge of the relative merits of a staff spread over the country from the Bay of Islands to the Bluff. In regard to clauses 8, 9, and 10, dealing with comparisons with the Post and Telegraph scale of pay: We contend that the Department has entirely failed to refute the claims embodied in clauses 8, 9, and 10 of the petition. The positions as shown in the Post and Telegraph classification are in every way in advance of positions in the Railway service classification. The Department has put in statements of the cost of the proposal based on the assumption that promotion in the Railway service would be automatic up to £260 per annum. We have not claimed anything of the kind. We recognize that there must always be a certain proportion of officers who are not suitable for promotion, and we submit that the Post and Telegraph classification provides for such officers by allowing them to be promoted from £200 to £220 per annum, and then held at the latter salary until they are qualified for further promotion. We ask only for equal remuneration as that in the Post and Telegraph service. The statement we have put in has been based on the most liberal scale of promotion—certainly in excess of what the actual promotion will be. Our statement shows that for a period of four years the total extra cost will only be £30,260, exclusive, of course, of any promotions that may be made from grade to grade during that time. These figures were necessarily based on an assumption, and we accordingly allowed for a larger number of promotions than we knew were probable. Of course, we have no access to the departmental records. We stated at the time we put the statement in that it was a liberal estimate, and this has been proved by the Department's figures, which show that we overestimated the yearly expenditure. Now, gentlemen, the figures quoted by the Department are marvellously ingenious, but absolutely misleading. They resemble somewhat the story of the blacksmith who offered to shoe a horse at so-much for the first nail, and doubling the charge for each successive nail. The modest amount required to place the officers of the Railway Department on an equality with officers of the Post and Telegraph Department is juggled into millions by the simple process of adding the aggregate of one year into the next, and so on. It attempts to prove, gentlemen, that a man getting £300 a year would in twenty years receive £6,000 a year. Take, for instance, a man at £100 a year who is to receive a rise of £10 a year for four years. According to the Department's figures it would work out this way: First year, £110 = £10 actual rise; second year, £120 = £10 actual rise (as per Department's figures = £30); third year, £130 = £10 actual rise (as per Department's figures = £60); fourth year, £140 = £10 actual rise (as per Department's figures = £100). Although this man receives only £40 more the fourth year than he did prior to his first rise, the Department aggregates the amounts and makes the total £100. It is unnecessary for me to labour this question before you. Simply, the figures are placed before you by the Department in that way to alarm you so that you may be "scared" to give a favourable report upon the petition. If all figures given in Parliament were placed before you in this way and you accepted them, I venture to say that very little progress would take place in this country. Gentlemen, the Department has not denied that the salaries paid at the present time are less per cent. of revenue than they were four years since, and that they are also less per cent. of expenditure than they were four years ago. We submit, gentlemen, that as intelligent business men you will recognize that this is the only fair comparison. We realize, of course, that you have the right to look at the cost of our requests, and we repeat that the figures given by us are correct in substance, and that the fears that posterity may have a large bill to meet are groundless. We submitted that in four years' time the increase in salaries would be £30,260 more than at present, and that is an absolutely reliable statement. The Department makes it out that it would be something like £87,000, and I am certain that any one who understands the position will be perfectly satisfied that the figures of the Department are absolutely unreliable. Further, gentlemen, we hold that what is good for the Postal official is good for us. If the Postal Department can stand the expenditure entailed by its scale of salaries, why should our officers, admitted by the Department's witness to be just as good, be less adequately remunerated? Mr. McVilly, in his evidence, referred to the delays in promotion years ago, and that officers remained at a low rate of pay for a number of years. We admit this, but at the same time would point out that the low rates of pay in those years and the lengthy delays in promotion caused great distress in the service. Those low rates of pay obtained during periods of financial depression, and at a time when the railways were practically in their infancy, and at a time when the policy of the railway management was in a state of transition. Such an argument would also apply to the Post and Telegraph Department. The comparison of salaries paid to officers in the Post and Telegraph service and those paid to officers in the Railway service are shown in Schedule C. These comparisons have not been refuted, and Mr. McVilly in his evidence admitted that the Railway officers required a knowledge of bigger things than the officers in the Post and Telegraph service. This has been our contention all through, and it is on these grounds that we consider that Railway officers should be paid at least as high a salary as officers in the Post and Telegraph Department. We do not agree with the statement of Mr. McVilly that the Post and Telegraph Department's officers are too highly paid, as it must be admitted that those responsible for the Post and Telegraph classification only provided remuneration that was considered fair and just to officers of that Department. We strongly

contend that we are justified in claiming equal remuneration with officers in the Post and Telegraph Department, and that we should be treated in a similar manner, on the grounds that our work is admittedly equally onerous and responsible, and that we serve the same employers—the people of New Zealand. In Mr. McVilly's evidence in connection with clause 17 of the petition he strongly emphasized the necessity for severe punishment of Railway officers. Now, men who are faced with duties which entail such punishments in the event of failure are surely doing important work. The Department has endeavoured to compare the salaries paid to Railway officers in New Zealand with those in Australia and some other countries. We submit that the comparisons are irrelevant and unfair, as the conditions may not be similar to ours, and no accurate particulars have been given of the duties performed by Railway officers in other countries. As a matter of fact, Mr. McVilly admitted that the organization of other railways is not the same as in New Zealand, and it is therefore impossible to compare the conditions. Even if such comparisons were fair, which we deny, a perusal of the Victorian rates of pay for 1911 will show that in many positions the salaries in Victoria compare more than favourably with similar positions in New Zealand. We pointed out one instance where the Booking Clerk at Sydney received more money than the Stationmaster, and therefore he must be considered to be in a higher position than the Stationmaster. In that country many Stationmasters are practically train-despatchers. The Australian railways are more like the English railways: smart porters there work up to Stationmasters, and many in the clerical branches in Australia do not wish to take up positions as Stationmasters. The comparisons with railways of other countries have been made simply to obscure the issue, and when the Department has into introduce comparisons of this nature it is a very plain indication of the weakness of its case. Further, most of the comparisons put forward by the Department covered too much ground—that is, they commenced their comparisons from ten to fifteen years back, when the conditions were quite different to what they are to-day. You will observe that our petition was based on the Act of 1908, and it might reasonably be expected that the Department's figures would have been on the conditions that have obtained under that Act. If they had based their comparisons on the Act of 1908, as they should have done, it would have been quite clear, as our comparisons have shown, that the Department has used that Act to effect retrenchment in the higher grades. One of the statements put in by Mr. McVilly quoting salaries in 1901, 1907, 1910, and 1911 is quite incorrect, and quotes scale rates that were never in existence. The statement, therefore, is unreliable. The Hon. Mr. Millar has stated his intention of having all the evidence printed for the benefit of the public. We are quite willing and anxious to appeal to the public of New Zealand on this question, as we feel sure that we have nothing to fear. When the public of New Zealand know that the officers in the most important Department of the public service are paid at a less rate of pay than the officers in the Post and Telegraph Department (probably the next most important section) they will realize the justice of the claims put forward. Clause 11—Travelling-allowances: The Department has again referred you to the Australian States for a comparison as to the travelling-allowances paid to members, and avoided comparison with New Zealand's own public services. You will have noticed, gentlemen, that when asked to compare our Department with the Post and Telegraph Department Mr. McVilly has avoided the matter by saying that he has nothing to do with the Post and Telegraph Department. It might reasonably be asked, what has our Department to do with Australia? Why should it be considered necessary to go several thousands of miles for comparisons with foreign countries when comparisons can be obtained close at hand? It appears to us, gentlemen, that, being servants of the one Government, our claim for equal consideration with the Post and Telegraph service is logical. We are of the same people, and we cannot see any reason for differential treatment. Clauses 12 and 13—Sick-leave and annual leave: No attempt has been made to prove that Railway officers are not entitled to equal leave to that granted to Postal officers; nor, in our opinion, has any attempt been made to justify the action of the Department in deducting sick-leave from annual leave. We fully recognize that when an officer has had lengthy sick-leave he could not expect annual leave in addition; but it is the small things that irritate, and we respectfully submit, gentlemen, that the charge of wholesale malingering levelled at the staff has not been proved in evidence; and, further, the Officers' Institute would not be a party to support malingerers in any sense whatever. We have the welfare of the service at heart, and we look upon the malingerer as unworthy of consideration, and think that his punishment should be severe, in the interests of discipline. The Department has been given an opportunity to produce some practical evidence of malingering. A reference has been made to some five men who were said to have been knocking about Wellington when they were supposed to be ill, but so far no definite particulars have been given. It would appear, then, that these elusive malingerers have been the direct cause of the introduction of the drastic clause in the regulations which provides for sick-leave to be deducted from annual leave. We should like to get hold of those gentlemen, for we realize that it is through them the whole service has been branded with dishonesty. Clause 14—Sunday duty: With increased train-service Sunday duty must necessarily increase. On some lines the number of trains running daily prevents certain renewals and repairs being carried out on week-days, and necessitates Sunday work. We do not consider that the Department need fear that officers will be so anxious to work on Sundays as to cause anything but works of absolute importance to be undertaken on such days. The practice that has grown up of calling officers on duty on Sunday to attend to trains running on that day without paying them anything for their services, on the ground that the train, having commenced its journey on the previous Saturday, is a Saturday train, is one that is creating a considerable amount of feeling amongst officers. It is not contended, however, that Sunday duty imposed upon members as a result of the running of a genuine Saturday-night train extending into Sunday, as in the case of regular suburban trains, &c., should be paid for when officers are merely finishing their ordinary shift. Clause 15—Overtime; long hours: This is not a plea to increase the expenses of the Department. A considerable amount of adjustment might be arranged, and we hold that a very small addition to the relieving staff would be able to cope with long hours at stations.

The station staffs would be only too willing to accept a day's leave occasionally to compensate them for the long hours worked. In fact, some districts have introduced such a system, but it has not been made general. We again draw the attention of the Committee to the disadvantage the Railway officer suffers in this connection as compared with the Postal service. From the statements made by the Department it might be inferred that one station can relieve another, but it must be understood that such an arrangement could only be made by direction of the management. Overtime in stress times is a different matter, and we recognize that frequently this cannot be avoided. Provided that annual leave as granted to the Post and Telegraph service was given to Railway officers, and sick-leave was not deducted from annual leave, Railway officers would be reasonably satisfied. Clauses 16 and 17—Transfer expenses: We have shown that transfer expenses have been cut down to such a limit that hardship will necessarily fall on members when transferred long distances, especially when an oversea journey is entailed. We hold that Railway officers are entitled to similar treatment to officers in other Departments. Any man claiming unreasonable expenses could be dealt with. Then again, the system obtaining in some Departments by which a lump sum is given appears to be very reasonable, and if arranged on an equitable basis, both the officers and the Department would know what to expect. Australian rates have been quoted again in this connection, and not Post and Telegraph rates. It must be borne in mind that we are living in New Zealand, not Australia, and that conditions are altogether different. With regard to punishments, we simply ask you to refer to the evidence. We recognize that the wrongdoer must be punished, and that the exigencies of the service demand strict observance of the regulations for the safe transit of trains. We contend, however, that the series of punishments shown in clause 17 are very severe indeed, and such as no officer in the Post and Telegraph Department could very well be subjected to as the result of any dereliction of duty. Clause 18—Request to be heard before clause 10 is inserted in amending Railway Act: This matter has been fully explained by Mr. Ramsay. Mr. McVilly referred to officers of the service being suspicious of the management. Well, gentlemen, we leave you to judge of this. We have been charged with being malingerers and with aiding and abetting them. It has even been suggested that a Railway Stationmaster might conspire with the engine-driver and guard to delay a train, and then "cook" the returns so as to obtain overtime. Now, gentlemen, Railway officers are absolutely loyal to the Department, and the Railway Officers' Institute has always taken up with its members any sign of a disposition to relax their efforts to maintain the tone of the service in this particular. Gentlemen, the officers might reasonably ask for equal loyalty at the hands of the Department. Clause 19—Appeal Board: This is a very difficult matter to overcome. There is no doubt that an Appeal Board which hears appeals against the decisions of the Minister is practically worthless when its work is also subject to the decision of the Minister. No Minister, having the power of veto, need allow his decisions to be upset, and it is obvious, therefore, that no member of the Railway service can win a case unless the Minister allows him to do so. The Appeal Board is therefore of no use to an officer except as a means of advertising his complaint. In conclusion, we wish to say that all through the proceedings the Department has treated the matters brought forward from a purely departmental point of view. Possibly from that point of view there may be some justification, but, sir, we would like the Committee to take a broader view. We would like the Committee to consider the matter as directors appointed by the people of New Zealand to manage their concerns. Here are two of the largest democratic services in the Dominion in which the regulations governing each service are of vastly different value. In pay, holiday leave, overtime, hours of duty—in fact, nearly everything that is worth while—the Railway officer suffers in comparison with the Postal officer. Is it the wish of the people of New Zealand that such disparity should exist? Gentlemen, we are content to leave the answer to you.

Mr. McVilly: Have I the right to reply to that address, Mr. Chairman?

The Chairman: No, except you want to put yourself right in any case where you have been misrepresented, but you are not to make a speech.

Mr. McVilly: I understood that on the first day a certain decision was arrived at and I was to have the right of reply. If I misunderstood that I am quite prepared to accept your ruling, but, at the same time, as I have already stated, it is placing the Department in a very invidious position.

The Chairman: The minute of the 14th September distinctly states that only the representative of the institute has a right to make a final address summing up the position. That now closes the business before the Committee, and I wish, on behalf of the Committee, to thank you, gentlemen, for the straightforward manner in which you have given evidence, and also the Department for answering the questions as fully as they could and for producing the various papers. I think you have put your case very clearly before the Committee.

Mr. Graham: Mr. Chairman and gentlemen,—As President of the Railway Officers' Institute, I should like to express our thanks to you for the opportunity you have afforded us in placing our petition before you, and I desire to convey to you the high appreciation we feel for the unfailing courtesy which you have extended to each witness who has had the honour of giving evidence before you, and for the patient hearing you have given us. We should also like to place on record the fact of the courtesy that has been extended to us by the Minister and the Department, and to say that we appreciate the favour they have conferred on us by granting the necessary leave to come before you. We have done our best to put our case clearly before you, and we trust that we have succeeded in convincing you of the reasonableness of our claims. We feel sure that if you carefully weigh the evidence which has been adduced, that you will recommend our petition to the Government for favourable consideration. I can only say again that we thank you, gentlemen, for the manner in which you have received us.

The Chairman: On behalf of the Committee I might say that we appreciate what has been said

EXHIBITS.

LIST OF EXHIBITS.

Exhibit A.—Statement showing number of officers in various grades.

Exhibit B.—Statement showing number of officers and total salaries paid in each grade.

Exhibit C.—Statement showing ratio of total paid in Division I to the total earnings, and total expe diture of the Department for six years ended 31st March, 1911.

Exhibit D.—Statement showing increases and revenue at certain stations for year ending 31st March, 1910, compared with year ending 31st March, 1908.

Exhibit E.—Statement showing estimated cost of adopting scale similar to that given to the Post and Telegraph Department.

Exhibit No. 1.—Statement of house-rents paid by Railway Stationmasters.

Exhibit No. 2.—Salaries paid on railways in various other countries.

Exhibit No. 3.—Cases where the Department has increased the pay of positions.

Exhibit No. 4.—Comparative statement of salaries paid to Stationmasters in years 1897, 1902, 1907, and 1910.

Exhibit No. 5.—Statement of commissions paid by the Government Life Insurance Department to Stationmasters at combined stations.

Exhibit No. 6.—Statement showing the additional cost to the Department to bring First Division under the Postal classification.

Exhibit No. 7.—Estimated cost of adopting the scale submitted by the Railway Officers' Institute.

Exhibit No. 8.—Promotions of staff.

Exhibit No. 9.—Fines.

Exhibit No. 10.—Comparison of schedule rates of pay, Postal and Railway.

Exhibit No. 11.—Rates of pay, leading mercantile establishments.

Exhibit No. 12.—Averag salaries, First Division, Railways.

Exhibit A.

Statement put in by Railway Officers' Institute.

STATEMENT showing NUMBER of OFFICERS in the VARIOUS GRADES for Six Years from 1st April, 1905.

Grade.		Number in Grade on 1st April.						Average Percentage for Three Years.	Grade.		Number in Grade on 1st April.						Average Percentage for Three Years.
		1910.		1909.		1908.					1907.		1906.		1905.		
No.	Salary.	No.	Percentage of Total Officers.	No.	Percentage of Total Officers.	No.	Percentage of Total Officers.		No.	Salary.	No.	Percentage of Total Officers.	No.	Percentage of Total Officers.	No.	Percentage of Total Officers.	
	£									£							
1	625–700	1		3		3			1	600–650	4		4		4		
2	545–600	4		1		1			2	520–575	1		1		1		
3	470–525	11	6·89	14	7·24	14	7·60	7·24				6·66		6·28		6·31	6·41
4	420–450	6		4		4			3	425–500	16		13		12		
5	370–400	27		29		26			4	370–400	18		15		11		
6	315–355	41		41		42			5	315–355	33		31		32		
	Totals ..	90	..	92	..	90				Totals ..	72	..	64	..	60		
	£									£							
7	260–300	75	5·74	79	6·22	83	7·01	6·32	6	260–300	86	7·94	74	7·27	64	6·74	7·31
8	240–255	122	9·35	128	10·07	125	10·56	9·99	7	235–250	115	10·62	103	10·11	90	9·47	10·07
9	210–220	278	21·30	269	21·18	247	20·86	21·11	8	190–220	267	24·47	265	26·00	229	24·10	24·86
10	120–200	740	56·70	702	55·27	638	53·93	55·30	9	110–180	543	50·14	513	50·35	507	53·37	51·29
	Totals* ..	1,215	93·10	1,178	92·76	1,093	92·39	92·72		Totals* ..	1,011	93·14	955	93·71	890	93·69	93·58
	Total officers ..	1,305	69·50	1,270	66·00	1,183	66·61			Total officers ..	1,083	68·50	1,019	66·70	950	64·30	
	Cadets, £50–110 ..	573	30·50	652	34·00	594	33·40			Cadets, £40–100 ..	499	31·50	508	33·30	527	35·70	
	Grand totals ..	1,878	..	1,922	..	1,777	..	..		..	1,582	..	1,527	..	1,477		

NOTE.—Cadets are not included in computation of percentage of officers in grades.

* Percentages being worked to three places of decimals, the totals to two places of decimals therefore cannot quite agree.

Exhibit B.

Statement put in by Railway Officers' Institute.

STATEMENT showing NUMBER of OFFICERS and TOTAL SALARIES PAID in each Grade.

Grade.		On 1st April. 1910.		1909.		1908.	
No.	Salary.	No.	Amount.	No.	Amount.	No.	Amount.
			£		£		£
General Manager		1	1,250	1	1,250	1	1,250
Chief Clerk and Accountant		2	1,400	2	1,350	2	1,300
Totals		3	2,650	3	2,600	3	2,550
Branch management		3	2,700	3	2,650	3	2,550
	£						
1	625–700	1	675	3	2,050	3	1,975
2	545–600	4	2,235	1	600	1	600
3	470–525	11	5,675	14	7,130	14	7,035
4	420–500	6	2,640	4	1,740	4	1,680
5	370–400	27	10,755	29	11,380	26	9,940
6	315–355	41	14,205	41	13,795	42	13,490
7	260–300	75	22,095	83	22,960	83	23,490
8	240–255	122	30,890	128	32,320	125	29,580
9	210–220	278	60,969	269	58,940	247	53,030
10	120–200	740	124,780	702	115,360	638	111,705
Cadets	50–110	573	45,795	652	44,990	594	33,660
Totals		1,878	320,714	1,922	311,265	1,777	286,185
Grand totals		1,884	326,064	1,928	316,515	1,784	291,285

Grade.		On 1st April. 1907.		1906.		1905.	
No.	Salary.	No.	Amount.	No.	Amount.	No.	Amount.
General Manager		1	£ 1,250	1	£ 1,250	1	£ 1,250
Totals		1	1,250	1	1,250	1	1,250
Branch management		3	2,600	3	2,550	3	2,500
	£						
1	600–650	4	2,600	4	2,575	4	2,550
2	520–575	1	575	1	575	1	575
3	425–500	16	7,600	13	6,365	12	5,765
4	370–400	18	6,015	15	5,820	11	4,325
5	315–355	33	11,165	31	9,350	32	11,020
6	260–300	86	24,315	74	21,250	64	18,455
7	235–250	115	26,680	103	25,245	90	22,370
8	190–220	267	54,790	265	54,600	229	47,680
9	110–180	543	78,570	513	77,092	507	78,900
Cadets	40–100	499	29,180	508	33,870	527	33,170
Totals		1,582	241,490	1,527	236,742	1,477	224,810
		1,586	285,340	1,531	240,542	1,481	228,560

Exhibit C.

Statement put in by Railway Officers' Institute.

STATEMENT showing RATIO of TOTAL SALARIES PAID in DIVISION I to the TOTAL EARNINGS and TOTAL EXPENDITURE of the DEPARTMENT for Six Years ended 31st March, 1911.

Year ending March.	Number of Members in Division I.	Total Salaries paid in Division I as shown in D.-3.	Total Earnings of the Department.	Percentage of Salaries to Earnings.	Total Expenditure of the Department.	Percentage of Salaries to Total Expenditure.	Net Profits of the Department.	Percentage on Capital of Open Lines.	Percentage on Capital of All Lines.
		£	£		£		£		
1911	1,884	326,064	3,494,182	9·33	2,303,272	14·16	1,190,910	4·06	..
1910	1,928	316,515	3,249,790	9·74	2,169,474	14·59	1,080,316	3·80	3·58
1909	1,784	292,585	2,929,526	9·99	2,114,815	13·31	814,711	3·13	2·80
1908	1,586	285,340	2,761,938	10·33	1,949,759	14·63	812,179	3·33	3·04
1907	1,531	240,542	2,624,600	9·16	1,812,482	13·27	812,118	3·45	3·19
1906	1,481	228,560	2,349,704	9·73	1,621,239	14·09	728,465	3·24	3·02

STATEMENT showing PROPOSED PERCENTAGE of OFFICERS to be in GRADES on the Assumption that the present Ninth Grade is rated from £210 to £260.

Grade. (Salary.)	Number of Officers at present in Grade.	Proposed Percentage of Total Officers to be in each Grade.	Number of Officers in Grade on said Percentages.	Remarks.
£330 to £700	90	8 %	104	Present grades 1 to 6 are grouped for sake of convenience.
£275 to £315	75	9 %	117	
£210 to £260	400	38 %	496	
£120 to £200	740	45 %	587	
	1,305	..	1,304	

NOTE.—1,305 is the total number of officers employed on 1st April, 1910, not including cadets.

Exhibit D.

Statement put in by Railway Officers' Institute.

STATEMENT showing INCREASES in TRAFFIC and REVENUE at certain Stations for Year ending 31st March, 1910, compared with Year ending 31st March 1908. (Season Tickets not included.)

Station.	Grade.	Outwards Traffic.				Inwards Traffic.			Outwards Revenue: Increase.	Remarks.
		Passengers.	Parcels.	Live-stock.	Goods.	Parcels.	Live-stock.	Goods.		
		No.	No.	No.	Tons.	No.	No.	Tons.	£	
Auckland (passenger)	6	46,109	8,676	391	..	3,934	290	..	45,151	Station in same grade now as in 1903.
,, (booking)	8	46,109	..	..	..	..	..	..	42,536	
,, (goods)	5	..	..	1,067	4,270	..	1,062	11,414	6,490	Raised to £400, grade 5, in 1911.
Newmarket	8	7,583	..	58	1,341	452	..	..	602	Busy suburban station.
Mount Eden	10	22,735	128	529	2,867	245	1,605	1,638	963	,,
Avondale	10	28,916	78	..	..	161	1,144	1,050	1,581	,,
Henderson	..	9,665	708	890	1,334	430	37	807	1,257	,,
Ellerslie	10	8,789	37	67	333	..	97	1,027	492	,,
Penrose	9	2,238	..	7,818	7,756	..	36,578	2,325	1,957	,,
Otahuhu	10	22,903	..	8,208	3,740	..	20,047	3,710	3,220	
Pukekohe	9	2,471	908	..	1,505	1,414	..	3,811	1,397	Busy postal station (recently separated).
Tuakau	10	357	1,092	4,638	987	137	2,603	848	635	
Huntly	8	3,591	459	628	37,204	549	806	4,234	7,709	
Ngaruawahia	9	4,093	..	6,840	1,446	1,678	17,858	1,676	1,677	Busy postal station (recently separated).
Frankton Junction	7	10,732	148	2,294	325	1,044	10,120	39	7,486	Busy junction; controls plant supply for stations south of Frankton, Thames, Rotorua, and Cambridge branches.
Hamilton	8	428	1,434	11,046	1,592	5,099	..	..	3,071	
Cambridge	9	..	522	982	122	..	1,941	..	826	
Morrinsville	8	2,058	2,241	..	1,039	193	5,270	2,615	1,268	Busy junction (heavy postal business recently separated).
Rotorua	8	915	116	1,881	..	..	..	..	1,733	Busy passenger station.
Te Aroha	9	4,324	207	1,147	733	985	238	1,670	1,347	
Waihi	9	4,159	453	51	..	1,116	415	22,198	1,127	
Te Kuiti	10	10,078	2,339	14,611	1,056	4,001	41,669	4,550	7,133	
Taumarunui	8	19,528	1,247	..	..	..	17,342	..	..	Train-running station. Goods traffic decreased.
Ohakune	8	15,487	667	394	12,702	1,536	2,545	2,103	15,725	Raised to grade 8 since Main Trunk opened.
Taihape	7	..	..	..	..	..	..	..	..	Train-running station. Traffic shows decrease £2,469.
Marton	8	8,421	18	..	665	781	2,629	..	4,713	Busy junction.
Stratford	8	12,380	411	..	416	532	..	10,059	4,738	
Hawera	7	7,629	589	..	1,432	572	1,237	1,194	5,551	Subterminus station.
Patea	9	1,686	44	1,009	371	..	5,652	8,349	1,656	
Feilding	8	5,366	..	31,579	..	..	..	..	9,441	
Palmerston North	6	13,708	1,903	4,864	1,551	..	..	2,154	17,346	Terminal station; train-running distribution of plant Very busy junction; heavy through traffic.
Foxton	8	1,178	..	408	2,854	644	..	4,521	4,352	
Pahiatua	8	..	..	..	1,972	..	..	..	1,737	
Masterton	7	..	243	2,439	2,971	..	..	..	1,504	
Lower Hutt	8	9,046	..	581	8,793	..	..	232	1,990	
Petone	8	3,059	..	1,482	1,745	25	78,167	..	130	Station reduced from grade 7 to 8 since 1908.
Carterton	9	..	623	..	860	..	..	..	403	Reduce grade 8 to grade 9.
Wellington (goods)	6	..	..	676	..	..	3,757	1,829	18,733	
Otaki	10	8,953	4,466	8,134	2,645	4,096	1,878	4,609	5,054	
Johnsonville	10	20,485	2,037	7,637	381	824	114,165	4,252	2,667	Manawatu stations, taken over 7/12/08.
Paekakariki	8	12,713	2,595	4,408	6,265	2,229	2,713	5,726	5,403	
Levin	10	12,144	3,924	22,259	3,748	3,299	12,294	4,395	5,328	
Thorndon, Wellington	5	148,495	26,968	1,522	..	17,441	793	..	67,744	Lambton and Thorndon now in charge of one Station-master at £400 per annum.
Lambton, Wellington	8	27,614	..	60	..	..	204	..	..	Clerk at £255 in charge Lambton, doing duty formerly paid for at £400 per annum.

Christchurch (passenger)	..	..	5	15,866	..	262	..	..	206	..	2,337	
,, (booking)	..	..	9	15,866	..	..	..	..	..	..	1,594	
,, (parcels)	..	..	9	..	..	262	..	..	206	..	644	Heavy through luggage-traffic.
,, (goods)	..	..	5	..	..	102	3,944	..	172	..	1,660	
Belfast ..	..	..	9	..	81	..	4,287	..	19,671	..	783	
Kaiapoi ..	..	..	8	3,370	314	..	8,214	537	457	2,834	1,674	
Rangiora ..	..	..	8	3,156	141	..	3,750	712	4,494	..	384	Junction.
Domett ..	..	..	10	1,035	379	26,859	1,090	644	..	3,354	2,055	
Culverden	..	..	9	2,286	514	..	1,003	..	3,337	819	975	
Southbridge	..	..	9	..	..	..	2,103	..	3,285	90	773	Busy postal station.
Rakaia ..	..	..	8	721	..	44,232	8,497	153	3,440	..	4,011	Recently combined station, now separate.
Methven ..	..	..	9	718	81	..	3,375	436	..	680	1,488	,, ,,
Chertsey ..	..	..	10	..	2	32,394	2,334	154	25,658	..	1,490	Combined.
Ashburton	..	..	7	1,275	..	..	3,245	..	..	..	1,165	Subterminal station.
Fairlie ..	..	..	9	851	393	4,751	696	388	2,396	..	1,646	Busy combined station.
Timaru and wharf ..	..	..	6	4,937	..	2,903	23,452	9,677	11,041	47,714	3,680	Terminal station; controls train-running and plant-distribution.
,, (goods and wharf)	..	..	8	..	..	4,080	23,452	..	11,775	47,714	1,288	Position of Chief Clerk and Second Clerk reduced a grade.
Waimate ..	..	..	9	1,001	1,014	2,461	2,198	..	..	..	1,282	
Kurow ..	..	..	9	..	..	4,742	442	359	..	1,268	662	Busy postal station. (Terminal.)
Duntroon ..	..	..	10	..	821	19,064	1,748	390	4,049	..	1,129	,, ,,
Oamaru ..	..	..	6	7,825	1,401	5,036	19,675	2,726	14,951	24,737	5,165	Terminal station; controls train-running and plant-distribution.
Maheno ..	..	..	9	..	201	..	4,047	427	..	1,215	1,648	Busy postal station.
Dunedin (passenger)	..	..	5	46,680	5,537	..	..	..	..	..	8,915	
,, (booking) ..	..	..	8	46,680	..	..	..	..	..	..	7,293	
,, (parcels) ..	..	..	9	..	5,537	..	..	1,892	37	..	623	Heavy through traffic.
,, (goods) ..	..	..	5	..	..	626	..	..	..	..	3,323	
Burnside ..	..	..	9	1,762	20	2,538	2,052	22	79,511	..	1,482	
Middlemarch	..	..	10	34	950	..	1,125	..	782	338	436	Very busy postal station.
Mosgiel ..	..	..	8	7,361	572	..	1,866	1,307	..	..	837	Busy subterminal station.
Stirling ..	..	..	8	..	106	..	21,672	162	..	912	7,675	
Balclutha ..	..	..	7	4,531	554	29,796	1,546	1,612	..	6,786	5,077	Busy subterminal station.
Heriot ..	..	..	10	549	158	18,121	841	365	..	..	1,644	Combined station.
Pukerau ..	..	..	10	167	999	1,825	3,001	1,537	..	204	1,296	,,
Gore ..	..	..	7	11,201	2,577	..	7,297	1,206	..	4,657	5,248	Junction and busy subterminal station.
Riversdale	..	..	9	..	389	..	4,419	..	..	336	1,820	Heavy combined station.
Invercargill	..	..	6	11,892	5,563	..	8,378	22	..	1,260	6,083	
,, (booking)	..	..	9	11,892	..	..	..	..	..	..	4,319	
,, (goods)	..	..	7	..	..	..	8,378	..	..	1,260	1,251	
Bluff and wharf ..	..	..	7	3,395	2,274	..	21,126	435	76,553	53,442	608	Reduced from garde 7 to grade 8 in 1908.
Orepuki ..	..	..	8	946	350	..	3,633	..	..	..	2,531	Heavy combined station.
Otautau ..	..	..	9	306	108	8,854	5,030	..	..	..	1,433	
Nightcaps	..	..	9	1,370	..	2,215	6,892	378	..	1,137	2,824	Combined station.
Winton ..	..	..	9	826	36	1,363	6,255	2,746	..	2,698	2,674	
Lumsden ..	..	..	8	..	221	5,380	705	..	..	..	523	Heavy postal station.
Greymouth	..	..	7	20,439	5,417	819	6,185	2,161	..	..	5,588	
Ngahere ..	..	..	10	4,062	593	..	63,831	818	650	8	8,723	
Totara Flat	..	..	10	..	903	..	3,866	..	..	164	1,093	
Westport ..	..	..	4	2,873	777	1,305	..	..	72	140,916	..	Revenue decrease, £151.
Waimangaroa	..	..	9	982	76	58	47,715	228	497	..	5,279	
Granity ..	..	..	9	2,614	46	2	90,220	837	798	..	12,787	
Nelson ..	..	..	7	2,727	..	..	1,241	..	8,882	..	2,694	
Picton ..	..	..	7	2,743	..	3,301	..	..	27,367	7,435	2,335	
Gisborne ..	..	..	7	3,397	293	1,995	3,323	969	56,733	6,039	2,637	
Te Karaka	..	..	10	..	969	56,733	6,039	293	1,995	3,323	1,303	

Exhibit E.

Statement put in by Railway Officers' Institute.

STATEMENT showing ESTIMATED COST of adopting SCALE similar to that given to the POST AND TELEGRAPH DEPARTMENT.—Based on the Numbers in Present Grades from 1 to 9 inclusive, as shown on D.-3 for 1st April, 1910.

Present Railway Scale.			Scale on Lines of Post and Telegraph Department.			Increase in Maximum.	Number of Officers in each Grade.	Total Estimated Cost for Four Years.	Yearly Cost if proposed Scale was adopted.				Yearly Cost of Scale Increases under Present Scale.		
Grade.	Minimum.	Maximum.	Grade.	Minimum.	Maximum.		1st April, 1910.		First Year.	Second Year.	Third Year.	Fourth Year.	First Year.	Second Year.	Third Year.
	£	£		£	£	£		£	£	£	£	£	£	£	£
1	625	700	1	625	700	100	1	400	100	100	100	100	25	..	..
2	545	600					4								
3	470	525	2	550	600	75	11	825	275	275	275	..	45	55	..
4	420	450	3	500	525	75	6	450	300	150	..	..	100	..	..
5	370	400	4	440	475	75	27	2,025	1,080	540	405	..	30	30	..
6	315	355	5	385	425	70	41	2,870	1,230	820	820	..	290	75	10
7	260	300	6	330	370	70	75	5,250	2,250	1,125	1,125	750	370	90	40
8	240	255	7	275	315	60	122	7,320	2,440	1,830	1,830	1,220	210	..	..
9	210	220	8	215	260	40	278	11,120	6,950	4,170	..	..	240	..	..
10	120	200	9	120	200	Nil	..	..	..	..	..	..	..	..	..
								30,260	14,625	9,010	4,555	2,070	1,310	250	50

NOTE.—This proposal does *not* provide for members automatically reaching a salary of £260 per annum.

Exhibit No. 1.

Railways Department's Statement.

HOUSE-RENTS PAID BY RAILWAY STATIONMASTERS.

	£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.
1 at	52	0	0	..	52	0	0	3 at	26	0	0	..	78	0	0
1 „	50	5	4	..	50	5	4	31 „	25	0	0	..	775	0	0
1 „	45	10	0	..	45	10	0	13 „	24	14	0	..	321	4	0
1 „	44	4	0	..	44	4	0	9 „	23	8	0	..	210	12	0
3 „	40	0	0	..	120	0	0	9 „	22	2	0	..	198	18	0
3 „	39	0	0	..	117	0	0	8 „	20	16	0	..	166	8	0
6 „	37	14	0	..	226	4	0	80 „	20	0	0	..	1,600	0	0
1 „	36	8	0	..	36	8	0	13 „	19	10	0	..	253	10	0
1 „	35	6	4	..	35	6	4	21 „	18	4	0	..	382	4	0
7 „	35	0	0	..	245	0	0	8 „	16	18	0	..	135	4	0
7 „	33	16	0	..	236	12	0	6 „	15	12	0	..	93	12	0
4 „	31	4	0	..	124	16	0	8 „	14	6	0	..	114	8	0
1 „	30	0	0	..	30	0	0	1 „	13	0	0	..	13	0	0
3 „	29	18	0	..	89	14	0	1 „	10	8	0	..	10	8	0
5 „	28	12	0	..	143	0	0								
4 „	27	6	0	..	109	4	0	260					£6,057	11	8

Average charge per house per annum, £23 5s. 11d., or 9s. per week. Capital value of houses, £103,000.

Exhibit No. 2.

Railways Department's Statement.

HUNGARIAN STATE RAILWAYS.

Position.	Minimum.			Maximum.			Remarks.
	£	s.	d.	£	s.	d.	
Stationmasters 1st class, Clerks 1st class, Chief Telegraphists, and Inspectors	75	0	0	133	6	8	Wait between increments, three each first three, four years each for next four; twenty-five years in grade before maximum reached.
Stationmasters 2nd class, Clerks 2nd class, Telegraphists, and Foremen	50	0	0	83	6	8	Two years each for first two, then one three, then two four; fifteen years in grade to attain maximum.
Chief Foremen in Workshops ..	104	3	4	150	0	0	Four years between each increment; twelve years in grade to reach maximum (house allowance, £14 11s. 8d. to £33 6s. 8d. according to location).
Foremen Workshops	58	6	8	116	13	4	One two years, one three years, four four years; twenty-one years in grade to attain maximum.

House allowance, Stationmasters, &c., £6 5s. to £25, according to location.

Hours of duty, 12 to 18, according to the nature and condition of work. After 18 hours on, must have 12 hours off. Telegraphists, continuous, 12 to 16 hours; intermittent, 18 hours, with 12 hours off duty.

Staff in receipt of regular pay deemed to be 7-days-per-week men. Overtime not paid for. Uniforms compulsory, and to be found by higher-grade officers, who are, however, granted £6 to assist in providing uniforms. Free passes for selves, wives, and families after one year's service, available for use on slow trains only; not granted for short distances, and not available for fast trains except on payment of difference in fare between fast- and slow-train rate. Where a long journey is being taken special application has to be made for permission to use pass on payment of difference between fast- and slow-train rates. For short journeys half-rates have to be paid, and then the employees may only travel by slow train. Two children over four and under ten are carried as one passenger, but if only one child, has to pay full rate.

Leave: Principal staff—1 to 10 years, 14 days; 10 to 20 years, 3 weeks; over 20 years, 4 weeks. Secondary staff—1 to 10 years, 8 days; 10 to 20 years, 10 days; over 20 years, 14 days.

AUSTRIAN STATE RAILWAYS.

Approximate mileage, 6,000. Qualification of officers: Graduate through university or pass Civil Service examination or served as active officers in army or navy.

Position.	Minimum.			Maximum.			Remarks.
	£	s.	d.	£	s.	d.	
Stationmasters, 1st class ..	50	0	0	108	6	8	After twenty-four years in the 1st grade. Eight periods of three years for each increment, two increases of £4 3s. 4d. and six of £8 6s. 8d. per annum.
Stationmasters, 2nd class ..	37	10	0	75	0	0	After thirty-two years in the grade. Increments £4 3s. 4d., one after two years, five after each three years, three after each five years.
Foremen Shunters, Car and Wagon Foremen	37	10	0	75	0	0	After thirty-two years in the grade. Increments £4 3s. 4d., one after two years, five after each three years, three after each five years.
Station Foremen ..	33	6	8	66	13	4	Twenty-one years in grade. Two increments of £4 3s. 4d. after two years intervals, four with three years interval, one after five years.
Works Foremen	54	3	4	125	0	0	Twenty-seven years to reach maximum. One increment, £4 3s. 4d., after three years, eight of £8 6s. 8d. with three years periods between. House allowance, £10 8s. 4d. to £33 6s. 8d.

House allowance varying according to pay and locality from £8 6s. 8d. to £26 13s. 4d. In Vienna the allowance is from £16 13s. 4d. to £41 13s. 4d. for 1st class Stationmasters: for 2nd class Stationmasters, £12 10s. to £25.

Clerks, 1st class, £50 to £108: two two-years increments. Clerks, 2nd class, £37 10s. to £70 16s. 8d.; two two years, six three years.

Exhibit No. 2—*continued.*

German Railways.

Prussia State, 28,000, approximately.

Position.	Minimum.	Maximum.	Remarks.
	£ s. d.	£ s. d.	
Stationmasters, 1st class..	100 0 0	175 0 0	Fifteen years in grade to attain maximum: five triennial increments.
Stationmasters, 2nd class..	75 0 0	150 0 0	Twenty-one years in grade to attain maximum: seven triennial increments.
Clerks, 1st class.. ..	62 10 0	112 10 0	Twenty-one years in grade to attain maximum: seven triennial increments.
Clerks, 2nd class, and Draughtsmen	62 10 0	91 13 4	Twenty-one years in grade to attain maximum: seven triennial increments.
Technical Office Assistants	62 10 0	125 0 0	Twenty-one years in grade to attain maximum: seven triennial increments.
Audit Inspectors ..	75 0 0	175 0 0	Twenty-four years in grade to attain maximum: eight triennial increments.
Foremen in Workshops ..	87 10 0	175 0 0	Twenty-one years in grade to attain maximum: seven triennial increments.
Foremen	58 6 8	75 0 0	Fifteen years in grade to attain maximum: five triennial increments.
Foremen Shunters and Telegraphists	58 6 8	75 0 0	Eighteen years in grade to attain maximum: six triennial increments.
Car and Wagon Inspectors	37 10 0	58 6 8	Twenty-four years in grade to attain maximum: eight triennial increments.

House allowance, £4 10s. to £22 10s., according to location.

Bavaria.

Position.	Minimum.	Maximum.	Remarks.
	£ s. d.	£ s. d.	
Stationmasters 1st class, Chief Yard Inspectors, Clerks, and Draughtsmen 1st class	62 10 0	100 0 0	Twenty-six years in grade to attain maximum; one triennial, one biennial, four quinquennial, then maximum after one year.
Coaching Foremen and Draughtsmen	62 10 0	95 0 0	Twenty-six years in grade to attain maximum: one triennial, one biennial, four quinquennial, then maximum after one year.
Stationmasters 2nd class, Yard Inspectors, and Foremen	51 5 0	71 5 0	Twenty-six years in grade to attain maximum: one triennial, one biennial, four quinquennial, then maximum after one year.

House allowance, £7 10s. to £10 8s. 4d.

German Confederated States.—Hours of duty, 8 to 16 hours, according to circumstances, seven-day week. Alternate Sundays or equivalent days off. Pay based on seven days per week; no extra for Sunday. No overtime to officers. Uniforms not supplied free. Clothing clubs exist, and State makes a contribution at rate of £1 10s. per man per annum. Punishment up to 100 marks. Railway employees residing at a distance from their headquarters pay half-rates for their tickets. Free passes are not issued to wives and families of employees when on annual leave. Age-limit for entry, 40.

Average Payment per Head on Railways.—	1902. £ s. d.	1906. £ s. d.
Bavaria	58 10 0	64 2 6
Prussia	54 5 0	57 15 0
Imperial railways	54 13 4	60 19 2
Palatinate railways..	58 19 2	61 16 8

South African Railways.

December, 1907.

Cape.—Whites, 7,692; average per annum, £141·04. *Central South African Railways.*—Whites, 5,071; average per annum, £229·73. *Natal.*—Whites, 4,218; average per annum, £168·71. *All systems.*—Whites, 16,981; average per annum, £174·40.

Exhibit No. 3.

Railways Department's Statement.

A FEW TYPICAL CASES WHERE THE DEPARTMENT HAS INCREASED THE PAY OF POSITIONS.

District Engineer's Office: Auckland—Blackburn promoted; Wellington—McMaster promoted; Christchurch—Young promoted; Dunedin—Burnett promoted; Invercargill—McCartney promoted.

Chief Engineer's Office: Chief Draughtsman made Office Engineer; Second Draughtsman promoted to grade 6.

Chief Mechanical Engineer's Office: Second clerk promoted to grade 6.

Traffic Clerks: Auckland—Brownlee promoted, grade 7 to 6; Auckland—Second clerk promoted grade 8 to 7; Wanganui—Mellor promoted, grade 7 to 6; Wanganui—Third clerk, Wright, promoted, grade 9 to 8; Wellington—Bowles promoted, grade 6 to 5; Wellington—Second clerk, Jeffares, promoted, grade 9 to 8; Christchurch—Second clerk, Grant, promoted, grade 8 to 7; Christchurch—Third clerk, Andrews, promoted, grade 9 to 8; Dunedin—Traffic Clerk promoted, grade 6 to 5; Dunedin—Second clerk, Cameron, promoted, grade 8 to 7; Dunedin—Third clerk promoted, grade 10 to 9; Invercargill—Traffic Clerk, McDonald, promoted, grade 7 to 6.

Stationmaster in Charge, Westport—Grade 6, now District Traffic Manager, grade 4.

District Traffic Manager, Greymouth—Grade 5 to grade 4.

Stationmaster in Charge, Gisborne—Grade 8 to grade 7.

Traffic Inspectors: W. A. Wood, Wanganui—Grade 7 to 6; E. A. Dawson, Wellington—Grade 7 to 6; A. T. Ennis, Invercargill—Grade 8 to 7.

Locomotive Engineer's Clerks: F. J. Parson, Newmarket—Grade 8 to 7; O. E. Naughton, Petone—Grade 8 to 7; C. Loveday, Addington—Grade 7 to 6; E. H. Seager, Addington—Grade 9 to 8.

Several cases of Workshop Foremen promoted.

Stationmasters: Frankton—grade 8 to 7; Taumarunui—grade 9 to 8; Taihape—grade 9 to 7; Addington—grade 8 to 7; Balclutha—grade 8 to 7; Christchurch—grade 6 to 5; Dannevirke—grade 8 to 7; Dunedin—grade 6 to 5; Feilding—grade 9 to 8.; Foxton—grade 9 to 8; Greymouth—grade 9 to 7; Hastings—grade 8 to 7; Huntly—grade 9 to 8; Mercer—grade 9 to 8; Lyttelton—grade 6 to 5; Marton—grade 8 to 7; Morrinsville—grade 9 to 8; Otira—grade 10 to 9; Paeroa—grade 9 to 8; Pahiatua—grade 9 to 8; Waipukurau—grade 9 to 8; Wellington—grade 6 to 5.

Goods Agents: Auckland (formerly Chief Goods Clerk)—grade 7 to 6, and 6 to 5; Wellington (formerly Chief Goods Clerk)—grade 7 to 6; Christchurch—grade 6 to 5; Dunedin—grade 6 to 5.

Exhibit No. 4.

Railways Department's Statement.

COMPARATIVE STATEMENT of SALARIES paid to STATIONMASTERS in Years 1897, 1902, 1907, and 1910.

Stations at Present.	1897.	1902.	1907.	1910.
Grade 5	1 at £300	4 at £315	4 at £355	3 at £400
(4)	2 ,, £275			1 ,, £370
	1 ,, £250			
Grade 6	4 ,, £250	1 ,, £330	4 ,, £355	2 ,, £355
(6)	1 ,, £220	4 ,, £315	1 ,, £345	1 ,, £345
	1 ,, £210	1 ,, £260	1 ,, £315	3 ,, £330
Grade 7	1 ,, £300	1 ,, £265	10 ,, £300	9 ,, £300
(16)	1 ,, £245	10 ,, £260	1 ,, £275	4 ,, £290
	1 ,, £230	5 ,, £235	3 ,, £260	2 ,, £275
	4 ,, £220		1 ,, £250	1 ,, £260
	3 ,, £210		1 ,, £220	
	1 ,, £190			
	2 ,, £180			
	1 ,, £160			
	2 ,, £200			
Grade 8	3 ,, £210	17 ,, £235	1 ,, £260	24 ,, £255
(28)	5 ,, £200	2 ,, £220	13 ,, £250	3 ,, £240
	5 ,, £190	4 ,, £210	4 ,, £235	1 ,, £220
	5 ,, £180	3 ,, £190	9 ,, £220	
	4 ,, £170	1 ,, £180	1 ,, £210	
	4 ,, £160	1 ,, £170		
	2 ,, £140			
Grade 9	1 ,, £190	2 ,, £235	54 ,, £220	1 ,, £255
(71)	7 ,, £180	5 ,, £220	7 ,, £210	69 ,, £220
	24 ,, £170	5 ,, £210	3 ,, £200	1 ,, £190
	18 ,, £160	49 ,, £190	7 ,, £190	
	11 ,, £150	9 ,, £170		
	7 ,, £140	1 ,, £160		
Grade 10	1 ,, £200	1 ,, £200	4 ,, £220	3 ,, £220
(89)	7 ,, £170	9 ,, £190	1 ,, £210	67 ,, £200
	9 ,, £160	5 ,, £180	1 ,, £200	17 ,, £190
	1 ,, £155	1 ,, £175	1 ,, £190	1 ,, £180
	33 ,, £150	73 ,, £170	76 ,, £180	(1 since closed)
	38 ,, £140		6 ,, £170	

Year.	£140.	£150.	£155.	£160.	£170.	£180.	£190.	£200.	£210.	£220.	£230.	£235.
	91			67		24		15		6		
1897	47	44	1	32	35	14	10	8	7	5	1	..
				85								
1902	..	..	..	1	84	6	61	1	9	7	..	24
1907	..	..	..	..	6	76	8	4	9	68	..	4
1910	..	..	..	..	..	1	18	67	..	73	..	..

Year.	£240.	£250.	£255.	£260.	£275.	£290.	£300.	£315.	£330.	£345.	£355.	£370.	£400.
	6												
1897 ..	1	5	..	..	2*	..	2†	..	..	..	..	..	..
1902 ..	..	..	..	12	..	..	..	8	1	..	..	..	..
1907 ..	..	14	..	4	1	..	10	1	..	1	8	..	..
1910 ..	3	..	25	1	2	4	9	..	3	1	2	1	3

* After serving in the first grade ten years.

† After serving in the first grade fifteen years.

Exhibit No. 5.

Railways Department's Statement.

STATEMENT of COMMISSIONS paid by the GOVERNMENT LIFE INSURANCE DEPARTMENT to STATION MASTERS at COMBINED RAILWAY AND POST OFFICES for the Performance of LIFE INSURANCE BUSINESS. (One Year ending 31st August, 1911.)

NOTE.—Payments are made for (1) premiums collected by the Stationmasters, (2) new business obtained by them, (3) first premiums collected by them on new business introduced by other agents or persons, (4) on renewal premiums.

Station.	Amount.	Station.	Amount.
	£ s. d.		£ s. d.
Amberley	3 15 9	Kelso	Nil
Balfour	6 18 2	Lovell's Flat	..
Culverden	2 16 10	Seacliff	..
Dunsandel	3 4 8	Waitati	..
Hikurangi	12 8 4	Lincoln	3 3 6
Kirwee	4 12 0	Little River	9 6 11
Leeston	6 3 11	Granity	5 10 11
Moana	1 14 1	Allanton	2 1 7
Normanby	6 2 6	Hampden	4 0 4
Ohaupo	2 6 2	Herbert	3 12 11
Ohingaiti	0 14 5	Kurow	7 1 6
Orepuki	4 14 9	Lumsden	2 16 5
Ormondville	4 10 4	Middlemarch	7 13 8
Otane	3 15 0	Otautau	14 6 1
Oxford	19 19 9	Outram	6 1 3
Riversdale	6 17 11	Pukerau	1 18 6
Sheffield	4 8 11	Stirling	3 5 11
Southbridge	5 11 0	Waitahuna	3 8 11
Totara Flat	2 1 8	Te Wera	Nil
Turakina	3 5 0	Cust	4 19 7
Waihola	1 3 0	Drury	2 6 6
Waikari	5 0 11	Springfield	3 9 3
Winchester	2 13 5	Longburn	13 18 8
Woodlands	Nil	Waiouru	1 8 10
Dipton	0 1 6	Mangatainoka	1 14 2
Dunback	Nil	East Oxford	9 8 0
Duntroon	,,	Tuakau	5 4 7
Heriot	0 1 6	Coalgate	4 11 5

The foregoing figures disprove the contention of the Railway Officers' Institute that Stationmasters at combined offices do not obtain any payment for work performed for other Departments. The amounts stated above are retained by Stationmasters in addition to their Railway salaries.

Exhibit No. 6.

Railways Department's Statement.

STATEMENT showing the ADDITIONAL COST to the RAILWAY DEPARTMENT to bring FIRST DIVISION of the Staff as existing on 1st April, 1911, under the POSTAL CLASSIFICATION.

NOTE.—The amounts are *exclusive* of scale increases accruing to the First Division, and to which the Department is committed under the Railways Act of 1908.

Years.	Annual Cost One Year over the Other.	Total Cost each Year over and above the Present Commitment of the Department.
	£	£
1	6,820	6,820
2	14,120	20,940
3	23,365	44,305
4	32,020	76,325
5	37,830	114,135
6	43,425	157,580
7	49,005	206,585
8	53,755	260,340
9	60,775	321,115
10	68,680	389,795
11	75,910	465,705
12	84,025	549,730
13	87,580	637,310
14	89,050	726,360
15	90,055	816,415
	816,415	

To provide for promotions in grades 5, 6, 7, and 8 that would inevitably have to follow the working of the lower-grade men up to £260 per annum would involve still further expenditure, as under :—

Years.	Annual Cost One Year over the Other.	Total Cost each Year over and above Existing Commitments and the Sum stated in Table above.
	£	£
1	8,255	8,255
2	11,920	20,175
3	16,845	37,020
4	19,055	56,075
5	19,055	75,130
6	19,055	94,185
7	19,055	113,240
8	19,055	132,295
9	19,055	151,350
10	19,055	170,405
11	19,055	189,460
12	19,055	208,515
13	19,055	227,570
14	19,055	246,625
15	19,055	265,680
	265,680	

Total cost of proposals, £1,082,095 in fifteen years.

Exhibit No. 7.

Railways Department's Statement.

ESTIMATED COST of adopting the SCALE submitted by the RAILWAY OFFICERS' INSTITUTE, worked out on the Basis of Figures submitted by the Institute.

Grade No.	Number in Grade.	Extra Cost. First Year.	Second Year.	Third Year.	Fourth Year.	Total.
	£	£	£	£	£	£
1	1	25	25	25	25	100
2	4	265	365	465	565	1,660
3	11	375	650	925	925	2,875
4	6	360	510	510	510	1,890
5	27	1,125	1,665	2,070	2,070	6,930
6	41	1,580	2,400	3,220	3,220	10,420
7	75	2,655	3,780	4,905	5,655	16,995
8	122	2,660	4,490	6,320	7,540	21,010
9	278	2,660	6,830	10,970	11,330	31,790
		11,705	20,715	29,410	31,840	93,670
Less scale increases Department already committed to		1,245	1,580	1,805	1,905	6,535
		10,460	19,135	27,605	29,935	87,135

NOTE.—The institute's statement gives the total cost for four years as £30,260: their statement is therefore inaccurate and misleading, and understates the position on their own showing by no less than £56,875.

	£
In fifteen years the cost, based on the figures above, would be 29,935 + 11 + 87,135 =	416,420
To provide for the promotions on basis stated in institute's table, fifteen years, taking their lowest basis	61,665
	£478,085

This is without taking into consideration the tenth grade, who must go up and would be at the top in less than fifteen years.

The Department's estimate of the cost of giving effect to proposals based on past fourteen years' experience is £1,082,095.

Exhibit No. 8.

Railways Department's Statement.

PROMOTIONS OF STAFF.

A.—ESTIMATED EXPENDITURE incurred for PROMOTIONS based on those made during the Best Year since 1905.

NOTE.—The Railway Officers' Institute submitted the figures on which the following are based, but they dealt with the cost for *one year only*. It will be seen on examination of the figures giving the cost for the second, third and fourth years that any conclusions as to the actual cost to the Department, based on one year, would have been valueless and misleading, as at the end of four years the cost would be for A £5,615 per annum, and for B £4,390 per annum, in respect only of the number of men shown in the two tables.

£			£	£	£	£
545–600	.. 3	..	60	105	150	225
470–525	.. 6	..	120	210	330	450
420–450	.. 6	..	120	210	300	300
370–400	.. 7	..	105	210	315	315
315–355	.. 9	..	135	270	405	495
260–300	. 24	..	120	480	840	1,080
240–255	.. 38	..	760	1,330	1,330	1,330
210–220	.. 71	..	710	1,420	1,420	1,420
			£2,130	£4,235	£5,090	£5,615

Actual cost for four years until all members reach maximum of their grade, £17,070; annual cost thereafter, £5,615.

B.—ESTIMATED COST based on AVERAGE of Three Years ending 31st March, 1907.

£			£	£	£	£
545–600	.. 3	..	60	105	150	225
470–525	.. 6	..	120	210	330	450
420–450	.. 6	..	120	210	300	300
370–400	.. 7	..	105	210	315	315
315–355	.. 7	..	105	210	315	385
260–300	.. 14	..	70	280	490	630
240–255	.. 27	..	540	945	945	945
210–220	.. 57	..	570	1,140	1,140	1,140
			£1,690	£3,310	£3,985	£4,390

Total cost for four years to work the members to maximum of their grades, £13,375; annual cost thereafter, £4,390.

The cost of A over a period of fifteen years would be £78,835
The cost of B for fifteen years would be £61,665

In each the cost would be additional to present expenditure, and the accuracy of the institute's method of arriving at the basis of estimating the number of men is not admitted.

Exhibit No. 9.

Railways Department's Statement.

FINES.

STATEMENT showing FINES INFLICTED on all EMPLOYEES and paid into Government Railways Superannuation Fund each Year from 1st April, 1903, to 31st March, 1911.

Year ended	Number of Men.	Amount.
		£ s. d.
31st March, 1904	7,500	255 5 0
,, 1905	8,000	277 16 0
,, 1906	8,500	204 14 0
,, 1907	9,500	310 17 6
,, 1908	11,000	239 5 0
,, 1909	11,200	298 15 0
,, 1910	11,000	456 0 0
,, 1911	11,500	573 12 6

NOTE.—For year ended 31st March last, the heaviest on the list, the fines inflicted averaged under 1s. per head of the staff employed.

FINING OF RAILWAY STAFF since 30th October, 1908.—CLERICAL DIVISION.

Since 30th October, 1908, fines in excess of £1 have been inflicted as follows: 16 members have been fined £2 each: 1 member has been fined £3: 1 member has been fined £4; 4 members have been fined £5 each.

Exhibit No. 10.

Railways Department's Statement.

COMPARISON of SCHEDULE RATES OF PAY as fixed by the Postal and Railway Acts, 1908.

INSTITUTE'S COMPARISON.						RAILWAY DEPARTMENT'S COMPARISON.					
Postal.			Railway.			Postal.				Railway.		
Grade.	Min.	Max.	Grade.	Min.	Max.	Grade.	Min.	Max.		Grade.	Min.	Max.
	£	£		£	£		£	£			£	£
7	120	220	10	120	200	1	120	165	Pass first examination	10	120	200
6	200	260	9	210	220	7 2	180	200	Pass second examination			
5	275	315	8	240	255	3	210	220	Pass third examination	9	210	220
4	330	370	7	260	300	6	200	260	Pass examination at £220 / Pass examination at £260	8	240	255
3	385	425	6	315	355							
2	440	475	5	370	400	5	275	315	.. .. ..	7	260	300
1 2	500	525	4	420	450	4	330	370	.. .. ..	6	315	355
1	550	600	3	470	525	3	385	425	.. .. ..	5	370	400
			2	545	600	2	440	475	.. .. ..	4	420	450
			1	625	700	1 2	500	525	.. .. ..	3	470	525
						1	550	600	.. .. ..	2	545	600
										1	625	700

Exhibit No. 11.

Railways Department's Statement.

RATES OF PAY by LEADING MERCANTILE ESTABLISHMENTS in WELLINGTON at Present Time (October, 1911).

	Minimum.	Maximum.	Increments.
A. Office boys and girls	10s. per week	25s. per week	5s. per week (annually).
Typists and correspondence clerks	25s. ,,	60s. ,,	
Ledger-keepers and general accounts (ordinary)	35s. ,,	60s. ,,	,, ,,
Ledger-keepers and general accounts (principal)		80s. ,,	
Assistant accountant	90s. per week	110s. ,,	
Chief accountant	£300 per annum	£400 per annum.	
B. Office boys and junior assistants	£20 ,,	£52 ,,	Two of £10, one of £12.
Ledger-keepers and clerks (ordinary)	£156 ,,	£175 ,,	
Principal ledger-keeper (special work)	£208 ,,	£234 ,,	
Accountant		£300 ,,	
C. Office hands	25s. per week	60s. per week	5s. per week (annually).
Cashier		£208 per annum.	
Ledger-keeper		£285 ,,	
Accountant		£300 ,,	
D. Clerks and ledger-keepers	£76 per annum	£200 ,,	
Assistant accountant	£250 ,,	£300 ,,	
Chief accountant		£500 ,,	
E. Junior clerks	£25 per annum		£10 to £20 per annum.
,, (after three months)	£40 ,,	£160 per annum.	
Correspondence clerks	£150 ,,	£250 ,,	
Securities and legal	£300 ,,	£350 ,,	
Head salesman		£350 ,,	
Principal clerk in charge shipping	£300 per annum	£400 ,,	
Accountant	£400 ,,	£500 ,,	
F. Clerks	55s. per week	60s. per week.	
Ledger-keepers (ordinary)	60s. ,,	65s. ,,	
Principal ledger-keepers		80s. ,,	
Cashier		60s. ,,	
Accountant		100s. ,,	
G. Ledger-keepers	50s. per week	One receiving 55s. after 8 years' service.	
Cashier		70s. per week.	
Head of department		120s. ,,	
Ruling wage for ledger-keepers and office hands		50s. ,,	
H. Ledger-keepers		65s. ,,	
Cashier		80s. ,,	
Accountant (who also acted as manager, frequently for long periods)		150s. ,,	
Typist, cashier, and general office		30s. after 10 years' service.	

These rates are applicable to persons *of more than average ability*. For average men correspondingly lower rates are paid—in some cases 25 per cent. less. Men who are dull or otherwise unsuitable either remain stationary or are retired. In illustration of this it may be stated that in some of the establishments where two or more hands were engaged on same day in same branch, the efficient men are receiving 50 per cent. per annum more than the dullard, who stopped at £2 2s. per week.

A bonus varying from £15 to £25 is given when operations have been satisfactory during the year. Fourteen days' leave on pay is granted, but it must be taken during slack season. No accumulation is allowed. In special circumstances extension is granted, each case being dealt with strictly on its merits. Employees have certain trade concessions in respect to articles purchased from their employers.

NOTE.—Members of the staff engaged in mercantile houses are expected to return to duty at night when necessary, and frequently work very long hours. Especially is this the case during stocktaking and the wool season. No payment is made for the overtime thus worked.

Exhibit No. 12.

Railways Department's Statement.

AVERAGE SALARIES, DIVISION I, RAILWAY DEPARTMENT, for the following Years.

Division I: Average for All Members.—1901, £136; 1902, £147; 1907, £155; 1908, £162; 1910, £171; 1911, £179.

Average for 1901, the last year of Classification Act of 1896, £136.

The Classification Acts of 1901 and 1908 have increased the earnings *per capita* per annum by £43.

RAILWAYS AND POSTAL.—COMPARATIVE AVERAGE for DIVISION I, CLERKS and STATIONMASTERS, &c. 31st March, 1910 and 1911.

	Railways. All Grades up to £355 per Annum.		Postal. All Grades up to £370 per Annum.	
	Clerks.	Cadets.	Clerks.	Cadets.
Average, 31st March, 1910	£210	£81	£205	£84
Average for the whole of the clerical staff, 1st April, 1911 ..	£216	£87	£213	£92

It will be seen that the foregoing figures do not sustain the contention of the Railway Officers' Institute that they have not benefited by the Railway Classification Acts and are less liberally remunerated than the Postal Department.

These figures do not take any account of free passes and privilege-ticket concessions granted to Railway employees and their wives and families.

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