

in that Department, as taking them as a whole they are a fine body of men. They had, however, certain grievances which in some cases were justly founded, and last year they approached Parliament by petition. My predecessor, Mr. Myers, I am glad to say, relieved me of a portion of this intricate question by meeting the Executive of the Amalgamated Society of Railway Servants, and, by going thoroughly into the matter with them, came to an agreement which is satisfactory to both sides. I have also met the representatives of the Locomotive Engine-drivers, Firemen, and Cleaners' Association, and heard their views, and have no doubt that in their case a satisfactory solution will be arrived at.

In the case of the First Division, as soon as the question of the difference between the figures submitted by the Department and by the Railway Officers' Institute is settled by the Public Accounts Committee, to whom it has been referred by resolution of the House of Representatives, I intend to meet the Executive, and I have no doubt that in this case also a *modus vivendi* will be arrived at. When these agreements are come to, a Bill amending the Government Railways Act will be brought down and submitted to Parliament this session.

It will be necessary shortly to put in hand a number of important works of very considerable magnitude so that the railway may be in a position to meet the demands of the rapidly expanding business. It is proposed that a special Act be submitted with the various items scheduled, and authority given for a sufficient sum of money to be borrowed, the expenditure being spread over a term of years. The state of the money-market, however, precluded the idea of introducing the Bill this session, but if the market improves it will be introduced next session.

Another very important work that should be carried out on well-defined lines is the grade-improvements foreshadowed in last year's Railway Statement. Up to the present time that portion of this most important work that is in hand has been charged to the A.O.L. vote, but, as this provision is insufficient to meet the requirements and enable the work to be pushed on vigorously, it is hoped to deal with the matter comprehensively next session if the financial stringency is easier.

Another question that is bound to give any Minister of Railways great concern is the question of the percentage of working-expenses to earnings. In the tables given in this statement this will be found to be 67·07 per cent., an increase of 1·15 per cent. over last year, due no doubt to a large extent by the alteration of the classification by the Government Railways Act, 1911, and this will probably be still further increased during the current year by the alteration of the classified rates which will be necessary by the agreements with the First and Second Divisions mentioned above. This is, of course, unavoidable, as to give the employees a fair wage should be the desire of every Minister. The percentage of working-expenses to earnings is, however, so high in New Zealand as compared with the Australian States that other causes besides the increase of wages must be operating, which it will be my duty to investigate. In 1911 the following was the percentage in the different States :—

New Zealand	..	..	..	..	..	..	..	65·92
Victoria	..	..	..	..	..	..	..	61·10
New South Wales	..	..	..	..	..	..	..	61·09
Queensland	..	..	..	..	..	..	..	57·25
South Australia	..	..	..	..	..	..	..	60·66
Western Australia	..	..	..	..	..	..	..	65·95
Tasmania	..	..	..	..	..	..	..	77·55

Another problem which faces a new Minister is the disproportion of earnings of the two great lines of railways in the Dominion—the North Island main line and branches and the South Island main line and branches. The following table shows the differences, which are taken from Return 4 attached hereto :—

INTEREST ON COST OF CONSTRUCTION.

				f	s.	d.
North Island main line and branches	..	..	..	..	4	19 7
South Island main line and branches	..	..	..	..	3	2 0