

has been prepared showing the ages of all the boilers on the New Zealand railways, which is appended to this statement.

Another matter affecting our expenditure is the leave of absence now required to be given to all officers and employes in compliance with the provisions of the Act of last session. The staff employed on our lines is not sufficient to admit of this leave being given without employing an additional number of both officers and men for relieving duty. The increased cost is roughly estimated at about £3,250 per annum.

The Government considered it necessary, in order to make sure of the condition of the very extensive public property which they had taken over from the late Railway Commissioners, to have a careful and detailed examination made of the whole of the railways by high-class technical experts. The Engineer-in-Chief of the Colony (Mr W. H. Hales) and Mr C. Napier Bell were accordingly deputed to make the inquiry, and these gentlemen, after an examination of the lines extending over nearly six months, have sent in a very full and exhaustive report, which will shortly be laid before Parliament. This report shows that the railways have generally been maintained in a very satisfactory condition, that safety and efficiency have nowhere been impaired, that renewals have been effected which in many instances have increased the stability and value of the railways and rolling-stock, and that, while extensive repairs and renewals are constantly in demand, they have been fairly well provided for, and with due regard to economy. The report also shows that provision will have to be made for a number of additional repairs and renewals, and the House will be invited to vote the necessary amount for these on the current year's estimates.

Sundry changes in management were made on the control of the railways reverting to the Government. The principal ones were the appointment of Mr Thomas Ronayne as General Manager, Mr Charles Hudson as Assistant General Manager, and Mr H. J. H. Blow as Under-Secretary.

The railway staff is thoroughly efficient, and both officers and men take a great interest in the work of the department.

In pursuance of the provisions of the Act of last session, an Order in Council has been issued making full regulations for the election of Boards of Appeal for the railway servants in each Island. Mr J. C. Martin, Stipendiary Magistrate, Wellington, has consented to act as President of the North Island Board, and Mr District Judge Ward has agreed to preside over the South Island Board. The election of the elective members of both Boards will shortly take place.

When these Boards are set up and are in working order they will supply a want which has long been felt by the railway servants.

Applications are frequently made by disabled servants, and those on whose energies advancing years are having their natural effect, for lighter work, or to be allowed to retire on a compensation allowance, also by the widows of men dying in the service for consideration in respect of their late husband's services. To many of these applications the Government has had to turn a deaf ear, as there is no provision of law for such cases. It will not, however, always be possible, nor, indeed, prudent, to refuse consideration in such cases, and the Government is therefore considering the advisability of offering inducements to the employes to enable them to establish a pension and superannuation fund, applicable to all classes of railway employes, and I hope to be able to submit proposals on the subject to the House next session.

The question of amalgamating the Public Works and Railway Departments is also under the consideration of the Government. The question is rather a difficult one, and requires to be very carefully dealt with.

The usual departmental reports are appended, containing full statements of accounts and all the information usually hitherto supplied in reference to the working railways. A report by the late Railway Commissioners relating to the portion of the year during which the railways were under their control is also annexed. From this report it will be seen that, up to the latest date to which the Commissioners could report, the accounts showed a falling-off in revenue and an increase in expenditure, due in the one case to diminished traffic, and in