

regard must be had to more than manual skill. We have to provide the future controlling officers for our workshops, and so must educate them in the work of controlling men, laying out work, and generally bring to them a knowledge of the requirements of the position of a leader of men. Up to the present there has been no systematic activity along these lines, and we have therefore had to rely on our men gaining the necessary qualifications *after* they have been appointed to the higher positions. This does not make for efficiency, nor is it altogether fair to the men. That we have come through as well as we have is probably more of a tribute to our men than most of us realize. I think, however, that this blemish on our system should be removed, and definite steps are being taken in that direction. Arrangements are already in course of completion for the establishment of a permanent schoolroom for apprentices at each of our main workshops, and instructors have been appointed.

It is intended at the outset to give each apprentice, during the first three years of his apprenticeship, three hours' class-work per week for the purpose of teaching him to read and understand working drawings, instructing him in the various branches of locomotive maintenance, and tending generally to make him a better and more efficient tradesman by the time he completes his apprenticeship. A higher standard of attendance at regular technical schools will also be demanded, and inducements in the form of scholarships will be awarded.

STAFF DISCIPLINE.

In my last Statement I referred to the intention to adopt a new system of staff discipline, the essential features of which would be the abolition of monetary fines for irregularities, misconduct, &c., confining the suspension of members to cases where it is fairly certain that the offence would result in dismissal, and providing a system of merit and demerit marks in which a member would, in consideration of disciplinary measures for misconduct, have placed against his delinquency the record of his previous meritorious conduct. It is believed that the new system will be much more equitable in its operation, and remove much cause of discontent that has been engendered by the methods of discipline adopted in the past. This, we hope, will be instituted without any loss of disciplinary effect in our system—and indeed we look for an even greater measure of meritorious conduct by reason of the fact that due credit will be given to employees therefor. The proposals were submitted to the respective organizations and representatives of the Railway staff, and have, generally speaking, been approved of by them. The regulations to give effect thereto are now being finally drafted, and it is hoped to bring this system into operation in the very near future.

ACQUISITION OF INFORMATION FROM ABROAD.

A matter that has impressed itself on me during the course of my connection with the Department is the tendency that we have to become insular in our ideas, this no doubt being the natural result of our comparative isolation from other railway systems. The effect of such insularity must result in a poverty of ideas, and I am just afraid that we have been under some handicap in this respect in the past. I think it very necessary that we should keep in closest touch with modern thought in the railway world, in order that we may know the practices that are being found desirable elsewhere, and that we may know also the conditions under which such practices exist. I have found that in the organization of the Department there has not been any officer whose duty it was to obtain information from abroad, collate it, and compare it with the information obtained within the system itself, with a view to seeing whether we are getting the best that we can get from the efforts of all concerned in the railway world, and particularly from beyond the confines of our own system. It must be obviously to our advantage to have a free exchange of information with Railway executives in other countries, but, of course, this work cannot be undertaken by the heads of the Department in any systematic way owing to the pressure of their immediate duties. I feel that there should be some officer who should obtain all information concerning railway developments both here and elsewhere, who should sift all the matter received by him,