

be no risk, if proper precautions are taken, of accumulating stores in advance of requirements.

A careful reorganization of this branch of the department is urgently required. In this, as in other cases which we have investigated where Government stores are managed, there is an absence of that general control without which the present confusion and waste is inevitable. As a preliminary step towards such reorganization, stock should be carefully taken without delay, and all articles, not likely to be required, disposed of.

More control
over stores
wanted.

We find that the South Island Commissioner has capital invested in a firm contracting with the department of which he is the head, and that his receipts from this capital depend on the success of that firm. Such a fact can hardly fail to influence the action of officers serving under the Commissioner, and entirely to destroy the confidence of other firms tendering for railway supplies. It is impossible to estimate the amount of loss which the colony may have suffered from this obviously false position held by the working head of its principal railways—a position that should not be permitted under any circumstances.

South Island
Commissioner
interested in a
firm contracting.

Loose, irregular, and suspicious transactions of the kind we have mentioned appear to be confined to the South Island railways; in the North, formalities and safeguards have been adhered to with great strictness, and sometimes carried a little too far: but in neither Island could we find any evidence of able, searching, economic supervision, or any vigilant protection of the public interest. We found the Commissioner of the North Island insufficiently informed upon many important details of his own department, without a knowledge of which it was impossible that he could efficiently protect the public interest; and distant officers were evidently guided and restrained with a very loose hand.

Different though
unsatisfactory
state in North
Island.

In Auckland we found that, on 26th February, 1879, a Traffic Manager who had had great experience in the management of railways in India and Australia was appointed to take charge of the traffic on the Auckland line, with inducements held out to him of increased salary if he could reduce the working expenses of that line from its then rate of 94 per cent. of the gross earnings to anything under 70 per cent. Whilst he continued in this position the expenses were reduced to 68 per cent., and that certainly without any friendly aid from his superior officer, the Auckland General Manager. The loud complaints which had previously been made by the Auckland public were silenced, and his conduct seems to have been satisfactory. In consequence of the language and actions of his unfriendly superior, this officer felt compelled to resign. His resignation was accepted; and, although the General Manager was censured for his action towards this subordinate officer, his services are retained, whilst the too-successful Traffic Manager has been lost to the service, and the public complaints are again revived. So little encouragement does this service offer to meritorious or even successful officers, and so easy is it made to drive away any dangerous rival.

Good servants
driven away.

Whilst we found it easy to detect much that was irregular, wasteful, and extravagant in the management of our railways, especially in the South Island, the Commissioner of that Island has stated in his evidence that he has "done all that he could, and sees no way of making the service more economical." This can lead to no other conclusion than that some one else should take in hand a service of such vital importance to the prosperity of the colony, and which we are quite sure is susceptible of a very large reduction on its present expenditure. Convinced as we are, from the great mass of evidence before us, that the New Zealand railways have not been, and are not, managed so ably or so economically as they might be, or as the welfare and credit of the colony demand that they should be, it naturally follows that we think an effort should be made to place their control under a more able head. Neither of the present Railway Commissioners, however excellent they may have been in the subordinate offices previously held by them, have displayed the high qualities necessary for the responsible tasks they have undertaken; and, such being the fact, no personal considerations should be allowed to prevent their removal from the control of an interest so inseparably connected with the prosperity or adversity of this colony.

Little to be
expected from
present Railway
Commissioners.

We think that one permanent head of the department would be better than

One good head
wanted.