

have prepared proposals to meet the difficulty on two occasions, but these proposals have not proved acceptable to the men.

WELLINGTON AND MANAWATU RAILWAY.

The Government has given full consideration to the proposals which have been brought forward by honourable members from time to time in reference to the purchase of the Wellington and Manawatu Railway. The question requires consideration first of all from a financial point of view, and the condition of our finances at the present time is such that it would be inadvisable for the colony to undertake so great an additional liability. Some time ago negotiations were entered into between the Company and the Government, and terms were then offered to the Company which were fair and reasonable. The Company refused, however, to accept them, and from that time to this they have not approached the Government on the subject. It would be impolitic for the Government to endeavour to force the Company to dispose of its property, and would only result in the colony having to pay more for the railway.

There is doubtless great force in the contention that if the line were purchased a considerable saving could be effected in the cost of its administration, and that the saving thus effected could be given to the settlers in the shape of cheaper through rates, instead of the special rates now charged.

As matters stand, however, the Government considers that it would be unwise to take action at present.

RAILWAYS UNDER CONSTRUCTION.

On taking office the Government found that, with the exception of one or two works that were nearing completion, there was nothing of any importance that was being proceeded with, most of the votes for railway-works having already been expended.

In the course of the investigations which I made into the working of the department, I discovered that, whilst the conditions for public-works contracts provided that sub-contracting was not to be allowed, in actual practice this condition was evaded, so much so, in fact, that the departmental officers had for some time looked upon it as a dead-letter. Knowing the evils arising from the practice, I determined that steps of a drastic nature should be taken to effectually put a stop to it, and accordingly had amended conditions of contract prepared. It may perhaps be contended that by the stoppage of sub-contracting the works will cost the colony more to construct. This is a fallacy, however, and results have proved it to be so. The provision has always been in the Government conditions of contract, and contractors of good standing have tendered for works well knowing that subletting was forbidden, and being fully prepared to carry out their contracts without subletting accordingly, and have, notwithstanding this, been successful in obtaining the contract, while in other instances other contractors, not satisfied with a fair profit on the work, have also endeavoured by subletting to make money at the expense of their workmen. The sweating system in its most flagrant and baneful attributes has been practised, as the sub-contractors have been led to take work at prices that could not pay them, with the result that the business people who have supplied them with goods have very often not been paid; the work has been done in a slovenly manner, and frequently delayed long after the date fixed for its completion; and the result to the district in which the work is situated instead of being of a beneficial character has proved to be the reverse.

Contemporaneously with the question of sub-contracting, I also took into consideration the question of the necessity of inaugurating a new system in connection with the construction of our public works—a system which, in the near future, must, I think, obtain throughout. I allude to the system of constructing works on the co-operative principle—that is, giving the work direct to the workmen, and dispensing with middlemen altogether. An opportunity for introducing the system occurred in connection with the construction of certain sections of the Ngakawau Railway extension to Mokihinui. Public tenders had been invited for certain sections of this railway, the conditions