

1886.
NEW ZEALAND.

VAILE'S SYSTEM OF RAILWAY FARES AND CHARGES

(REPORT OF SELECT COMMITTEE ON), TOGETHER WITH MINUTES OF PROCEEDINGS,
MINUTES OF EVIDENCE, AND APPENDIX.

Report brought up 12th August, 1886, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

FRIDAY, THE 28TH DAY OF MAY, 1886.

Ordered, "That a Committee, to consist of ten members, be appointed to report upon the petitions of seven hundred residents of the Auckland District, and about five thousand persons from other parts of the colony, presented last session, on the system proposed by Mr. Samuel Vaile, of Auckland, for the future management of the New Zealand railways; such Committee to report within three weeks. The Committee to consist of the Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. Mitchelson, Mr. O'Connor, Mr. Ormond, Mr. Walker, Mr. Whyte, and the mover. Three to be a quorum."—(*Hon. Mr. Richardson.*)

WEDNESDAY, THE 16TH DAY OF JUNE, 1886.

Ordered, "That the petition of John Muir and others be referred to the Committee on Vaile's proposed railway system."—(*Mr. Turnbull.*)

FRIDAY, THE 18TH DAY OF JUNE, 1886.

Ordered, "That the Committee on Vaile's proposed system of railway management have leave to postpone bringing up their report for a fortnight."—(*Mr. Mitchelson.*)

WEDNESDAY, THE 30TH DAY OF JUNE, 1886.

Ordered, "That power be granted to the Committee on Vaile's system of railway management to call for persons and papers."—(*Mr. Mitchelson.*)

FRIDAY, THE 2ND DAY OF JULY, 1886.

Ordered, "That the Committee on Vaile's proposed system of railway management have leave to postpone bringing up their report for fourteen days."—(*Mr. Mitchelson.*)

FRIDAY, THE 16TH DAY OF JULY, 1886.

Ordered, "That the Select Committee on Vaile's system of railway management have leave to postpone making their report for a fortnight."—(*Mr. Mitchelson.*)

FRIDAY, THE 30TH DAY OF JULY, 1886.

Ordered, "That the Railways Management Committee have leave to postpone making their report for eight days."—(*Mr. Mitchelson.*)

FRIDAY, THE 6TH DAY OF AUGUST, 1886.

Ordered, "That the Railways Management Committee have leave to postpone making their report for eight days."—(*Mr. Mitchelson.*)

REPORT.

THE Select Committee appointed to inquire into and report upon the system of railway fares and charges proposed by Mr. Samuel Vaile, of Auckland, as set forth on page 1 of the evidence, have carefully inquired into the same, and have agreed to the following report:—

Your Committee have taken a great deal of evidence regarding the practicability and the probable financial results of Mr. Vaile's scheme as applied to passenger-traffic, and the balance of evidence given by experts was unfavourable to it; while the evidence given in its favour seemed to depend largely upon speculative estimates of the probable increases of traffic, in certain proportions, over the various distances, and in the different classes.

On the other hand, however, the returns furnished to the Committee by the Railway Department, and included in the evidence—giving detailed particulars of the passenger-traffic, and the revenue derived from it, from station to station, and for the various distances—to some extent supported Mr. Vaile's contentions.

Mr. Vaile stated that having no departmental returns upon which to base his calculations, he was unable to estimate even approximately the effect of his system as applied to goods-traffic. The evidence regarding the applicability of the system to the carriage of goods, from which source more than two-thirds of our railway revenue is derived, was unfortunately of the most meagre description, all of the witnesses called by Mr. Vaile stating that they had not considered that part of the question, and declining to express any decided or definite opinions regarding it.

The Committee finds,—

1. That it may be inferred, from the numerous petitions on the subject referred to the Committee, that a great deal of discontent and desire for change exists in the colony in regard to the present system of railway management. These petitions also favour the adoption of Mr. Vaile's system.
2. That although the system now in force in New Zealand is similar to that in the United Kingdom and its dependencies, and is well administered, it is nevertheless not satisfactory as a system.
3. That there is generally a belief that the present scale of charges is higher than is desirable in the best interests of the colony; and that a considerably reduced scale, especially as regards the carriage of goods for long distances, and as regards New Zealand products, would largely promote settlement and production.

For these reasons, while admitting that the evidence adduced in favour of Mr. Vaile's system has not been sufficient to prove that it would be a financial success, or to warrant its application to the railways of the colony as a whole, the Committee, bearing in mind the great importance of the subject, is of opinion that a trial should be given to the system on an isolated section of our railways.

It would, however, be unfair that one part of the colony should enjoy the advantage of cheap transit, thereby enhancing the value of property therein, at the expense of the general colonial revenue. Therefore the following proviso is necessary, and the Committee recommends the Government, by legislation, to give the local bodies the power of carrying it into effect where they so desire:—

Provided that the various local bodies in the district served by the section of railways to which this scheme is to be applied shall have previously struck a rate sufficient, in the opinion of the Governor, to recoup any loss to the revenue which it may entail. Such loss, if any, to be calculated on the basis of the revenue of that section for the past financial year, with the average increase or decrease of general revenue of the New Zealand railways either added or deducted.

12th August, 1886.

E. MITCHELSON,
Chairman.

MINUTES OF PROCEEDINGS.

WEDNESDAY, 2ND JUNE, 1886.

The Committee sat pursuant to notice.

Present: Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. Mitchelson, Mr. O'Connor, Mr. Ormond, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The order of reference was read.

It was proposed by Hon. Mr. Richardson, and seconded by Hon. Major Atkinson, That Mr. Mitchelson be the Chairman of this Committee. The motion was unanimously agreed to; Mr. Mitchelson stating that he could only accept the Chairmanship *pro tem*.

The Clerk then read the petitions presented to the House on the subject.

On the motion of Mr O'Connor, *Resolved*, That Mr. Vaile be summoned to attend this Committee, and that all the papers in connection with the order of reference be obtained, and deposited for the perusal of the Committee.

On the motion of Hon. Mr. Richardson, *Resolved*, That Mr. Maxwell, General Manager, New Zealand Railways, be ordered to attend the meetings of the Committee.

The Committee then adjourned.

TUESDAY, 8TH JUNE, 1886.

The Committee sat pursuant to notice.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

On the motion of Hon. Major Atkinson, Mr. Vaile was called in, and asked if he would prepare a definite sketch of his railway scheme, to be printed for the information of the Committee.

Mr. Vaile thought that by Friday, the 11th instant, he would have the scheme sufficiently elaborated to lay before the Committee.

The Committee adjourned *sine die*, pending the printing and circulating of Mr. Vaile's statement.

TUESDAY, 15TH JUNE, 1886.

The Committee sat pursuant to notice.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

The Chairman read a letter from Mr. Vaile asking leave to be present at the examination of witnesses, and for the right of cross-examination.

Hon. Major Atkinson moved, and Mr. O'Connor seconded, That Messrs. Vaile and Mr. Maxwell be present at the examination of all witnesses, and that each shall be afforded an opportunity to cross-examine witnesses, with the consent of the Chairman.—Carried.

Mr. Vaile was examined at some length as regards the details of his system.

Mr. O'Connor proposed that the Chairman should consult with the Chairmen of other Select Committees, in order to arrange a suitable time for future meetings.—Agreed to.

The Committee then adjourned.

WEDNESDAY, 16TH JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

Mr. Vaile was further examined as to the details of his railway system.

The Committee adjourned until 10 o'clock next day.

THURSDAY, 17TH JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Mr. Ormond, Hon. Mr. Richardson, Mr. Walker, and Mr. Whyte.

The minutes of previous meeting were read and confirmed.

An order of the House of Representatives, referring the petition of John Muir and others to the Committee, was read.

Mr. Vaile was further examined.

The Committee adjourned until 10 o'clock next day.

FRIDAY, 18TH JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, and Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Vaile was cross-examined by Mr. Maxwell.

The Committee adjourned until 10 o'clock on Monday, the 21st June.

MONDAY, 21ST JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Three petitions to the same effect as those already sent in were received from the Petitions Classification Committee and taken as read.

After some further questions to Mr. Vaile, Mr. Maxwell read a statement commenting on the proposed system.

Moved by Mr. O'Connor, That this Committee dispose of Mr. Vaile's proposals before entertaining any other subject in connection with railway management. Seconded by Hon. Major Atkinson.—Carried.

It was agreed to summon Messrs. Grant and Hudson to give evidence before the Committee on Tuesday.

The Committee adjourned until 10 o'clock next day.

TUESDAY, 22ND JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Maxwell obtained leave to make some additions to his statement.

Mr. Grant, District Traffic Manager, New Zealand Railways, Dunedin, was examined.

The Committee adjourned until 10 o'clock next day.

WEDNESDAY, 23RD JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Grant's examination was concluded.

Mr. Hudson, District Traffic Manager at Auckland, was examined.

The Committee adjourned until 10 o'clock next day.

THURSDAY, 24TH JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Hudson was further examined.

The Committee adjourned until 10 o'clock next day.

FRIDAY, 25TH JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Hannay, Assistant General Manager, New Zealand Railways, was examined.

On the motion of Hon. Major Atkinson the Committee adjourned until Tuesday, the 29th instant, at 10 o'clock.

TUESDAY, 29TH JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Gore, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Hannay was further examined.

Mr. Maxwell was cross-examined by Mr. Vaile.

Seven petitions, to the same purport as those already received, were sent in by the Petitions Classifications Committee, and were taken as read.

The Committee adjourned until 10 o'clock next day.

WEDNESDAY, 30TH JUNE, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Gore, Mr. Macandrew, Hon. Mr. Richardson, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Moved by Mr. Gore, and seconded by Mr. Macandrew, That Mr. William Conyers, C.E., be called to give evidence before the Committee.—Carried.

Moved by Mr. Whyte, and seconded by Mr. Macandrew, That Mr. T. D. Edmunds and Mr. W. R. Moody be also called to give evidence.—Carried.

The Committee adjourned *sine die*.

TUESDAY, 6TH JULY, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Hatch, Mr. Macandrew, Hon. Mr. Richardson, Mr. Whyte, Mr. Walker.

Mr. Vaile read a reply to Mr. Maxwell's statement.

It was decided to summon Messrs. Conyers, Edmunds, and Moody for Friday, the 9th July.

The Committee adjourned until Friday, the 9th July, at 11 a.m.

FRIDAY, 9TH JULY, 1886.

The Committee sat at 11 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Gore, Mr. Hatch, Mr. Macandrew, Hon. Mr. Richardson, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Conyers was in attendance, but it was thought desirable to postpone his examination until he had made himself acquainted with the evidence already given.

The Committee adjourned *sine die*.

TUESDAY, 13TH JULY, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker.

The minutes of previous meeting were read and confirmed.

Six petitions, to the same purport as those already received, were forwarded by the Petitions Classification Committee, and taken as read.

Mr. Conyers was examined.

The Committee adjourned until 10 o'clock next day.

WEDNESDAY, 14TH JULY, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Conyers was further examined.

Mr. T. D. Edmunds was examined.

The Committee adjourned until 10.30 o'clock next day.

THURSDAY, 15TH JULY, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Hatch, Mr. Macandrew, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Edmunds was further examined.

Mr. R. W. Moody was examined.

The Committee adjourned until Tuesday, the 20th instant, at 10.30 o'clock, to receive Mr. Vaile's final remarks.

TUESDAY, 20TH JULY, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Hatch, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Seven petitions, to the same purport as those previously sent in, were received from the Petitions Classification Committee, and taken as read.

Mr. Vaile attended, and read his final remarks on the evidence given before the Committee.

The Committee adjourned *sine die*, pending the printing of evidence, and the receipt of the return of passenger-traffic, which had been ordered from the Railway Department.

THURSDAY, 22ND JULY, 1886.

The Committee sat at 10 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. Maxwell read a statement reviewing the whole of the evidence, and also produced the return of passenger traffic ordered by the Committee.

On the motion of the Hon. Mr. Richardson, *Resolved*, That Mr. Thomas, Accountant to the Public Works Department, be summoned to give evidence as to the question of the interest on the total cost of New Zealand railways, which had been raised by Mr. Vaile on several occasions.

The Committee adjourned until 10.30 o'clock next day.

TUESDAY, 23RD JULY, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

Mr. W. A. Thomas, Accountant, Public Works Department, attended and was examined.

Mr. Vaile read a statement commenting on the return of passenger-traffic.

Four petitions similar to those already sent in were received from the Petitions Classification Committee, and taken as read.

Mr. Whyte moved, That the portions of the passenger-traffic return showing the results under Mr. Vaile's fares be recalculated on the basis of an equal number of first- and second-class fares, and also on the basis of two first- to one second-class fare. Seconded by Hon. Major Atkinson. —Carried.

The Committee adjourned *sine die*.

WEDNESDAY, 28TH JULY, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Gore, Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of previous meeting were read and confirmed.

A letter was read from Mr. Maxwell asking for instructions with regard to the recomputation of the passenger-traffic return. Mr. Maxwell was instructed to continue the preparation of the return as ordered by the Committee at the previous sitting. It was also decided that his letter be printed in the evidence.

The Committee adjourned *sine die*.

FRIDAY, 30TH JULY, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Mr. Hatch, Mr. Macandrew, Mr. Ormond, Hon. Mr. Richardson, Mr. Whyte.

The minutes of the previous meeting were read and confirmed.

A petition was received from the Petitions Classification Committee to the same purport as those already sent in, and was taken as read.

Letters were read from Messrs. Maxwell and Vaile, which it was decided should be added to the printed evidence.

A summary of the passenger-traffic return, as re-calculated, was received from the Railway Department, and ordered to be printed.

The Committee adjourned until the printing of the evidence should be completed.

WEDNESDAY, 4TH AUGUST, 1886.

The Committee sat at 11 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Mr. Ormond, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of the previous meeting were read and confirmed.

A petition, similar to those already sent in, was received from the Petitions Classification Committee, and taken as read.

Drafts of proposed resolutions for a report were submitted by several members of the Committee. After some discussion, it was agreed, on the motion of Mr. O'Connor, to have all such resolutions put in print for the better consideration of the Committee.

The Committee adjourned until Friday, the 6th instant.

FRIDAY, 6TH AUGUST, 1886.

The Committee sat at 11 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of the previous meeting were read and confirmed.

Resolved, That the Chairman and the Hon. Mr. Richardson should be a Sub-committee to draft a report.

The Committee adjourned until 10.30 o'clock on Monday, the 9th instant.

MONDAY, 9TH AUGUST, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of the previous meeting were read and confirmed.

A draft report was submitted, and the following paragraphs were carried, the voting being as follows:—

Ayes: Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson, Mr. Whyte.

Noes: Hon. Major Atkinson, Mr. Gore, Mr. Macandrew.

The Select Committee appointed to inquire into and report upon the system of railway fares and charges as proposed by Mr. Samuel Vaile, of Auckland, have carefully inquired into the same, and have agreed to the following report:—

Your Committee had a great deal of evidence laid before it regarding the practicability or otherwise, and the probable financial results, of Mr. Vaile's scheme, and, on the whole, the evidence derived from experience and ascertainable facts was unfavourable to it; on the other hand, the evidence given in its favour seemed to depend largely, if not entirely, on individual and speculative estimates of the probable increases of traffic, in certain proportions, over the various distances, and in the different classes.

In the opinion of the Committee the evidence failed to sustain Mr. Vaile's contention on the following points:—

On the motion of the Hon. Major Atkinson, it was agreed to adjourn until next day, in order to give members further time to consider the report as drafted.

The Hon. Major Atkinson gave notice that at the next sitting he would move that the paragraphs passed be reconsidered.

The Committee adjourned until next day at 11 o'clock.

WEDNESDAY, 11TH AUGUST, 1886.

The Committee sat at 10.30 o'clock.

Present: Mr. Mitchelson (Chairman), Hon. Major Atkinson, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Hon. Mr. Richardson, Mr. Walker, Mr. Whyte.

The minutes of the previous meeting were read and confirmed.

A draft report was submitted.

The first two paragraphs were passed, with verbal alterations.

Paragraph 3: A division was taken as to whether this paragraph should be retained.

Ayes: Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker, Mr. Whyte.

Noes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Paragraph retained.

Mr. O'Connor moved, That the words "some of" should be inserted after the word "supported," in the last line of this paragraph.

Ayes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Noes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Whyte.

Motion lost.

Paragraph 4 : A division was taken as to whether the first two lines of this paragraph should be retained.

Ayes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker, Mr. Whyte.

Noes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Lines retained.

The paragraph was passed, with verbal alterations, the Committee voting as on the last division.

The fifth paragraph was struck out.

On the motion of Mr. O'Connor, the following was adopted instead of the first sentence of clause 1 of the Committee's conclusions : "That it may be inferred, from the numerous petitions on the subject referred to this Committee, that a great deal of discontent and desire for change exists in the colony in regard to the present system of railway management."

A division was taken as to whether the last sentence of this clause—"These petitions also favour the adoption of Mr. Vaile's system"—should be retained.

Ayes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker, Mr. Whyte.

Noes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Sentence retained, and clause passed, as amended.

Clause 2 was passed, with verbal amendments.

Clause 3 : A division was taken as to whether this clause should be retained.

Ayes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker, Mr. Whyte.

Noes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Clause retained.

Clause 4 was struck out.

In the next paragraph Mr. O'Connor moved to omit all the words after the word "whole," in the third line.

Ayes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Noes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker, Mr. Whyte.

Motion lost.

The Hon. Major Atkinson moved, That the words "and the fact that the effect of the proposed scheme is so much a matter of conjecture" be struck out.

Ayes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker.

Noes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson, Mr. Whyte.

The Chairman gave his casting vote with the "Noes."

The motion was lost.

The Hon. Mr. Richardson moved, That, after the word "opinion," in the last line of the paragraph, the following words should be inserted : "that, in the present state of the revenue of the colony, the Government would not be justified in trying the experiment of adopting the proposals of Mr. Vaile."

Ayes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Noes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker, Mr. Whyte.

Motion lost.

The paragraph was verbally amended and passed.

Mr. O'Connor moved, That the following new paragraph be added to the report : "That any alteration made in the system should be solely to favour the increase of New Zealand products for home consumption and export."

Ayes : Mr. Hatch, Mr. O'Connor, Hon. Mr. Richardson.

Noes : Hon. Major Atkinson, Mr. Gore, Mr. Macandrew, Mr. Walker, Mr. Whyte.

Motion lost.

The last two paragraphs of the report were passed without alteration.

The Hon. Major Atkinson moved, in accordance with notice given at last sitting, That the paragraphs passed on that day be reconsidered.

Carried.

It was decided that these paragraphs should be rescinded.

On the question being put, "That the report as amended be adopted," the Hon. Mr. Richardson moved the following, as an amendment thereto :—

That, as Mr. Vaile has not made any definite proposals in regard to goods-traffic, which now yields two-thirds of the whole railway revenue, and the conduct of which is of by far the greatest importance to the colony ; and that, as regards the conveyance of passengers, no conclusive evidence has been produced to show that his scheme would be successful, the Committee is of opinion—

That, in the present state of the revenue of the colony, the Government would not be justified in trying the experiment of adopting the proposals of Mr. Vaile.

That, if the Government can see their way to make any reductions in the charges now imposed for freight, such reductions should be made in favour of the productions of the colony ; and

That the Government should appoint some thoroughly-qualified person, either from within or without the colony, to visit the several railways, giving the fullest notice in each district of his movements, in order to hear any complaints with regard to management or charges, and report to the Government whether there are any reasonable grounds for the same.

Motion lost.

Mr. Macandrew then proposed the following, as an amendment to the report :—

Having heard Mr. Vaile and Mr. Maxwell at considerable length, and taken the evidence of officers of the Railway Department and others on the question, the Committee is of opinion—

1. That, although the principle upon which Mr. Vaile bases his proposals, viz., that “by cheapening supply demand will increase,” is sound; yet the results of this principle in the present case must needs be very much a matter of conjecture until tested by actual experiment.
2. That the proposed reduction of railway rates would undoubtedly be a great public benefit, *per se*, affording encouragement to settlement and manufacturing industries.
3. Assuming that the proposed reduced scale of fares were to result in a direct loss to the revenue, which is by no means certain, the indirect advantages to the colony would fully compensate for such loss; while there is the possibility that the revenue would be increased.
4. That the application of the proposal, in the first instance, to passenger-traffic only does not appear, from the returns furnished to the Committee, to involve much, if any, loss to the revenue; while its success or otherwise would afford data upon which to judge of its probable results as applied to goods-traffic.
5. That, while the question is one, from its nature, on which it would be unwise to express any dogmatic opinion, yet, under all the circumstances of the case, the Committee is disposed to recommend that the experiment be fairly tried; and that, as the estimated receipts are based upon a general average, such experiment should be applied to every Government railway in the colony.

Motion lost.

The report was adopted for presentation to the House.

On the motion of the Hon. Mr. Richardson, it was decided that half the cost of preparing returns for the Committee should be refunded to the Railway Department.

A unanimous vote of thanks was accorded to the Chairman.

RAILWAYS RATES AND CHARGES COMMITTEE.

LETTER FROM MR. S. VAILE.

Mr. S. VAILE to the CHAIRMAN, Railways Management Committee.

SIR,—

Wellington, 9th June, 1886.

In compliance with your request I have the honour to submit in writing a description of my proposals for altering the system of levying the fares and rates payable on the New Zealand railways.

1. I propose to abolish computing fares and rates by the mile.
2. To abolish all differential rating.
3. In place of the present system, I propose to reckon all fares and rates by stages in the following manner:—

Starting from any capital town (for this purpose I treat any town having a population of not less than 6,000 as a capital town) I propose to place on every line running out of that town four ticket stations or stages, as near as may be, seven miles apart, and then, should there be a stretch of country of fifty or more miles not having a town of 2,000 inhabitants, to make the stages fifty miles each. Outside each town of 2,000 inhabitants I propose to place one seven-mile stage on each line, and outside towns of 4,000 two seven-mile stages; towns of 6,000, as before stated, to be treated as capital towns.

4. All fares and rates to be of one uniform charge, from stage to stage, for the whole or any portion of the distance.

5. Passenger fares, to be charged 6d. first and 4d. second class for the whole or any portion of a stage.

6. All parcels and goods rates to be reckoned in the same manner—that is, one uniform charge for the whole or any portion of a stage; but, as there are no statistics published on which I could found a reliable estimate, I am unable to fix any scale of rates; those I have previously quoted being, as I have many times said, merely suggestions.

7. From time to time, as the revenue would stand it, the fares and rates from stage to stage to be reduced to the lowest possible limit.

8. When the lines become filled up with seven-mile stages, and the revenue will admit of it, then I propose that the outside seven-mile stage from each capital town shall be removed, then the next stage, and so on until the stages are only between towns of 6,000 or more inhabitants. By persistently following this plan we may ultimately see our way, as regards passengers, at any rate, to making one fare only for any distance within the colony.

Memorandum.—I do not propose to fix the stages arbitrarily at the distances mentioned, but at the best collecting and distributing points nearest to them.

9. That the Government should be relieved of their present responsibility as carriers.

10. That an insurance department should be established in connection with the Railway Department, where, by payment of a small fee, either life, limb, or goods could be insured.

11. That, in place of the present tickets, railway-stamps should be issued and sold by every licensed stamp-vendor.

12. That stamps of a different colour or description should be issued which would entitle the holder to pass from a station immediately preceding a ticket-station to the next station beyond it, and thus save him from paying a double fare for a very short journey. The same will apply to goods traffic.

From the adoption of the proposed plan I should expect the following results to take place:—

1. The rapid settlement of the country;
2. The creation of numerous inland towns;
3. The doing away with the great evil of massing large numbers of people in a few centres;
4. A more even distribution of population and wealth;
5. A more equitable adjustment of the burden of taxation;
6. A very large increase in the railway revenue.

I am, Sir,

Very faithfully yours,
SAMUEL VAILE.

E. Mitchelson, Esq., M.H.R.,
Chairman, Railways Rates and Charges Committee.

MINUTES OF EVIDENCE.

TUESDAY, 15TH JUNE, 1886. (Mr. E. MITCHELSON, Chairman.)

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

Mr. SAMUEL VAILE examined.

1. *The Chairman.*] Mr. Vaile, the Committee would like you now to give a general explanation of the proposals set forth in your statement?—The reason I propose to abolish the mileage system and differential rating is that I believe these are the chief agencies at work in massing up the population in a few large centres, and drawing it from the country districts. That I hold to be a great commercial and social evil. Probably the evil social influences at work are greater than the commercial; but I am satisfied that our present railway system has this tendency of drawing the population from the country and massing it up in a few large centres. I am certain that when we get the census returns for this year, it will be apparent that settlement in the country has not progressed in anything like the same rate as in the towns. I think that is a very great social evil. Now, the reason that it acts in this manner appears to me to be this. Suppose we take a large centre—any of our chief seaport towns: If a man wishes to establish any industry, the greater distance he goes out from the centre the more he will have to pay on every ton of goods he has to move. This must of necessity have the effect of crushing him down on the centre. The same law applies to the people themselves: every mile they move out adds to the cost of their living, and they also must crush down on the centre. And then, again, to add to this evil there is probably a differential rate on one portion of the line as against another. In England, for instance, they will often carry goods to the terminal point at a less charge than for half or, sometimes, a third of the way. In a recent number of *Truth* you will find an illustration of that. Bacup is a town twenty miles north of Manchester, and the shopkeepers there, if they send to London to buy a ton of sugar, can save 10d. per ton if they have it shipped to New York, reshipped to Liverpool, and thence to Bacup, instead of having it sent direct from London. To illustrate what is done here: If a man wishes to send produce from Te Awamutu to any place within a seven-miles radius round Auckland, it would be cheaper to send this produce to Auckland, and then pass it back along the lines, than it would be to have it delivered direct at the station for which it was intended. The consequence is that people must be there, in Auckland, to handle and deal with these goods; and if you consider the traffic carried on in a city like London, you will see how the principle of differential rating must operate in massing up the people. Now, it is manifest that, if a man can get his goods carried along the whole or any portion of a stage for the same price, he might just as well be at the end of the stage as at any particular point upon it; and if he were a wise man he would locate himself at the end of the stage, and thus have a full stage of seven miles on either side. The consequence would be that people would be distributed over fourteen or fifteen or more miles, instead of a one- or two-mile radius. It must lead to a better distribution of population and wealth. And when we consider that all wealth is the result of the application of labour to land, it is apparent how important it is to distribute the people over the land. Then, I propose, instead of this mileage system, to fix the stages at distances of seven miles. [Explains by means of diagram.]

2. *Mr. O'Connor.*] I would ask Mr. Vaile why he draws the line at seven miles?—I do not fix the distance arbitrarily at seven miles, but propose to have the stages at the nearest distributing-points about seven miles from each other. It may in some cases be eight miles, or even nine miles, but generally I propose to cover the first thirty miles from the capital town by four stages, and then, if no town of two thousand or more inhabitants intervenes, to place the stages at fifty-mile distances. Then, I propose, as each inland town reaches two thousand inhabitants, to place a stage on either side of it; outside towns of four thousand inhabitants, two stages on either side; and to treat towns of six thousand inhabitants as capital towns; and so on until the whole lines are filled up with seven-mile stages.

3. *Mr. Whyte.*] By that process of adding to the number of stages you would greatly increase the cost of freight over the whole line?—Not necessarily, because as you got the stages filled up you would be able to reduce the freight all round and charge less for each stage, and then ultimately to remove certain stages in the manner described in the paper already laid before the Committee. Men generally travel for three objects—for business, pleasure, or for health. A man travelling on business clearly can afford to pay more in travelling through a populous country than in one thinly populated, because he has a greater chance of doing business; a man travelling for pleasure could also afford to pay more; and a man travelling for health would probably not have to travel so far as he does now.

4. *Mr. Hatch.*] I should like to ask Mr. Vaile whether he is looking at this question from a financial aspect, or as regards the settlement of the land, to obviate the so-called social evil of massing the population in the towns?—I maintain that both go together. If I were asked my private opinion I should say that the most important is the social aspect—the settlement of the country; but the financial result will also be better. The two points are intimately associated. We can get no freight if we do not settle the country. We cannot have products unless we have producers. Therefore the first point is to put the people on the land. I have often in my lectures been asked, "Why do you place so much importance on the passenger traffic?" It is because the whole thing begins there—before you get any products you must have producers. Then, as regards the differential rating, there is a great deal of difference between our railways, which are national property, and lines belonging to private companies. People who invest their money in any private concern look for interest on their capital, and a great many things are allowable under private

companies which are not allowable on railways under Government control. Now, in the colony, where everybody is a shareholder in the lines, it seems to me eminently unjust to treat one man in one way and another man in a different way—for instance, that in Auckland or Napier we can be charged a higher rate than in some other provinces—seeing that the entire loss on our railways is paid out of consolidated revenue. As Auckland contributes somewhere between a third and a fourth of the whole revenue, it consequently pays between a third and a fourth of the whole loss on the New Zealand railways. And I think it is especially unjust to Napier, where the lines at present are paying a better rate of interest than anywhere else, except one small coal-line. One great reason against differential rating is the power it gives to the controllers of the railways to manipulate property. Assuming that I am like Vanderbilt and have the control of the railways, and suppose that I wished to buy a property at, say, Southbridge, if I could get it at a price, what I should do, and what they do, is to put on a differential rate against that district to reduce the value of the land; afterwards, having bought the property, in order to sell out at a profit I change the differential rates in favour of this district and against another, and so on. In another case a man starts a brickyard in one place, and has an opponent at some other place on the line. If the first can control the railways, he gets a differential rate in favour of his brickyard and against the other. He soon ruins the other man, and has the trade in his own hands. Such a principle as that, applied to national railways, cannot be correct.

5. *Hon. Mr. Richardson.*] Do you say that these things have been carried on on the New Zealand railways?—No, I did not say that. I only give these cases in illustration of what has frequently been done in England and America. Another great evil of differential rating is that it leads to such an intricate complication of the tariff that nobody can understand it. If you adopt differential rating, you are always making rates, and consequently nobody knows anything about it.

6. *Mr. Whyte.*] I must ask you to define what you mean by the term “differential rating.” Is it different rates in different localities, or different rates under different circumstances, or different rates on different classes of goods?—I do not say that different rates on different classes of goods is differential rating: that is classification. What I understand differential rating to be is to charge one man one price for a service rendered, and to charge another man another price for the same service—maybe in the same locality; charging one price on one portion of a line and another price on another portion of a line for the same service; also reckoning a distance as one thing in one district and another thing in another district. That is differential rating. I do not say that all this has been done on New Zealand railways, but if we continue the present system it will ultimately lead to this, and nobody will be able to know what rates they are charged. In fact, Mr. Maxwell, in his report for the year 1883–84, advocated that the differential rating system should be so extended that people would not be able to interpret the rates.

7. Do I understand that you would not take into consideration whether there was competition or not?—Yes; I would make a uniform rate whether there was or was not competition.

8. *Mr. Walker.*] Would you have a uniform rate on different grades. For instance, do you not think a service rendered on a mile of the Rimutaka line would be worth more than the same service on a mile of the Canterbury Plains?—If that principle were to be allowed, people would have a right to claim different rates for each bit of the line before their own doors. You cannot apply the principle. I object totally to the principle, because I argue that men who have the courage to take up difficult country, and reduce it to order and civilization, and increase the production of the colony, they, of all men, have the greatest right to be helped. I would always bear this in mind in dealing with national railways. Of course I quite understand how the feeling has grown up to look at it from the point of view that the railways must pay interest. We have been brought up to this idea from childhood.

9. *Hon. Major Atkinson.*] In fact, you would treat the matter as one of average over the whole of the lines?—Yes; and I contend that by doing that we would give greater advantages for settlement, get a better financial result, and the people would be better and more cheaply served than under the present system.

10. *Mr. Walker.*] Are you not, by this means, establishing a sort of differential rating, because you are giving a service for the same price, which, under a different condition, costs you double the price?—I understand what you mean; but what I propose is not differential rating, because every man and every district placed under similar circumstances is treated alike. (*Mr. Walker:* I am not making an objection to your principle; but, logically, it would seem to be another sort of differential rating.)

11. *Mr. Whyte.*] I understand, also, that you will not consider competition. Say, in a case where a railway runs alongside a navigable river, or if the sea competes with a railway, would you have a uniform rate for every mile all over the railway?—Yes; I would have the same rate for every stage. Take the Waikato Railway. The advocates of the present system would give a differential rate because of the competition with the steamers. I would look at it from this point of view: The owners of the railway are the colonists, it is their property; but the owners of the steamboats are also colonists—and you are taking their money and trying to crush them by reducing the rate.

12. To give another illustration of what I mean. The road between Auckland and Onehunga is some distance shorter than the railway; then a man has to cart to the Auckland Station and to cart from the Onehunga Station. Unless the railway charges are very low, he will naturally prefer to cart the whole way. If you do not consider competition there you will probably run empty?—No; I would not consider that, for this reason: I contend that railway charges can be brought down so low that it would be utterly impossible for any other system of transit to compete with it.

13. *Mr. O'Connor.*] I would like to ask whether Mr. Vaile, in making these uniform charges—the same for one as for seven miles—has considered that it would have the effect of taking away

the traffic for short distances. A farmer living a mile or two out of town could not be expected to use the railway if he has to pay as much as a man living seven miles away. Would you not be taking away that short traffic?—I have considered that, and I do not consider it wise to alter the rates for the shorter distances, because the carrier business is a very important one, and I do not think we should seek to destroy it. I have also never altered the initial passenger-fare, because I do not believe it would be to the advantage of anybody that the railways should compete with that short traffic.

14. Then, you place your railways out of the question as a useful means of conveyance for short distances?—Not so; because, although I have not altered the initial fare—say from Auckland to Newmarket—yet the same fare would carry a passenger on to Penrose. I propose to regulate the goods-traffic on the same basis. Of course, where a man has to cart goods to the station and then cart them away—after a couple of miles' carriage—I do not think any possible system could compete with the carrier in that case.

15. *Hon. Mr. Richardson.*] Do I understand that, in abolishing differential rating, Mr. Vaile proposes to do away with season-tickets?—No; I think season-tickets are a very good commercial institution, and they ought to be continued.

16. Then, I think your objection to the passenger differential rating system goes to the wall?—No; I do not think so.

17. *Mr. Hatch.*] I would ask if Mr. Vaile has thought of the question of port rates—whether he would be inclined to modify his ideas with respect to making them all uniform irrespective of distance?—In considering this question, and having to deal principally with the public, I always felt the necessity of confining myself to a few points, and of keeping these points persistently before the public. There are many matters of detail that I have never gone into for fear of creating confusion. It is a large subject, and one of some difficulty. I have never had time to deal with the matter of port charges. It is a question which requires very careful consideration.

Mr. Hatch: In ten cases out of twelve there is water-carriage alongside the railway; therefore port charges are very different from inland rates. I should think differential rates would be absolutely necessary.

Hon. Mr. Richardson: Mr. Vaile has given a most distinct answer to that question—that he would not consider competition anywhere. I do not think he has modified that at all.

Mr. Vaile: Before I give an opinion about port charges, I should like to have some more information than I have at present. I do not know how these port charges are made up—whether part of them goes to the harbours or not. Before giving an opinion, I should like to know that. But, speaking generally, I should say, make the port charges as much as possible a uniform rate all over. There is another great objection, I think, to differential rating. Certain lines do not pay so good a rate of interest as others; and therefore a differential rate is put on what we may call a “poor” line, in order to bring up the rate of interest on that line. Now, it is clear, if that is persisted in, it must have the effect of always keeping that district poor, and making it poorer still. I think that is a terrible disadvantage to the colony generally. Take, for instance, the Picton line. It only paid, I think, 3s. 9d. per cent. The differential rating against that line is very heavy, and if you increase it the effect will be to make the district so poor that it can never rise. I cannot see the wise policy in imposing these differential rates. The Napier line last year earned £4 0s. 3d. per cent., and the Hurunui-Bluff line £3 13s. 1d., a difference in favour of Napier of 7s. 4d. Here is the rating of the two lines: Goods, Class D, for fifty miles—Napier line, £1 2s. 11d.; Hurunui-Bluff, 17s. 5d.; or a differential rating against Napier, which pays better interest, of 5s. 6d. per ton. I cannot see that such a thing as that is either wise or just. Then, again, in Class E Auckland and Napier are charged for a fifty-mile distance 10s. 10d., and Hurunui-Bluff 8s. 8d.—a differential rating in favour of the southern lines of 2s. 2d. There is an exception made in Auckland in favour of agricultural produce when sent direct by rail to either Auckland or Onehunga; but for any other distance it pays a higher rate. Then, on goods, Class P, Napier pays 9s. 10d., and Hurunui-Bluff 7s. 8d.; or 2s. 2d. against Napier. Things of that sort are eminently unjust on national railways. If persisted in it must have the effect of seriously crippling the agricultural interest of the North Island, if it does not absolutely ruin it.

18. *Mr. Hatch.*] What are the articles to which you are specially referring?—Class D contains galvanized iron, pig-iron, lead, and heavy goods generally, and also dairy produce from local factories, as distinguished from imported; Class E is agricultural produce generally; and Class P is native coal. On the Auckland lines—indeed, I think on the whole of the North Island and some portion of the South Island lines—there is really no Class D, everything under that heading being charged as Class C. The next thing we come to is an explanation of the stage system. Starting from Auckland, I put the first station at Penrose—six miles. This is a little short of the seven-mile stage, but it is a junction and the best receiving and distributing centre. The next stage is at Manurewa, also a good receiving and distributing station—fifteen miles. Next stage at Drury, twenty-two miles; and the next at Pukekohe, thirty miles; there being no town between Auckland and Hamilton of two thousand inhabitants, I take the next stage fifty miles on, to Hamilton. On the Christchurch line there are the same four stages outside the city, and fifty-mile stages after that. I propose to charge for passengers' fares from station to station a uniform charge of 6d. first class and 4d. second class for the whole or any portion of the distance. I propose also to reckon goods rates on the same plan—to charge them for the whole or any portion of a stage. We shall see the reason of that better when we come to consider the revenue.

19. *Mr. Whyte.*] I see that further on you propose to give power to passengers to travel from one side of a stage to the other side of the same stage at a modification of your rates?—Yes, I propose to issue tickets which would enable a passenger to pass from a station immediately preceding a ticket- or stage-station to the station next beyond it. I think it would be better to keep the stages as

well defined as possible; but it would be a hardship to make a man pay double fare for going only a short distance. It would also take traffic from the railway.

20. Is not that considering competition, which you said you would not consider?—No, I do not think so. I do not do it on account of competition, but because it is just.

21. *Mr. O'Connor.*] I should like to know how this system tends to build up towns?—If a man gets the fare for himself and his goods fixed over the whole or any portion of a distance, he will, in establishing any particular industry, naturally select the spot on this portion of the line which suits him best; and round that place some sort of a village would grow up. I would then periodically, as the population was ascertained, fix these stages—that is, the extra stages outside towns of more than two thousand inhabitants—and when there were a sufficient number to warrant a reduction, would reduce the rates all round; and in this way, although the number of stages was increased, the through-fare would probably be less than that we commenced with. Even if it should not, people could better afford to pay the through-fare, because there would be more trade to be done. But I believe that periodically—say, at the taking of the census—we should be able to reduce the price of the stages, and really the through-fare would not be more than at the start, while the stage-to-stage fare would be much less.

22. As the population increased the revenue of the railways would also increase?—Yes, certainly. The whole object is, first, to encourage settlement of the country; ultimately we would arrive at a system which would practically annihilate distance as far as regards charges for transit.

23. That process would eventually have the tendency of equalizing the value of land all over the colony. Have you considered how enormously that would enhance the value of estates in the interior, now only of use as sheep-runs?—Clearly it would; and I hold that would be a great public benefit, as it would make these properties contribute a larger share to the revenue. I do not think that the process would have the effect of reducing the value of land near the towns; for, the more settlement takes place in the outer circles the greater must be the value of the seaport or other large towns. The value of Christchurch could not be reduced because there was a town of ten thousand inhabitants, and another town of five thousand fourteen miles outside of it. My great object is to fix our population. We are constantly losing population. People come to settle, and go away again simply because of this transit question. That is what has cleared the workmen out of Christchurch—the being compelled to starve on a 35ft. lot. If such facilities as I propose had been afforded them, they could have had two or three acres within a distance of, say, fifteen miles of the city, and would not have been so ready to run away.

24. *Mr. Hatch.*] In view of these workmen living out of town, would you also increase the number and speed of the trains?—Yes. I take it that the one thing must follow the other.

25. Then, the whole system of running trains, &c., would have to be reorganized?—Yes; and it would be a very good job, too. I believe we could find work for five times as many people on our railways if they were managed on a system that would pay.

26. *Mr. Whyte.*] Everybody admits that the present railway system has a tendency to increase the growth of large towns. But do you not think that if the facility for getting to and from the large centres be increased the evil will be increased, and not diminished?—No, I do not think so. The reason why large centres are massed up is, in many instances, you will find, that the transit charge is less over the portion of the line a short distance from the centre. My system just reverses this—it gives you a less transit charge on the part of the line farther from the centre.

27. It appears to me that the effect of cheap transit to and from the big centres would be to kill the smaller towns?—That is a question often asked me by storekeepers in country towns. Some of them take the same view—that all the people would go to town to do their business, and that the storekeepers would be ruined. I reply thus: If you take any of our large centres—I speak of Auckland, which I know—you will find that not only can the suburban shopkeepers hold their own with the large Queen-Street shopkeeper, but they can beat them—in price and in every way. People living in the suburbs habitually deal with the suburban shopkeeper, for the simple reason that his charges are so much less. Now, if you do what I propose, you give the storekeeper facilities for making his purchases and carrying his goods at a cheap rate; so that the expenses of conducting his trade would be much less than under the present system. In this way he can compete with the town storekeeper. People will not go into town for the pleasure of carrying their goods to and fro.

28. *Hon. Mr. Richardson.*] Do you consider Timaru a large town—It has a population of about six thousand?—I think that is a fair-sized town.

29. As a matter of fact, the Government have been running excursion trains to and from Christchurch at very low rates—nearly as low as you propose. The cry-out from the shopkeepers in Timaru has been to stop these trains, because people there take advantage of these trains to do their shopping in Christchurch?—I quite believe that. That would undoubtedly be the result if excursions were run only occasionally, and not every day; but under the proposed system the storekeeper would also be able to take advantage of cheaper fares and rates on his goods. I should like to say that personally I am unacquainted with the Christchurch lines; so that the stages as set down on the diagram may want adjusting. I would require a good deal more information than I have at present to enable me to fix precisely where these stations should be. But the principle to be applied is the same. You now reckon by even stages of a mile all through. I think a mile-stage is too short, and propose to increase that to seven miles, and in certain instances to a longer distance, but still to reckon by stages.

30. *Mr. Hatch.*] If you increase the stages from one to seven miles and fifty miles, do you at the same time propose to show how you would reduce the cost of running trains for that seven-mile or fifty-mile stage?—I cannot do that.

31. And all fares and rates from stage to stage are to be uniform, irrespective of distance—for seven miles or for fifty miles?—Yes, that is so.

WEDNESDAY, 16TH JUNE, 1886.

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, Macandrew, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

MR. VAILE'S examination continued.

32. *The Chairman.*] You said yesterday that you would devote the whole of this morning to the financial aspect of the question. The Committee will be glad if you now explain?—In considering the question of the financial results to be obtained from the system I propose, I should like it always to be borne in mind that personally I consider the direct financial result quite a secondary consideration as compared with the indirect benefits which would be derived from the adoption of the system. I contend that if we grant very cheap transit it will lead to an enormous increase of trade, to a large increase in the settlement of the country, and will also greatly assist in developing the general resources of the colony. Consequently the general expansion of the revenue would be far more than would compensate for any direct loss, even granting that a direct loss could be made. I am very clearly of opinion that it would pay us well to expend a considerable sum of money in securing cheap transit; but at the same time I contend that under my system no loss can be made. I argue that the railways are simply the great highways or roads of a country; and, as we should never dream of attempting to derive revenue from macadamized roads, I do not see why we should look for revenue from the permanent way of railroads. I think there can be no worse form of levying taxation or raising revenue than by placing an embargo on the transit of the people and produce of a country. If you create revenue by using the roads for that purpose, you must to an immense extent cripple trade and commerce. I might produce many arguments in support of that theory if it were necessary to do so. The question as to whether the plan I propose will produce good financial results rests on the answer to three questions: first, is the inducement offered in the shape of reduction of fares sufficient to induce two or more fares to be taken where one is taken now? next we shall have to consider what would be the average fare under the proposed system; and, thirdly, would there be any extra cost, and if so, what would be the extra cost of carrying two fares where we now carry one? In considering the first question I wish to call the attention of the Committee to the better financial results that would be gained by reckoning fares by stages instead of having an even mileage rate. For instance, if a man gets into a first-class carriage at Auckland, his fare for the whole distance to Te Awamutu would be £1 0s. 10d. Now, if a man got in at Auckland, and only went as far as Newmarket, another man might take his seat and go on to Remuera, another man might in turn take the same seat and go to the next station, Green Lane, and so on throughout; but nothing more than the full fare would be realized under the present mileage system. As a matter of fact in some cases—by breaking the journey at Penrose, for example—you can do the journey for a few pence less. At any rate, you cannot earn more than the through-fare, no matter how many persons occupy the same seat during the journey. Now, when you reckon by stages the result is totally different. On the Auckland line there are thirty-four stations between Auckland and Te Awamutu: the consequence is that, reckoning the first-class fare, as I propose, at 6d., it is possible for each seat to earn 17s. That is, as there are thirty-four stations on the line, and as the fare is 6d. for the whole or any portion of a stage, it is possible for a seat in a first-class carriage, by getting a succession of passengers from station to station, to earn 17s. during the journey. It is on that principle that the London omnibuses are run. The through-fare from Harrow Road to the Bank is only 2d. It is clear that no man could afford to carry passengers the whole distance at such a fare as this; but where he makes his profit is in this way: a man gets in, say, at Harrow Road and travels as far as the Marble Arch, another takes his seat and goes as far as the Circus, and by the time the omnibus arrives at the Bank each seat will probably have earned 1s. I propose to apply the same system on the railways—to give each seat the chance of earning more money by this station-to-station work. Now, while I expect that this system would at least double or treble the through-fare, in my calculations I have always considered the through-fare only, and consequently have the probable increase from this source to the good. Then we have to consider the question, are the inducements sufficient to make two fares to be taken where one is taken now? The present fare from Waikari to the Bluff is, first-class £4 10s. 11d., second-class £3 0s. 9d; my proposed rates would be, first-class 18s. 6d., and second 12s. 8d.: is that sufficient inducement for two fares to be taken for one that is taken now? From Waikari to Christchurch the present fares are, first-class 10s. 5d., and second-class 7s.; I propose to reduce them to 2s. 6d. and 1s. 8d.: is that reduction sufficient to cause two fares to be taken where one is taken now? From Christchurch to Oamaru the fares are £1 11s. 8d. and £1 1s. 2d.: I propose to reduce them to 6s. 6d. and 4s. 8d. The through-fares from Christchurch to Dunedin are at present £2 7s. 11d. and £1 12s.: I propose reducing them to 11s. and 7s. 8d.

33. *Mr. Macandrew.*] Would you be good enough to explain what difference you would make between Dunedin and Port Chalmers?—The fares there would be 6d. and 4d.—for one stage only.

34. *Hon. Mr. Richardson.*] Do you know that the distance between these stations is between eight and nine miles? In that case would you make the fare for one stage on the whole of that line?—Yes—one fare for the whole or any portion of that line. I should like to make it clear to the Committee that I am now arguing out the question only with respect to single fares, and am not considering the season-ticket system. That could also be applied to my proposals, but in order to avoid confusion I now keep to single fare as against single fare.

35. *Mr. Whyte.*] Will you show us the difference between the fares at shorter distances, to see whether that would produce two fares for one?—Starting from Dunedin and going south we come to Wingatui. The present fares are 1s. 6d. and 1s. 1d.: I propose to reduce them to 6d. and 4d. The distance is eight miles. Then, coming to Greytown, the present fares are 3s. 2d.

and 2s. 1d. : I propose to make them 1s. and 8d. To Titri the fares are 5s. and 3s. 4d. : I propose to make them 1s. 6d. and 1s. To Milburn, present fare, 6s. 8d. and 4s. 6d. : I would reduce them to 2s. and 1s. 4d. To Kaitangata, present fares, 11s. 7d. and 7s. 9d. : I propose to make them 2s. and 1s. 4d. Then, taking the Auckland lines, coming first to Penrose, the present fares are 1s. and 9d. : I propose to make them 6d. and 4d. Then, to Manurewa, fifteen miles, the present fares are 3s. 2d. and 2s. 1d. : I propose to make them 1s. and 8d. Then, to Drury, present fares, 4s. 7d. and 3s. 1d. : I propose 1s. 6d. and 1s. Pukekohe, 6s. 3d., 4s. 2d. : reduced to 2s. and 1s. 4d.. Then, stretching away to Hamilton, the present fares are 17s. 6d. and 11s. 8d. : I propose to reduce them to 2s. 6d. and 1s. 8d. To Te Awamutu the present fares are £1 0s. 10d. and 13s. 11d. : I propose 3s. and 2s. The point to be considered is, will these reductions be sufficient to induce two fares to be taken where only one is now taken? I argue that the inducement is more than sufficient. Men doing business at a distance from town would certainly come in two or three times for once they come in now; and it will also work in this way: People, instead of travelling, as they now do, alone, will often take members of their families or friends with them. In many other ways the number of fares would be increased. For instance, on a Thursday or Saturday half-holiday what crowds of people would travel on the lines who never think of going now! They never use the lines now for purposes of recreation except on excursion-days; and that is a very irregular sort of traffic. But, if they could get to the stations immediately outside of the towns, fifteen miles on either side of them, for 8d., what crowds of shopmen, clerks, and working-men would go out on a holiday or a Saturday! I maintain that we would get at least five fares for one that is taken now; and that would mean about half a million added on to the revenue from passenger-fares alone.

36. If you take the fares from Auckland to Hamilton, it would require at least seven passengers to make up the amount to what is now charged for one; and if your fares only increased two to one for that distance, would it not follow that the shorter distance fares would have to be increased a great deal more than two to one in order to make up the deficiency on the longer stage?—The way it works out is this: Take the figures for 1883–84—the fares taken, according to the tables, were 3,272,644; they produced £321,615. That gives an average fare by each passenger, no matter whether he was first- or second-class, long distance or short, of 1s. 11d $\frac{1}{2}$. Now, it is clear that if you adopt any plan—it does not matter what—so that you can make sure of taking two fares where you now get one, and if you can also make sure that those two fares do not sink below an average of 1s., you must be a gainer: 2s. is clearly better than 1s. 11d $\frac{1}{2}$. The difference would be, I think, about £50,000. You must bear in mind that we are dealing with an average of the whole. If it is allowed that we carry so many passengers, the only other question to be established is, will the average fare sink below 1s.?

37. *Mr. O'Connor.*] You want also to establish the average distance travelled by each passenger? Yes; that will come presently. (To Mr. Whyte): You want me to show that the average fare will not sink below 1s.?

38. *Mr. Whyte.*] Yes; because for some stages you must get seven fares for one: therefore the number of passengers on the short stages would have to be increased immensely, unless the long ones are increased by seven to one?—I will show you. If we take the fares coming from any centre, the first stage is seven miles, for which we charge 6d. and 4d.; but as soon as you cross that stage the fares become 1s. and 8d. up to the next stage, which is fourteen miles. But if you cross that line to the next stage—that is, if you travel more than fourteen miles—the fares are 1s. 6d. and 1s., or an average of 1s. 3d. The average distance travelled now is thirteen miles; and I certainly expect that the great advantages and inducements offered by the new system to long-distance fares would lead to the average distance travelled being extended to sixteen or seventeen miles at the very least.

39. *Mr. Hatch.*] That argument would not altogether hold good if you issued special tickets from one side of a stage to the other to save two fares having to be paid?—That would be a disturbing element to some extent; but you will readily see that there could not be many of that kind of fares. I could have placed this question of the average fare out of all dispute if I had been furnished with a return which either Mr. Whyte or Mr. Peacock moved for—a return of all the bookings of passengers from every station to every station, distinguishing between first-class and second-class fares. The return was refused; but I have no doubt it would have come out in my favour. I feel absolutely certain of my average fare.

40. *Mr. Whyte.*] That is really the basis of your argument from a financial point of view—first, will you obtain two fares for one; next, will your average fare sink below 1s.; and, last, what will be the extra cost of haulage, if any?—Yes; I contend that the inducements are sufficient to give even five fares; but, if there were only inducements to give three fares for one, you would not want your average of 1s.—you would only want 8d. then to get your financial result. I look at it in this way: that our railways have failed to do the work for which they are intended. Here, in New Zealand, we are naturally travellers: if we were not we should not be here. We like to travel, and have the money to pay for it. Now, in Great Britain the population is shifted every year nineteen and a half times; but here, last year, we only shifted our population something less than five and one-third times.

41. You must remember, however, that as long as the railways are sparsely distributed they can only bear a small portion of the shifting of the population which is going on; the saddle, coach, steamer, and foot do a large part of it?—You mean that a large portion is shifted by other means outside the influence of the railways. Well, the population outside the influence of the railways, taking the most liberal calculation, does not amount to more than 11 per cent. of the total population.

42. What I mean by beyond the reach of the railway is not only that many people cannot get to a railway, but also that many others have to do a great deal of travelling within ten or twenty miles of the railway in the saddle or otherwise, perhaps, to get to the railway?—You must bear in mind

also that in Great Britain the railways do not touch every centre of population. If you stretch out the map you will find that in Scotland, in Ireland, and even in England, there are very considerable stretches of country where the people never use the railway. Then you have to take another large item into account: 5 per cent. of the population are in receipt of parish relief; we must take it for granted that they do not use the railway. There are also the number of people in the gaols; and, besides these, the large class of utterly destitute persons who never dream of travelling by rail. It would amount to far more than the 11 per cent. which we have in New Zealand of people who cannot use the railways.

43. How do you arrive at your 11 per cent.?—Taking the census tables of last year, and picking out all counties—twenty-four in all—where there are no railways, and portions of counties which the railways cannot be said to influence, and including the Counties of Bay of Islands, Whangarei, Thames, and Westland, in which railways are working—taking all these in, you can only make 11 per cent. of the total population. There is very little of our population that does not lie alongside the railway-lines.

44. *Mr. Hatch.*] Does that not show that you get almost as many passengers as you can now?—No. You must bear in mind that this shifting of the population in England is done at fares not very much below ours. If you adopt fares like those I propose in Great Britain you would find the population shift in a much greater degree.

45. Do you not think that the number of times the inhabitants have been shifted in Great Britain is due to the influx of foreign travellers?—But that population is always calculated as the population of Great Britain—there is always a floating population taken in in the census returns.

46. *Hon. Mr. Richardson.*] Are you aware how many travellers there are on the London Metropolitan Railway alone per annum?—No, I am not aware of the number.

47. There are nearly 120,000,000?—Very likely; I am not arguing from any one particular line of railway.

Hon. Major Atkinson: That moves the whole population about four times.

Mr. Vaile: There are between four and five millions influenced by that railway. I cannot see how it is possible under the system I propose that we should not secure two or three fares for one we take now. The question of the average fare not sinking below 1s., I admit, is more difficult of determination. Still, it may help us to a conclusion if we bear this in mind: that the average distance now travelled is thirteen miles. Now, will the inducements offered be sufficient to extend that distance another three or four miles? If you cross the third stage you get into three fares, and then we have an average fare of 1s. 3d. I should also have stated, the relative proportions of second-class fares to first-class is as three and a half to one. Under the proposed system I should expect to alter that, the difference between the two prices being comparatively small. Most people, in taking a long journey at any rate, when the difference in the fares is only as between two and three shillings, would pay the extra fare for the extra comfort. I expect to get fully as many first-class fares as second-class, and probably a good many more. That would have a very material bearing on what the average fare would be.

48. *Mr. Hatch.*] To produce this result—the number of people travelling—do you propose also to increase the speed of the trains with the view of saving time?—I take it that if we increase the number of passengers we must also increase the speed. The one thing follows the other.

49. *Mr. Whyte.*] I should like to see how you intend to make up your average fare of 1s. As it takes seven fares for one over a long distance, it would take more than two for one on the short distances. The question is, can you make up an average of two 1s. fares all the way through? I think it is the increased traffic in the right place that you want?—I will give you an illustration that I used at the Christchurch Chamber of Commerce: Suppose I lease your theatre. You have a dress-circle, stalls, boxes, pit, and gallery—so many different classes. I put my money-takers at the door to sell tickets for which they get so much money. Is it not possible to spread out these tickets and say how much the average is for each ticket. The whole question is only one of general average. Now, coming to the question of extra cost of running trains. Just take the fact of our running so many train-miles last year of mixed passengers and goods. The fares carried by these train-miles averaged 126 fares per hundred miles. In other words, we ran a whole train four miles to carry five passengers. It appears to me there can be no question about the extra cost. If we had sufficient passengers to be able to divide our passenger traffic from our goods traffic, we could carry passengers at a much less cost than we carry them now. The wear and tear of working a railway increase in proportion to the velocity with which you carry weights. We carry nearly all our goods at high velocities, because we carry them chiefly in mixed goods- and passenger-trains; consequently taking the wear and tear out of our railways. Now, if we had a sufficient number of passengers to separate them from the goods-traffic we could carry them at a high velocity during the day, and carry the heavy weights at low velocities during the night, and so work our railways more cheaply than we do now.

THURSDAY, 17TH JUNE, 1886.

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, Macandrew, O'Connor, Ormond, Walker, Whyte, and Hon. Mr. Richardson.

50. *The Chairman.*] Will you please commence, Mr. Vaile, where you left off yesterday?—We were speaking yesterday of the number of fares to be taken under the new system, and also of what the average fare would be. The two things seem to me to hang very much together, and undoubtedly they are very important. While I was arguing yesterday on the basis of receiving two fares for one, I should like the Committee to bear in mind that I have never made such a calculation myself—that we should only receive two for one that we receive now. From the time of

my first letters on the subject, and in my printed statements, I have always argued that we should receive at least four or five fares for every one we receive now. My opinion is, that to be equal to what is done in the Old Country we should shift our population at least twenty-four or twenty-five times a year. If we did that—twenty-five times—it would give us five fares for one; and that has always been the basis of my calculation. I have never expected to get less than five fares for one, and I should not be in the least surprised if we got ten for one.

51. *Mr. Whyte.*] And thereby the average would be made up?—Yes, and more than made up. But I also reckon this way: Under the new system, considering the great advantages given to long-distance travellers, I think it is almost impossible to arrive at any other conclusion than that there will be a large percentage of increase in these long-distance travellers. In this way: Assuming, for the sake of argument, that these long-distance travellers now bear a proportion of 5 per cent. to the whole, under the new system I would say that they would amount to at least 15 per cent. I believe we should get three long-distance travellers for one we get now, and consequently the average general distance travelled would be very much increased. Then, again, there can be no doubt that there will be vast numbers of people who will travel fourteen or fifteen miles in proportion to those who now travel so far; because that is the distance—say within fifteen miles from the centre—which will always take a large number of pleasure-seekers on Saturdays, Thursdays, and other holidays. If these large numbers of people take the fifteen-mile journey, and if you bear in mind that the average distance travelled now is only thirteen miles, you will see that there must be a large expansion in the average distance travelled. I was asked yesterday about the Port Chalmers line: the first-class fare from Dunedin to Port Chalmers is 1s. 6d., and the second-class 1s.; if they were reduced to 6d. and 4d. how many more would you get to travel that distance? At least ten for one.

52. I was puzzled yesterday to see how you got your average fare of 1s. You say that, as the average ticket now is 1s. 11½d., if you got two passengers for one now, and if you also got the price of each ticket not lower than 1s., you would take as much or more money; but as for short distances you halve the present fares, and for long distances you divide them by seven, it was not very apparent how you kept up your average to 1s. I have made the following calculation: Supposing that from Auckland one passenger started for each station on the line up to Te Awamutu, it would, by the present system, yield £14 2s. 1d., but under the proposed system it would only yield £3 5s. 3d. It would require four and a half times as many fares to make up the difference. Therefore it appears to me that in order to establish your contention—that two fares for one would make up the money—the station-to-station traffic would have to be immensely increased?—I do not take that inter-station traffic into calculation at all; that is all to the good.

53. The loss on every through-passenger being 15s. 9d., taking the first-class ticket, it would require thirty-one and a half sixpenny tickets to make up that loss. I thought that the natural answer to this would be that the traffic from station to station would make it up; and in order to establish Mr. Vaile's contention it would be absolutely necessary for us to have that return which he asked for last year—a return showing the actual number of tickets issued to each station from each station; otherwise we are going on probabilities?—Mr. Whyte's argument is based on an assumption of facts which do not exist. The railways never did earn any such amount, and they never will; therefore it is no use to combat the argument.

54. *Mr. Whyte.*] Of course it is based on a supposition, but I have given both sides of the question the benefit of that supposition?—Let us deal with actual facts. Take what the railways did earn, and what they are likely to earn under the proposed system. In all my arguments, in order not to take any advantage, but to give myself every possible disadvantage, I made my calculations solely on the through-fare. This other factor—the inter-station traffic—all comes in to the good of my system.

55. My object in drawing attention to this was to get these returns?—I do not think they are very necessary, though I should be glad to have them.

56. *Mr. Macandrew.*] You do not have any return-tickets under your proposal?—I have not dealt with that yet; but in my opinion return-tickets are a bad institution. They are now issued only on Saturdays and Sundays, but they work very perniciously. I think it is admitted that if we get two fares all through for one, and if the average does not sink below 1s., we shall get as much or more money than we do now. I will try to illustrate it in another way. From Auckland the first stage you come to is Penrose. Taking the first-class fare only, it is 1s. to that station: I propose to take it down to 6d. How many more am I likely to get for that seven-mile stage than we get now! Also, from Auckland to Onehunga. And the same thing will apply from Dunedin to Port Chalmers and from Christchurch to Lyttelton. I propose to make the whole of these distances 6d. for a first-class ticket. How many fares should I get at these stations for one that is taken now? I should get ten at the very least. No one who does not know Auckland can imagine the crowds of people who would go out to Onehunga on a Saturday or a holiday. There are not less than fifteen or twenty regular omnibuses running on that line. The railway charge is 1s. first-class, and 9d. second-class. The omnibuses run all the year round for 7d.; indeed, they do better than that, for they give fifteen return-tickets for 14s., and they are always loaded.

57. *Mr. O'Connor.*] But the omnibuses take each one from his own door?—That is true; but look at the delay, the time that is lost—the omnibuses are much longer on the journey. There are vast numbers of people who prefer the omnibuses because they are cheaper. Well, what I contend for is that in these short distances you must—that is to say, we shall—get at least ten fares for one you get now. Then, if you come to the next stage: present fares—to Otahuhu, 1s. 6d. and 1s.; to Papatoitai, 2s. 4d. and 1s. 7d.; to Manurewa, 3s. 2d. and 2s. 1d.: I propose to take all these down to 1s. and 8d. I should clearly get a great many more than my two there. Then, coming on to Drury, the fares now are 4s. 7d. and 3s. 1d., and my proposed fares are 1s. 6d. and 1s. I manifestly must get more than my two there. The next stage further on is Pukekohe, which certainly is a great place of attraction. The present fares are 6s. 3d. and 4s. 2d., and the proposed

fares are 2s. and 1s. 4d. I am quite certain that we should get a very large increase of passengers as far as that point, thirty miles out. Then we come right through to Hamilton. That is certainly not a bad place, and a good many people break their journey there to go further into the country. The present fares are 17s. 9d. and 11s. 10d., and my proposed fares are 2s. 6d. and 1s. 8d. Am I not bound to get my average there? The thing is as certain as I am speaking that we shall get five fares for one. Then on to Te Awamutu, which offers a great many attractions to people to go to and stay for a week, or a month, or longer. The present fares are £1 0s. 10d. and 13s. 11d., and my fares only 3s. and 2s. I must get my five for one there. Now, if we take the Christchurch line: Going north to Waikari, I understand that is an attractive bit of country, and if people can travel fifteen miles in that direction for 8d., or twenty-one miles for 1s., scores of them will go. Coming south, if you have the fares to Hornby Junction at 6d. and 4d.; and to the next station, Rolleston Junction, 1s. and 8d.; and to Bankside, 1s. 6d. and 1s., you are bound to get an enormous increase of travellers. I will now take the different classes of society and see how it affects them.

58. *Mr. Whyte.*] If your contention is that five would travel in place of one, anything I have said drops at once?—I contend that five will go; but two for one all through will get the average. Let us see how it affects the different classes. In Auckland, I know, the churches, both Episcopalian and Nonconformist, are in the habit of employing a large number of lay preachers and readers. These men go round Auckland as far as they can walk or ride on horseback. Now, if these facilities for travelling were offered, numbers of these men would go into the country on Saturdays, and stop until Monday—there are always people ready to entertain them. We should get in that class five or six fares for one that is taken now. This would also have the effect of leading to a frequent interchange of pulpits, and I ask you gentlemen who live in the country whether that would not be a good thing sometimes. Take the next class—medical men. How often do people in the country want medical advice and cannot get it, on account of the cost of getting the medical man out of town! Clearly, in that case we should get four or five for one we get now. Then, coming to the legal class, they would also travel more, and people would travel to see them. Again, taking the commercial travellers—the men who go to and from the towns, and make their purchases, and select their goods—do you mean to tell me that the fares from this source will not increase more than two to one? Will they not increase ten to one? Then there are lecturers, actors, and other entertainers. These people would go into every little town in the country; and I believe a very considerable amount of good should be done by that. We certainly should get our quantity there. We come now to the most important class as regards travelling—artisans and labourers. My contention is that our railways have failed, for the reason that they do not meet the requirements of this very large proportion of the community, who have incomes, say, under £200 per annum. A man having £200 a year to live on in New Zealand cannot make much use of the railways for the purposes of his daily avocations. If we could only get down to that large mass of the people with small incomes, we could then be sure of having our number; and I maintain that we cannot touch that class except by some such reduction as I propose. I am aware that the Railway Department to meet these requirements depend on the season-ticket system. I will show you how season-tickets never have and never will do it. They are a very good institution, and I certainly should not propose to do away with them; but they only meet the requirements of the head of the family. A man takes a house in the country. And there are very few who will do that except married men with children. How about the wife and the children? A family-ticket, you will say. But numbers of these people could not afford a family-ticket. I know it comes cheap; but the man argues in this way: “My wife only wants to go to town, perhaps, once in a month, and my children once in a couple of months;” and he will not buy a season-ticket for them. I think it will be found that there are very few of these family-tickets issued. If you take the Board of Trade returns, you will find that the proportion of season-tickets to travellers is very small indeed, and it will be still less here. You simply cannot do it by season-tickets; you must bring the ordinary fare down if you want to increase the number of travellers. This is amply illustrated by what has been done in England by third-class fares. Every six months, as the Board of Trade returns are published, there is found to be a large decrease in first-class travelling, a larger decrease in second-class travelling, but such an enormous increase in third-class travelling that it more than makes up for the loss on the other two classes. I think that is a very strong argument in favour of my assertion that the low-class fares pay. It is a fact that cannot be gainsaid or resisted in any way. I have tried to convince the Committee that travelling would be extended—that people would travel these long distances. Now, the whole secret of the average fare lies in the question, what will be the average distance travelled? The average distance travelled under the present system is thirteen miles. Are these inducements which I offer sufficient to extend that distance to seventeen or eighteen miles? If you only extend it an average of sixteen miles you cross two stages, and if you cross two stages it is very unlikely that your average fare will sink below 1s.; but suppose it does not reach 1s.—suppose it only reaches 8d.—then three fares for one would bring up your revenue to the amount now taken.

59. Allowing that the gross distance travelled be increased, the average distance travelled by each passenger might at the same time be decreased. For instance, the traffic between Auckland and Onehunga would, no doubt, be increased; but, as that distance is less than the present average travelled, every fare would have the effect of reducing the average?—I do not think it possible that the average distance could be decreased; but, should it turn out as you expect, the financial result will be right—you will get the amount in a greater number of small fares.

60. *Mr. Macandrew.*] Have you considered what effect it would have on your proposals if you were to do away with the distinction between classes—only to have one class?—No, I have not given it any thought; because I do not consider that it would work well in this country. I think it would be to our advantage—looking to the financial result—to keep two classes. I notice that in America, where they professedly have only one class, they are fast coming to three classes. I do not think it would be wise to abolish the two classes.

61. I think second-class passengers, as a rule, are better able to afford travelling than first-class passengers?—Yes; but under the proposed system people would be able to afford to travel first-class. Instead of getting three and a half second-class fares for one first-class, as we do now, I expect that we should get three and a half first-class for one second; and this would enormously aid the financial result.

62. Which of the lines in the colony would you consider the best to make the experiment on of trying the system?—I do not think I could answer that question without some further information.

63. *Mr. Walker.*] Do you think it would be a fair test to try it on the Auckland line?—I could not say without further information, because I am dealing with the general average of the whole railways of the colony.

64. *Mr. O'Connor.*] Have you ever known any place where this system has been tried—for instance, where coach fares have been reduced to equally low rates?—No; I do not think such a reduction has ever been proposed.

65. Suppose a coach has been established in any part of the country, and travels a certain distance for £1, and that fare is reduced to 2s. 6d., do you think that would be sufficient inducement for people to travel—given good roads, good coaches, plenty of accommodation, and every inducement you have here?—In considering the question of coaching as against railway travelling, you have always to bear in mind that the coach takes a much longer time. Very few people can stand a long coach-journey—especially ladies; and they form an important portion of the travelling public.

66. Now, do you not think that, as soon as the novelty of the thing wore off, and when people came to look upon 1s. as the legitimate price to pay for being carried two stages, they would not travel any more than they do now?—No; I fully believe that the amount of travelling would increase largely from year to year—that it would be a constantly-increasing stream. When I was in London the Metropolitan Railway was opened. For about a fortnight the Bayswater omnibuses ran very nearly empty, but within two months there were more omnibuses on the line, and the underground railway was crowded, as every one knows. In Auckland, where they have established tram-cars, there were omnibuses on the western circuit moving from seven hundred to a thousand people per week. The tram-cars now move from sixteen thousand to twenty thousand, and the omnibuses are as fully employed as ever. All this tram-car traffic in Auckland is purely additional traffic; and I contend that the same thing must result on our railways if we give the same facilities. The more you give facilities for travelling, the more you increase it. I am speaking of the western circuit only.

67. *The Chairman.*] I think they are carrying about sixty thousand on the two circuits?—And that is all additional traffic. Supposing, then, that there is a large increase in the number of short-distance fares, all we want is four fares at 6d. to get the result we are getting now.

68. *Mr. Whyte.*] Not if on the long distances you lose 15s.?—We do. The average is the same. If we get four sixpences, it is no matter how we get them.

69. *Hon. Mr. Richardson.*] I do not see how the average comes in in that case?—Is it not absolutely clear that if we get four sixpences it is better than 1s. 11½d?

70. I understand that your whole system depends upon getting an average all through. Granted that you do get even ten to one at the short distances, when it comes to the long distances how do you make up the average?—You must look at the general average taken as a whole. If the general average now over the whole lines for long or short distances, first- or second-class fares, is 1s. 11½d., it is manifestly clear that if we get four fares at 6d. for every one we get now, we must make a profit.

71. But can you answer my question? Supposing you do get tenfold at the short distances, without the long-distance fares, where does the average come in?—I do not admit that we should be without the long-distance fares. My assertion is, that from every station where we now get one fare, under my system we should get at least two or three. All the large increase of short-distance fares you speak of would be to the good.

72. *The Chairman.*] There is one point in your statement which you have not touched upon—that the Government be relieved of their present liability as carriers?—I argue that it is advisable to work our railways at as small an expenditure as we possibly can, and that transit ought not to be made a means of raising revenue. In case of an accident, the Government might be involved in a very serious loss for damages; therefore I would wish to relieve them of their responsibility as carriers. I think the direct users of the railways are the right people to guard against that loss; and I propose to have an Insurance Department in connection with the railways, and let people insure themselves and their goods if they think proper to do so.

73. *Mr. O'Connor.*] Do you think that would be fair to the individual?—I think it would be fair to the individual user of the railway. The difficulty comes in here: When the general community has to make up this amount, and the Government is held liable for loss by accident, they must charge such a price as will cover the possible loss. I propose to do away with that, and throw the burden on the users of the line.

74. Then you increase these fares by making people pay for insurance?—No; I would simply establish an insurance something on the plan they have at Home: for, say, 3d. extra they insure you for your journey for, perhaps, £1,000. But it is entirely at the option of the individual whether he takes advantage of it.

75. But you know that that insurance does not deprive an individual of his claim against the Government in case of accident. Do you propose to deprive him of that claim here?—Yes, I do.

FRIDAY, 18TH JUNE, 1886.

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, Macandrew, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

Mr. VAILE cross-examined by Mr. MAXWELL, General Manager of New Zealand Railways.

76. *Mr. Maxwell.*] You explained, one principal object you had, Mr. Vaile, was to obviate the present disadvantages which you called the crushing of the population on the large centres. You said that the railway rates prevented the establishment of industries up country?—What I said was that the system of reckoning rates by the mile, and the differential-rating system, absolutely compel people to crush down on the centres.

77. But that would apply only to certain kinds of industries—would it not? I have noted down some to which I do not think it would apply. Brick- and pipe-making, for instance, as a rule are carried on where the clay is procured. Corn-growing, cattle-raising, cheese- and butter-making, and kindred industries flourish in the country. Then, again, coal-production and iron-manufacture are carried on where the coal and iron are raised. Then, woollen manufactures are started, for some reason or other, where it is convenient—where there is water, for instance, as at Kaiapoi, Onehunga, Mosgiel, or Petone. Paper-factories also come to water, I imagine, as at Mātāura, or near Dunedin—also soap and candles, as at Burnside and Kaiwarra. Lime- and cement-production are almost always carried on where the lime and raw materials are raised. You could not have referred to those industries: to what industries did you refer?—I say every kind of industry where the market requires to be near the centre. A man will most assuredly go as near the centre as he possibly can. Take the first industry you mentioned—brick-making: the market for bricks is in the city. I know for a fact that in Auckland there are brickyards even right in the city.

78. They make their bricks where they can get clay, do they not?—Of course they cannot make them without clay; but if they can possibly get it near town they will come in. Farming clearly must be carried on in the country, and coal-production where you get the coal. But it is not so with iron-factories. Take, for instance, the iron-factories of London—where they can possibly come into town, they do.

79. I think you will find that the iron-factories of London are quite insignificant when compared with those where the raw products are to be found?—Of course the mere forming of the pig takes place at or near the mines; but the iron-factories are always in the large cities, so far as I know.

80. Is it not that the large cities have sprung up where the factories were?—No. It is clearly not the case in London, and I do not think it is in Birmingham.

81. Do you think London may be called a manufacturing city?—I think it is, undoubtedly.

82. And do you think that Liverpool is?—To a very large extent it is.

83. I have some evidence on that point. In his evidence before the Parliamentary Commission on Railway Rates, Mr. Forwood, the mayor, distinctly says that Liverpool is not a manufacturing city. Now, Liverpool has a population of about nine hundred thousand?—I did not say that all large cities were manufacturing cities. But I think that Liverpool is to a very large extent a manufacturing city.

84. What I was wishing to get at was some of the industries which will be crushed down on the large cities?—I say every industry that a man can possibly establish near the centre. When it saves him the cost of transit he must naturally crush down on the centre.

85. You made the remark that potatoes might be booked from inland to Auckland and back to the country stations cheaper than they can be sent direct to those stations. Have you got the figures to show that?—I think what I said was this: that supposing a man at Te Awamutu had ten tons of potatoes for distribution, say, seven miles on either side of Auckland, or over a space of fifteen miles, the cheaper plan would be to send them to Auckland, and distribute them back along the lines to these distances.

86. Take from Te Awamutu: the rate to Auckland is 13s. 4d. a ton. If you book back only as far as Newmarket—that is under seven miles—the cost comes to 17s. 3d.; but if you book direct the charge is 15s. 10d. Do you not think you were incorrect in laying down, as a general rule, that this result would follow?—No. I was alluding more especially to differential rating as it is carried on at Home. There, as you know, the differential rating is very heavily in favour of some centres; and I say that where this is the case, it has the effect of massing the goods in these centres; and they have afterwards to be distributed along the lines.

87. At any rate, you think you were incorrect in your example?—According to the scale of rates I am correct. To bring down a ton of potatoes from Te Awamutu to Auckland costs 13s. 6d.; to take it ten miles further on the Helensville line would cost 3s. 5d.; that makes 16s. 11d.: while to take it the whole distance through, according to the scale, would be 17s. 1d.

* [Mr. Maxwell was called on by the Committee to have some rates worked out. These rates are furnished.]

* NEW ZEALAND RAILWAYS.—GRAIN RATES, CLASS E.

Auckland Section.

From				To	Rate direct.	Rate via Auckland.
					s. d.	s. d.
Te Awamutu	..	..	..	Helensville	19 7	23 3
"	..	..	..	Newmarket	15 10	17 0
"	..	..	..	Kaipara Branch, 10 miles from Auckland	16 8	18 1
"	..	..	..	Kaipara Branch, 7 miles from Auckland	16 4	17 10

88. Then you said you wished to annihilate space as regards the cost of transit: you mean, of course, the charge to the public; you do not mean the cost of the service, because you cannot alter the cost of the service by the introduction of stages?—No; of course I mean the cost to the public.

89. As far as getting the people on the land is concerned, I understand you hold that low rates are desirable that people may be better able to send their produce to market?—Yes; low rates would encourage sending goods to market.

90. And therefore you say it will induce people to settle on the land?—Yes.

91. You are, of course, aware of the low rates charged for sending agricultural produce into Auckland, and that there is a rate and a quarter charged for sending it inland back to the country. Do you think that the rates at present charged from the Waikato for agricultural produce prevent the growing of grain in that district?—I think it is absolutely certain that they prevent the production of agricultural produce.

92. Do you know that grain is sent up from the Middle Island, and, after paying the freight and port charges, it is sent up the Waikato by rail?—That is seed-grain, I presume.

93. No; there are large quantities of grain, flour, and oats going up into the country?—That does not affect the question.

94. Does it not affect it in this way: that it shows people in the Waikato do not grow their own grain?—It shows that by unfair rating the Waikato farmers are beaten in their own market.

95. I do not think it proves that. I will state the fact again. The people in the Middle Island pay the same railway charges, the port charges, the freight to Auckland, and the wharf charges there, and then pay a rate and a quarter further railway charges to send their grain for consumption in the Waikato?—It is because the rates are so heavily against Auckland that the farmers cannot compete with those in the South.

96. *Mr. Walker.*] I should like Mr. Vaile, or any of the Committee, to say whether there are any special reasons why the Waikato does not grow sufficient wheat?

Mr. Whyte: The crops there are very fair.

Mr. Vaile: The main reason is, that all the land there is naturally either fern, or tea-tree, or bush, and it takes from six to ten years before it can be brought into a condition fit for growing wheat.

Mr. Whyte: Yes, that is correct; but there is a great deal of land now in the Waikato perfectly fit.

Mr. Vaile: But they do not grow it because they cannot pay the rate.

97. *Mr. O'Connor.*] Is it not because they find other things pay better?—Undoubtedly that has something to do with it; but I claim that the rates all through the colony—not merely in Auckland are far too high.

98. *Mr. Maxwell.*] I was going on to ask another question in the same category. Do you know what price it costs per head to send cattle from Ohaupo to Auckland as compared with the cost of shipping them from Waitara. It is 8s. as compared with 17s. per head. Do you think the railway rates prohibit the raising of cattle in the Waikato district?—I do not see that that touches any point before the Committee.

99. I think it bears on the question of railway rates, which you say are too high. I want to point out that people get large quantities of cattle from Waitara at a cost of 17s. per head, while they could get them conveyed from the Waikato at 8s. per head?—Mr. Chairman, if I understand rightly, the Committee was to confine itself to the question raised in the petitions. If we get into a general discussion of railway rates, I fear the thing may be interminable. I say at once that I am not prepared to go into that discussion. The question Mr. Maxwell raises is one of general railway rates. If he chooses to ask me anything about the differential-rating system, I shall be prepared to answer.

Mr. Maxwell: In the papers before the Committee there is frequently the statement that the present rates are too high.

Mr. Whyte: I understand, Mr. Vaile, that we are now under the heading of production being stifled by railway rates.

Hon. Major Atkinson: It is quite a legitimate question, if we are wise in pursuing it. The Committee should have information upon the point, but I do not think they need care very much to have Mr. Vaile's opinion about it: it is from Mr. Maxwell they should get information of the sort.

100. *Mr. Maxwell.*] Mr. Vaile contended that the railway rates prevented the establishment of industries up country. I want to show that the railway rates do not do so as far as cattle are concerned?—I take up the general ground that if we want to develop our industries we cannot get transit-charges down too low. I would bring down the railway-charges so low that no other means of transit would be able to compete. There is one other point I wish to state which I have not touched upon before. I should expect to make at least £200,000 per annum by the increase of profit on the passenger-rates. Now, the total goods-traffic realizes, roughly speaking, £600,000; and I would apply the £200,000 to the reduction of the rates on goods—equal to an all-round reduction of about one-third. I would not apply it indiscriminately, but to the reduction of the charges on natural products, such as agricultural produce, minerals, &c., so as to bring the transit-charges on natural products to the lowest possible limit.

101. We come now to differential rating. I understood you to repeat what you stated in one of your lectures, which is before the Committee. You said that "differential rating meant charging different prices for the same service rendered on different portions of the lines"?—What I said was this: that differential rating meant charging different prices for the same service rendered on different portions of a line.

102. Yes; that is what I understood. I have worked out some of your fares as stated in the pamphlet you wrote a short time ago.

Examples of Rates and Fares computed from Mr. Vaile's proposed System as set forth at page 34 of his Pamphlet of February, 1886.

First-class fares—						s.	d.
Hunua to Buckland, twelve miles, three stages	..	..	..	..	..	1	6
Hunua to Otahuhu, twelve miles, two stages	..	..	..	..	..	1	0
Runciman's to Papatoitoi, twelve miles, three stages	..	..	..	..	..	1	6
Runciman's to Hamilton, sixty-one miles, two stages	..	..	..	..	..	1	0
Buckland to Papatoitoi, twenty-two miles, four stages	..	..	..	..	..	2	0
Buckland to Te Awamutu, sixty-seven miles, two stages	..	..	..	..	..	1	0
Buckland to Auckland, thirty-three miles, five stages	..	..	..	..	..	2	6
Rates, wheat—							
Buckland to Auckland, thirty-three miles	..	..	..	..	..	4	2 a ton
Buckland to Te Awamutu, sixty-seven miles	..	..	..	..	..	1	8 "
Minerals—							
Buckland to Auckland, thirty-three miles	..	..	..	..	..	5	0 "
Buckland to Te Awamutu, sixty-seven miles	..	..	..	..	..	2	0 "
Coals—							
Mercer to Hamilton, forty-one miles	..	..	..	..	..	1	0 "
Mercer to Otahuhu, thirty-four miles	..	..	..	..	..	4	0 "
Mercer to Runciman's, twenty miles	..	..	..	..	..	2	0 "

With reference to your definition of differential rating, I would remark that it is not upon the amount of the rates that I now wish to comment, but upon the relative rates and the relative manner of charging. Taking your passenger fares from Buckland to Te Awamutu, sixty-seven miles, two stages, 1s.; Buckland to Auckland, thirty-three miles, five stages, 2s. 6d., is not that charging different fares on different portions of the line?—No; because in every district in New Zealand, wherever there are railways and districts situated similarly, the same charges are made. I do not think that is differential rating.

102A. I shall point to two or three other cases. Mercer to Otahuhu, thirty-four miles, your proposed rate for coal is 4s., and Mercer to Runciman's, twenty miles, it is 2s. Why is the person at Otahuhu to be charged 4s. and the person at Runciman's 2s.?—For the reason that I have always stated: to induce settlement in the blank spaces. I think, if you follow my system out you will find that it gives the advantage for the time being to the people living in the blank spaces, to induce more to live there.

103. If you started from Auckland I could see how the persons in the blank spaces might get the advantage; but I do not see it in these cases?—Yes; because they have only to pay for one stage.

104. I think your definition of the term "differential rating" is a very limited one. There are a great many ways of rating differentially. The first of these is classification—dividing goods into classes, and charging according to the value, bulk, and other characteristics. The next is differentiation for distance: as a rule, it may be laid down that it is cheaper per mile to carry for long distances than for short ones, and therefore it has been a universal practice to differentiate for distance. Again, there is differentiation for quantity: as a rule, it will be found that railways will carry, say, five tons, at a cheaper rate than one hundredweight, and five hundred tons cheaper than five tons. Again, there is differentiation in opposite directions: in some countries rates are cheaper in one direction than in another. I do not pretend to explain why, but that is another form of differentiation. Another form is differentiation by groups: in some instances there has been tried the plan of grouping lines, and having a standard scale, and charging so much per cent. above on one group, and so much below on another, according to circumstances. Then there is differentiation in the same direction—that is to say, that they charge a lower rate for a longer distance than they do for the shorter. I believe these forms comprise almost every kind of differential rating that is allowed on railways. There is one other, which is not legitimate—that is, personal rating, or "undue preference," as it is generally termed. This personal rating should not be mixed up with differential rating, because it has long been regarded in England, at any rate, as illegal. In 1854 Cardwell's Act prohibited the practice, and it has entirely died out; and, if the Committee think proper to refer to a report of the English Parliamentary Committee for 1881, they will see that, although a great number of witnesses were examined, it is stated that there was not one complaint of undue preference. Now, I would ask Mr. Vaile to which of these forms of differential rating does he object—is it classification?—No; I have already distinctly stated that I do not object to classification.

105. Then, differentiation for distance. For instance, in America they carry goods eight hundred or a thousand miles: would you make any difference per mile for goods carried these long distances?—Yes. I object to it on the mile.

106. It matters very little whether you measure by the stage or mile?—I object to an even charge, whether you call it miles or stages.

107. You object to differential rating by mileage, and not by stages?—I object where the fares are reckoned at an even rate any way.

108. Then, differentiation for quantity: do you object to that?—I do, except to this extent: I think the man who has only a small lot to move should only be charged such an extra amount as will pay for the extra cost of handling. I argue that the railways are our railways, and are totally different from railways of companies who work them simply for the purpose of making money—that the small men are equally shareholders with the large men, and that it is most important to encourage the small men from a national point of view.

109. You admit it to a limited extent, then?—Yes, to the extent, I have mentioned.

110. Do you object to differential rating by grouping—that is, charging on certain groups of lines higher rates than on other groups?—Yes, totally, on national railways.

111. The next is charging for the same distance more in one direction than in another?—Yes, I object to that too.

112. But have you not made a proposal to do that?—No, I think not.

113. You charge less from Pukekohe to Ngaurawahia than from Pukekohe to Auckland?—That is not what I call opposite directions. When you charge more going to Auckland than coming from it, is what I call different ways.

114. I will make the question more clear. Do you object to charging less in one direction than another over the same portion of the line?—Yes, I do object to that.

115. Would you then, charge less for one direction than another when they are not in the same portion of the line?—I have clearly laid down my plan, which is to charge a less rate in those districts where the population is sparse than round the towns.

116. Then, as to charging less for a longer distance in the same direction than a shorter distance: that will also have to be divided into two portions—charging less for a longer distance in the same direction than for a shorter distance on the same part of the line, and on different parts of the line?—My propositions are the same, whichever way you work them. I charge the same for the whole or any portion of a stage.

117. I wish to show that Mr. Vaile uses the term “differential rating” in a very limited sense, and want to be clear on the points that Mr. Vaile objects to. His scheme is differential according to the views of railway people generally. He uses the word in a much more limited sense, so that it is necessary to arrive at what he does mean?—In reply to Mr. Maxwell, I would say that I have always made it a point to ask every railway man I came across; and not one of them, except Mr. Maxwell, has ever said that my mode of charging is differential rating.

The Chairman: I think it is quite necessary that we should know what the meaning of the word “differential” is.

118. *Mr. Maxwell.* It shows how we may misunderstand one another if we do not know this. I asked Mr. Vaile whether he objected to charging less in different directions on a line. He at once said, “I do not object, provided it is not on the same part of the line, but I do object if it is on the same part of the line”?—No; you thoroughly misapprehend what I say. I charge for the whole or any portion of a stage, no matter whether that stage may happen to run east, west, north, or south: whichever way you are going, I charge the same price for the whole or any portion of it.

119. I would point out that in America, for instance, these questions have been legislated upon, and this question of direction, whether on one portion of a line or another, has been the subject of conflict. In one State they are allowed to charge, on the same part of the line, different prices in opposite directions only. I wanted to elicit from Mr. Vaile whether he was prepared to do that. He is not; but when it is on a different portion of the line in opposite directions, then the charge may be less. Mr. Vaile has condemned differential rating in the strongest terms, and I want to show that it comprises things which he admits?—No, I do not admit it. I state distinctly that in my system there is no differential rating, and in that assertion I will be bound to produce a dozen railway men of position who will carry me out.

120. Then, to go on, I think you said that you desired to make the towns pay, as opposed to the country?—I never said so. At any rate, I never intended to say such a thing.

121. You make a man who lives in a town pay a much larger sum for his travelling than a man who lives in the country. Are there any grounds for assuming that a man living in the town is better able to pay a higher rate than the man living in the country?—Yes. As I said before, men travel for one of three things—for business, or pleasure, or health. For a business man living in a town, and travelling, say, seven miles round that town, there are far more opportunities of doing business than for a man who wants to travel seven miles in the country, where there are few inhabitants; therefore he can afford to pay more.

122. On the question of simplifying the rates and regulations, you say that your proposed scheme does simplify largely; and I think you said at the same time that you had not considered the port charges and a great many other details?—That is so.

123. How, then, do you form a conclusive opinion that your scheme is a simple one until you have investigated details; because it is the detail that makes a system perfect?—That is clearly so; and, as I have said, if you are going to apply this system, the question of its success or non-success will very largely depend upon the skill with which the details are worked out. Having to deal with the public, I have confined myself to the main general principles. The question of port charges, I admit, requires very careful consideration.

124. Is it not premature, then, to say that your scheme is simple until it is elaborated?—It is certainly simple as far as it is developed.

125. Is it not made to appear so by omitting nine-tenths of the detail?—No, I do not think so.

126. This is a case in point: You have given us a diagram with the reduced fares on it. Between Auckland and Te Awamutu there are thirty-four stations; thirty-four multiplied by thirty-four gives 1,156 different journeys that may be taken. You have only shown thirty-four fares that you would charge, and you leave out a great deal which would show your scheme to be very different from what it seems to be?—I ask the gentlemen present if Mr. Maxwell does not show very clearly that he does not know what I propose. He says there are 1,156 stages on which I have to calculate fares. What has to be done is merely this: Charge 6d. or 4d. for the whole or any portion of each stage; there is no need for showing the fares.

127. I think I said 1,156 different journeys. What I wish to point out is that your diagram, although it shows a large number of cases, is very far from exhibiting all. To take an instance: From Hamilton to Pukekohe is fifty-four miles; you do not show the New Zealand Railway charge for that fifty-four-mile stage?—I show your charge for eighty-four miles, and any one can easily make the deduction.

128. That is no comparison—it is not down. I want to point out that your diagram does not exhibit the whole case?—I maintain it does.

129. You mentioned that differential rates were only put on where lines did not pay interest?—I did not say so; I say they are put on all kinds of lines.

130. I understood you to say that you only refixed the stages periodically—when the census was taken, for instance?—That is as regards lifting out stages, if I may use the term.

131. And you would never alter your rates or fares under any circumstances except then?—I would; only I say that the alteration or reduction should be universal when it is made.

132. If you add a ticket-station between Auckland and Te Awamutu you raise the fares?—Yes, the through-fare, if you do not at the same time reduce the fares all round. My contention is that before another five years pass we could make such reductions that the through-fare would be much less than at the starting-point.

133. But in the meantime you are going to raise the fares every time you add a ticket-station?—Yes; but we do not add or remove a ticket-station except when we ascertain the population.

134. But if you found that the population increased sufficiently in Auckland to make a reduction, and that it had not increased sufficiently in Wanganui, would you also make a reduction at Wanganui?—Yes, and all over the colony.

135. And, therefore, if you found that Auckland had increased in population, and that no other portion of the colony had, you would fix your fares throughout the colony by the fact that Auckland had increased?—No; I should fix the fare by the fact that the railways returned such a revenue as would allow of alteration: but I say that, if any alteration was made, it should be universal throughout the colony. I should work on the general average.

136. You said you would have to increase the number of trains to carry passengers, and the number of hands to do the work?—My belief is that the development of trade on the railways would be so great that it would give employment to many hundreds more people than now.

137. And run more and faster trains?—Clearly, where they are wanted.

138. Do you not think it would increase the expense?—Of course, the more trains you run the more you must pay; but I contend that we can, on a general average, carry five passengers where we now carry one, without any increase of cost.

139. You said that we must not look for interest on the cost of permanent way: you mean the cost of construction exclusive of the cost of rolling-stock?—Yes; I mean the road itself, and the rails.

140. Why do you except rolling-stock?—Because on macadamized roads a man either uses his own buggy or dray or he pays a carrier to do this service for him: therefore it is fair and right that the users of the railways should pay for the conveying done. They ought also to be charged a profit on the cost of conveying.

141. Is it not the practice to levy rates to pay interest on the cost of roads and maintenance?—I believe, as a general rule the main trunk roads of the colony are maintained either directly or indirectly by the General Government. I say that the railways ought to be placed in the same position.

142. In order to pay interest on the cost of roads the practice has been to levy rates on the district?—I say it is not the practice to make any road pay interest on the cost of construction.

143. How, then, is the interest paid?—Out of the general rates or revenue.

144. *The Chairman.*] Where is there a main road kept by the Government?—I think there are several—the Onehunga road, for instance.

The Chairman. Yes; but they levied a toll on that.

145. *Mr. Maxwell.*] Do you suggest how the interest is to be paid on the cost of railways supposing your rates do not pay, for the sake of argument?—They do not pay now, for that matter. I have said repeatedly that I consider the permanent way of a railroad in precisely the same category as a metalled road. It is for the Government to determine how the interest is to be paid.

146. *Mr. O'Connor.*] I understand Mr. Vaile to say that his plan is to reduce the charges so as to make the returns barely cover the cost of the rolling-stock and ordinary expenses, and that he proposes to throw the whole cost of the railway itself and the money expended in constructing it upon the colony at large?—I do not propose to do that immediately, but I think we should gradually approach that point as the revenues of the country will admit of it.

147. *Mr. Hatch.*] You have stated that railways should be put on the same level with roads: would you, then, levy a general rate on all land through which railways pass?—No. What I have said is that, while I lay down as a principle that there should be no distinction between a railroad and an ordinary road, as regards the permanent way, I also say that by treating the public more liberally with reference to the railways we can get such a sum of money out of them as will pay all interest; and it is open for us, as a community, to say whether we will take the whole of our payment in direct interest or part of it in interest and part of it in transit facilities.

148. *Mr. Maxwell.*] In considering the question of passengers, do you not recognize that there is an enormous difference between the suburban traffic, where people use the railways for their ordinary daily business, and long-distance traffic—I mean in the class of traffic?—No, I do not recognize any difference. People, as I have said, travel for either business, pleasure, or health: that applies to the country as well as the towns. Of course there is a difference in quantity.

149. Then, with regard to passengers changing seats at every station, whereby you said there is a chance of making 17s. from thirty-four stations, if you double your stations you would expect to earn £1 14s.?—I presume so, always assuming that there were passengers.

150. But do you think that would be the case?—No, certainly not.

151. Then, going on to the question of the average fare, I had taken out some time ago the passenger-traffic within certain ranges on the Hurunui-Bluff section, that being the largest connected system, and the one likely to give the best average. [Return handed in.]

Mr. Vaile. I would like to call the attention of the Committee to this fact: When I moved, through Mr. Peacock, for the return from which this statement must have been compiled, the answer made in the House was that it could not be furnished on account of the great cost to the country. The department, refusing to give it to me, have taken it for themselves.

Hon. Mr. Richardson : I object to a statement like that going forth. At the time the return was asked for no Committee had been appointed by the House ; and, if I remember right, the question was similar to one now on the Order Paper for the passenger-traffic from station to station on all the railways.

152. *Mr. Maxwell.*] Now, for passengers travelling distances not exceeding three miles, there were about two hundred thousand out of a total of about two millions—roughly speaking, 10 per cent. who travelled not exceeding that distance ; and the least fare is 3d.—that is the cost of each journey, the return-ticket costing 6d. Your minimum fare for a journey is 4d. Would not the introduction of your system be prejudicial to this percentage of passengers ?—No, I do not believe it would, because you are taking the return-fare and I am speaking of single tickets.

153. But return-tickets are merely two tickets issued for the convenience of the passenger. Why do you object to consider the return-ticket ?—I do not object ; I simply say that I consider return-tickets not advisable, and that my calculations are based on the single fares. If it is thought desirable to use return-tickets they can be applied to my plan as well as to the present. You are pitting your return-fares against my single, to which I do object.

154. But you have based your calculation of what the traffic will be on what it is now, and more than half the traffic is in return-passengers ; and you have got your average fare by dividing the total sum received by the total number of passengers, and the return-ticket counts as two passengers : surely you cannot hold that I am not entitled to compare our return-fare with your single fare if you have done that ?—Yes, I am entitled to object. You say that half the return-journey costs 3d. ; and I have drawn no comparisons between return-fares and season-ticket fares—I have stuck to the single fares throughout.

155. *Hon. Major Atkinson.*] As I understand it, the point Mr. Maxwell raises is, that persons at present paying 3d. will be at a disadvantage when they have to pay 4d. if you decide not to issue any return-tickets ?—Yes ; but what I rely on is that, instead of issuing return-tickets, the fourpenny fare is sufficient inducement to get people to go on to other stations—or, rather, the opportunity of going on to other stations will be sufficient inducement to sell the fourpenny tickets.

156. But, supposing your plan is brought into operation, this 10 per cent. would clearly be at a disadvantage ?—Yes, I admit that.

157. *Mr. Maxwell.*] Then, for distances not exceeding three miles there would be a disadvantage ; and if you take the second stage—five miles—our lowest fare for that distance is 5d., as against your 4d.—there is only a slight advantage there ?—A penny is a very considerable advantage.

158. What I contend is, that up to five miles there is no particular advantage gained, and you have got to leave out all these passengers—about four hundred thousand—in considering what increase you are going to get ?—I say there is a very great advantage.

159. And up to five miles you think you would gain largely ?—Yes, certainly.

160. Coming on, then, to distances from five to ten miles—I have taken ten miles, because the chief suburban traffic lies within that distance. Now, it is this suburban traffic that forms a very large proportion of our traffic. There are about 763,000 passengers out of about two millions travelling between five and ten miles ; and I want to point out this important feature : that the number travelling between five and ten miles is nearly double the number travelling up to five miles, notwithstanding that the fares are considerably more. I say that arises from the circumstances under which people are led to travel ; it is not affected so much by the rate as the conditions—that is to say, people have to travel to places such as Port Chalmers, Mosgiel, or Lyttelton. These are within the ten-miles distance ; and people travel there quite independently of the fare ?—This is very important indeed. Nothing that Mr. Maxwell has said has gratified me so much. He has given most convincing proof that there must be a very extraordinary financial result from my proposals. He says that 763,000 people travel the distance from five to ten miles. Now, you see how he establishes my average : you cross the seven-mile stage—you must get my average fare.

161. But you said you were going to include Port Chalmers, Lyttelton, and other places in the first stage ?—Yes ; but I will still get the average.

162. Do you think you will get a very large increase between five and ten miles ?—Most assuredly.

163. Then, coming to distances beyond ten miles. From 1,162,000 people who travel within ten miles we get £47,000 ; while on the proportion carried for over ten miles—763,000—we get £177,000. Do you think that under these circumstances your average fare can be made to reach a shilling ?—Certainly I do.

164. Our long-distance fares range from twice or three times your fares up to twenty times at the longer distances ?—When Mr. Richardson asked me about this yesterday, I stated that I feel quite confident of getting three fares from every station where there is now one. If I get that, and the average fare only reaches 8d., I must get the same amount as we do now, and all the rest of the travelling is to the good.

165. You see, 763,000 passengers average now about 4s. 6d. : it seems to me that, with the difference there is between the present fares and yours, you would require perhaps eight or nine times as many passengers over the ten-mile distance than we have now to get the same revenue ?—I distinctly refuse to deal with any particular section ; I base my calculations wholly on the general average. To get the same amount of revenue as you do now all you want is two fares at 1s., three fares at 8d., or four at 6d. ; and it does not matter how or where you get them.

166. Perhaps not ; but I believe averages are most fallacious, and that the only way we can get at correct results is by examining these points in detail, and getting out the facts. Do I understand you to object to answer the questions in detail ?—I refuse to pin my results on any of these details. That is where we are always making the error : we try to make each individual mile and section pay ; and we shall never do it. Under the present system you are compelled to live on the average, and why not submit to it at once.

Mr. Maxwell: If Mr. Vaile will not answer any question of detail, what am I to ask for?

The Chairman: I think it is quite necessary to investigate these details thoroughly.

Mr. Vaile: It appears to me that if these figures of Mr. Maxwell's were all taken out it would come to the same thing. You have so many fares averaging 3d., so many averaging 4d., so many averaging 5d., and so on; and if you add all these up the result comes exactly as I brought it out.

167. *Hon. Major Atkinson*.] Yes; but it is most important to show how you get 6d., 1s., 2s., 3s., and 4s. passengers to make up the difference?—I think I am right in my statement: granted that the average fare is 1s. 11½d. now, and that by any means I can get two fares at 1s., three fares at 8d., or four at 6d., I get the same general result.

Hon. Major Atkinson: You have to show us how to do it.

Mr. Whyte: Look at it in this way: To establish your argument it would be better that there should be no increase of the number of fares inside 1s., because every fare inside 1s. reduces the average fare below that amount.

168. *Mr. Maxwell*.] Mr. Vaile's average fare for the first stage is about 4½d., almost exactly half our average fare for the ten miles. I understand him to say that he would want twice the number of passengers to get the same revenue at these distances?—Yes; and I am bound to get it. But I never said my average fare for the first stage would be 4½d.—I have always said I expect to get at least an equal number of both classes, which would give an average of 5d.

MONDAY, 21ST JUNE, 1886.

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, Macandrew, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

Mr. VAILE further examined.

169. *Mr. Maxwell*.] Mr. Vaile, have you looked at that return of passengers and fares which I handed in on Friday?—I have looked over it, but have not examined it very carefully.

170. Have you formed any idea as to what the average fare would be for the distances over ten miles on your basis?—No; I maintain that I am not concerned in forming an opinion.

171. I would like to call attention to this diagram. [One prepared by Mr. Maxwell.] It shows how, booking from different stations on the Auckland line, the average fares are affected, basing the average fare upon the proportion of three second-class to one first-class ticket?—If you assume that I shall get no better proportion of first-class fares to second-class than is now the case, I do not think the return is worth much. Any one with the smallest consideration must see that I have a very good chance of getting a far larger proportion of first-class fares to second-class than is now obtained.

172. I think the return is important, as showing how the average fares are affected when you book from different stations along the line, as compared with the averages when you book from Auckland?—

REMARKS by Mr. MAXWELL, General Manager, New Zealand Railways, on Mr. VAILE's Proposals.

The first proposal on the scheme before the Committee is stated by Mr. Vaile to be "To abolish computing fares and rates by the mile."

- 1 The objection to the present system of railway fares and rates seems to be that it is held by Mr. Vaile to be complicated and too extensive. The system prevailing is very similar in character to that pursued in the other Australian Colonies and in Cape Colony and some other places. There does not appear to be any simpler system prevailing anywhere else, so far as I have been able to learn; that in England, having grown out of the numerous Empowering Acts for different lines, is complicated by this fact; but it is, nevertheless, based originally on the mileage-unit. The rates on the English railways are recorded in rate-books kept at each station. These rates on some lines number some millions. The system, which was introduced in Germany with the object of restricting differential rating, and which failed, was certainly not simpler than that in operation here; neither is that established by Act in the State of Illinois. The system now in operation here originated in the Provinces of Otago and Canterbury, when the railway systems were small. The regulations have been amended and enlarged under the different managements to meet the various demands made by the public and the various exigencies of the service as traffic has developed. They are such as are necessary to insure equality of treatment to the public where a large staff of men are engaged in dealing with a varied traffic in different parts of the colony. Judged by the standard of practice and experience here and elsewhere, they are not unduly extensive or complicated. It is important to note that they have been gradually elaborated to meet conditions and wants which have arisen in the course of business: that they are not the outcome of any untried theory, but the results of careful and deliberate consideration of many officers of experience, who have found the need for them in their daily practice. The proposals before the Committee are of the most vague description; there is nothing before it which can be considered to be an elaborated scheme of rates, fares, and regulations suitable for the daily work of traffic; and, in the absence of such a scheme, we cannot offer a final opinion on its simplicity. But, so far as can be judged from the proposals for stages, it would involve the introduction of the English practice of station rate-books, which would be costly to introduce and much more troublesome and expensive than the present system of general mileage-tables and local rates. There is no complication in having a long classification list; such a one affords facilities for reference.

- 2 The necessity for classification is obvious: A consignment of one class of merchandise may be carried in one truck, it may not be liable to damage by wet, or to loss from pilferage, or breakage by ordinary handling. Another consignment of like weight may require two trucks to carry it. It may require sheds for receiving and delivering, be fragile, of many times the value of the other

consignment, and in many other respects require different treatment. It would not be reasonable or equitable to make like charges for the two services. For example—to charge one man 5s. for a freight-service costing 1s., and another man 1s. for a service costing 5s., would not be consistent. This is what Mr. Vaile has practically proposed to do, by including all merchandise as one class.

The second proposal is "To abolish all differential rating."

As regards differential rating, it would be unwise to ignore the experience of fifty years of railway-working in other parts of the world. The subject has for years engaged the close attention of the most able railway managers and legislators. Evidence on that point may be obtained from the English Parliamentary Committee's report of 1881. Nearer home, it may be seen in the report of a Commission of New South Wales of 1881, which is before the Committee; and which contains the New South Wales Commissioners' views, and those of Mr. Swarbrick, a railway manager of some eminence. It is alluded to in the annual report of the Railway Board of Victoria for 1885. The report of the Commission on Railways (New Zealand), 1880, page 5, also touches on the subject. On all sides there is the strongest evidence in its favour, from men best qualified to give an opinion.

Following on the inquiry made by the English Committee, the President of the Board of Trade has brought down a Bill to deal with railway traffic, in which the principles of differential rating are preserved, and equality of treatment according to the interpretation of Cardwell's Act of 1854 is maintained.

This equality of treatment is considered generally to be attainable only under the same conditions, that is to say, with like quantities and classes of goods from and to the same stations. All persons are entitled to like treatment under like conditions. A scheme which ignored the cost of the service would not give equality of treatment.

Mr. Vaile allows differentiation for quantity, but he limits the allowance to the extra cost of handling only. Probably if he more fully considered this point he would not make this restriction, and he would allow for the extra relative cost of dealing with small consignments in the numerous other items of working expenses. Goods carried in full truckloads of 5 tons give a greater ratio of paying to non-paying load than goods which occupy a greater space. If a 4-ton truck has to be moved to carry a consignment of 5 cwt. it is obvious that the expenditure must be greater per ton than if 5 tons are carried, and this expenditure will extend to many other items of expense than the mere handling alluded to by Mr. Vaile. A constant traffic of, say, 200 tons a day may be done cheaper between two points than a small occasional traffic in single truckloads to odd stations—such a trade, for instance, is the coal-traffic between Huntly and Auckland, or Kaitangata and Dunedin.

Differentiation for distance Mr. Vaile objects to, except to suit the purpose he aims at—the development of towns. It is not clear on what grounds he claims that this purpose is the sole one which makes the practice right. There does not seem to be any substantial reason given to show why Mr. Vaile's view should be right; and that of the whole railway world wrong.

Differentiation for direction on different parts of the line Mr. Vaile allows for the purposes of his scheme. If it be right with a ticket-stage, there can be no valid reason why it should not be right with a mileage-unit of measurement. Differentiation for direction on the same part of the line he does not allow, but the reason for this is not stated.

Mr. Vaile does not agree that lower charges should be made for a longer distance than for the shorter in the same direction; but he charges the same for a short distance as a longer one within his stages, which is a difference only in degree and not in principle.

The various forms of differentiation are necessary to accommodate the trade and traffic of the country to assist local manufactures and products, and to meet competition, not in carriage merely but in the markets. The practice is rational, because it recognizes the natural condition and wants of the trade and population of the country. It has for its object the satisfaction of the various demands which arise as new trade springs up and new conditions come about, and not the development of such a theory as that of town-making in waste places, such as Mr. Vaile has propounded.

The third proposal is "To reckon all fares and rates by stages."

Taking the ticket-stage proposals, Mr. Vaile has given three proposals, which are set forth in the papers before the Committee.

The first scheme (from Mr. Vaile's circular, April, 1883): Ticket-stations to be placed—the first, 15 miles from any capital of 6,000 people; the second, 30 miles; and then every 100 miles, or less if necessary.

The second scheme (from Mr. Vaile's lecture of the 12th November, 1883): Ticket-stations—first four from a capital of 6,000 at 7-mile intervals, and also one about 7 miles on each side of towns of 2,000 people; and beyond, one about 50-mile distances.*

The third scheme is stated in Mr. Vaile's address to the Committee: Ticket-stations—first four from a capital of 6,000 people at 7-mile intervals; and also two about 7 miles each side of a 4,000 town; and also one about 7 miles each side of a 2,000 town; and beyond, about 50-mile distances.

The rates and fares in the first and second schemes were different. In the third scheme the fares only are stated and the rates are left out. In the third scheme, also, the new proposal of booking beyond the ticket-station in certain cases is made. In evidence, Mr. Vaile explains also that he would not limit his first stages to 7 miles.

In considering the third, it should be remembered that, although, in evidence, Mr. Vaile has said he might retain the system of return-tickets, he did not, in the paper presented to the Com-

* Mr. Vaile afterwards explained in evidence that this was a newspaper error, and that he never made such a proposal.—J. P. M.

mittee, allude to this; and, if such elements in the traffic are taken into account, the scheme should state the fares proposed, as the return-ticket passengers form the greater part of the total traffic.

- 16 The whole of the season-ticket travellers remain unaffected by the scheme, and no increase can be reckoned on from that class of travellers who now require them.

- 17 Regarding ordinary travellers, we will now consider the following return of the passengers on the Hurunui-Bluff line for the year 1884-85:—

Passenger-traffic on the Hurunui-Bluff Section, exclusive of Season-tickets, for the Twelve Months ending the 31st March, 1885.

Distance.	No. of Journeys.	Amount.	Average Fare.	Cost of Journeys.			
				Highest, Ordinary, Single.		Lowest, Suburban, Return.	
				1st.	2nd.	1st.	2nd.
		£	d.	s. d.	s. d.	s. d.	s. d.
Not exceeding three miles	197,114	3,303	4.02	0 9	0 6	0 4½	0 3
Over three and not over five miles ..	202,345	6,169	7.31	1 2	0 9	0 7½	0 5
Over five and not over ten miles ..	763,416	37,961	11.92	2 1	1 5	1 3	0 10
Total	1,162,875	47,433	9.78	..	..	..	..
Over ten miles	783,222	177,511	4/6½	..	..	..	..
Grand total	1,946,097	224,944	2/3½	..	..	..	..

Up to 3 miles there are facilities given for suburban travellers to travel the return journeys cheaper than Mr. Vaile proposes. Again, up to 5 miles, the proposed fares will not greatly differ from the return suburban fares.

- 18 There does not appear to be any good ground for supposing that the change will result in any particular gain in traffic on the whole up to this stage, which includes 400,000 out of 2,000,000 ordinary-ticket passengers.

- 19 We have seen that between the 5- to 10-mile range there are 763,000 travellers; the greater number because the conditions are such that people need to travel, obviously not on account of the fares, which are higher.

- 20 The suburban range of 10 miles takes in the travellers between the chief towns and their suburbs and ports. A great reduction in fares might lead to a great increase in travellers; but, looking to the fact that the population of the towns and their suburbs is too small to set up a large omnibus- or tramway-class of traffic between them along the route, it is very doubtful whether the numbers which would be gained would suffice to bring the same revenue as is now obtained.

- 21 Mr. Vaile has said that he can recognize no difference between the nature of a suburban traffic and a long-distance traffic. That there is a vast difference in the character of the traffic within the range of thickly-populated suburbs around large towns and long distances, where the time of travelling to and from is considerable, and where the return journey must be done in a day, should be obvious. It is almost necessary to apologize for citing the Metropolitan Railway, of London, to compare with our lines, but it has been mentioned, and so it may be as well to note the example of fares in operation on it, which is attached. This line, carrying nearly 130,000,000 of passengers annually, situated in the largest city in the world, has not nearly such low fares as Mr. Vaile proposes for us to work on with our small towns and population.

- 22 Mr. Vaile has alluded to the Auckland tramways, which are situated in the principal thoroughfares about the city, and alongside houses, shops, and places of business. He has cited the traffic arising as showing what low fares will produce. But the fare, I am informed, uniformly is 3d., and the circumstances surrounding the railways would not justify us in expecting parallel results, even with Mr. Vaile's fares.

- 23 Mr. Vaile, in his writings, has denied the objection that population is insufficient to admit of the great increase in travellers he expects; but if he had the Auckland tramways in Te Awamutu he could not have expected the same results; or, if he had acquainted himself with the circumstances of Invercargill, he would have learned that the tramways there have not been a success, owing to the small population. We should be careful to distinguish between the suburban traffic and long-distance traffic, and traffic between small country stations where there is little or no travelling ever likely to arise in the daily business of the surrounding inhabitants.

- 24 I have shown average fares in the return I have rendered in order to ascertain if Mr. Vaile could have any further remarks to offer, but not because I think that any satisfactory inference can be drawn from them, more especially when the average includes both suburban and long-distance fares. It is shown that for distances not exceeding 10 miles the revenue is £47,000, and for distances over it is £177,000. I do not think we can draw true conclusions as to the probability of the growth of the traffic by looking at tables of the number of different journeys made. We must rather look at the country and its industries and population, and their location and other features, and consider whether there are people enough, and whether they have the means and the time to travel as it is suggested they would do if such cheap fares were granted.

- 25 Mr. Vaile says if he got two fares to one, and if those two fares were 1s. each, he would get as much revenue as we do now. He does not, and cannot, prove that he can get two fares of 1s. each.

- 26 If the traffic between 5 and 10 miles were doubled, with Mr. Vaile's fares, there can be no doubt the expenses would be much increased and the net revenue decreased.

If, as he has said he expects to do, Mr. Vaile gets four times the traffic under 10 miles, and gets 4,000,000 passengers, at an average fare of $4\frac{1}{2}$ d., in order to get the average 1s. which he anticipates, there must be a large increase over 10 miles; but we are in difficulty in arriving at an average fare for the journeys beyond 10 miles. 27

Suppose it to be 1s. $1\frac{1}{2}$ d.: Then, with 4,000,000 at $4\frac{1}{2}$ d., we require 20,000,000 at 1s. $1\frac{1}{2}$ d. to give an average fare of 1s. for the 24,000,000 we carry. The question is, should we get so high an average as 1s. $1\frac{1}{2}$ d. for distances over 10 miles? If we take the average of 3 second to 1 first-class passenger, 1s. $1\frac{1}{2}$ d. would be the average fare for passengers for three stages from a capital, but many will only travel over the first and second stages; and in the country districts the average fare for 50 miles is only $4\frac{1}{2}$ d., so that it is most unlikely that so high an average as 1s. $1\frac{1}{2}$ d. could be reached, and it seems scarcely probable in practice that such an average on the whole as 1s. could be attained with such fares as are proposed. 28

If we tried 4,000,000 at $4\frac{1}{2}$ d. and 4,000,000 at 1s. $7\frac{1}{2}$ d., we should then get an average of 1s. for the 8,000,000; but when we consider that all first-class passengers must pass over three stages to give a fare of 1s. 6d., and all second-class must pass over five stages to give a fare of 1s. 8d., it seems more than improbable that such an average beyond the 10-mile distances could be possibly attained. 29

However, any such calculations we make upon so problematical a question as to what traffic we should get are most speculative. They, however, seem to lead to the inference that the 1s. average would be unattainable in practice. 29A

Under any circumstances we have no experience which will lead us to suppose that any traffic which may be got at such fares for such distance would pay the working expenses of carrying it on under the conditions prevailing in the colony at present. 30

There does not seem to be any special advantage to be gained by adopting stages; whatever can be done in rating by stages can be done just as conveniently with the mileage-unit. 31

The main point in Mr. Vaile's scheme is reduction of fares and rates; he suggests the former, but he now makes no precise suggestion about rates, although he has formerly done so in papers before the Committee. 32

If the question of reducing rates and fares is taken alone, it seems susceptible of being dealt with more easily under the present system of rating than under Mr. Vaile's scheme of stages. 33

The suggestion offered during evidence that the railways should be a non-paying department seems bad, as such a practice would conduce to extravagance. The operations in working the railways are so varied and so extensive that there are great opportunities for extravagance. The demands of the public are constant and persistent for accommodation and improvement, and always involve more expenditure. A great incentive to officers of every grade now is to be economical, to try to show the best results in working their departments; if it is once laid down that paying is no object, and that good financial results in working are not to be looked for, that incentive to economy will be removed, and extravagance is sure to follow. 34

The use of stamps is advocated in place of tickets by Mr. Vaile. It has probably been suggested by thousands before him, but no one, so far as I have heard, has been able to propound a plan by which a reasonable and workable check against extensive fraud can be maintained. If Mr. Vaile can propound such a scheme it will be well that he should do so, as, if it could be safely carried out, the stamp-system might prove a useful institution. It is not sufficient to merely suggest that stamps may be used. 35

The proposal to relieve the Government from risk as carriers from the results of the negligence of their servants does not seem to commend itself. 36

Mr. Vaile thinks that by his charging on stages he secures equality of treatment. Equality of treatment is not secured unless the element of cost of the service is included in the transaction. The only equality in Mr. Vaile's scheme is on paper, and consists in the fact of his marking off equal distances on paper, which, moreover, he does not propose to adhere to in practice closely. The seven-miles traffic from Wellington to Petone is not done under the same conditions as that from Christchurch to Lyttelton, or Dunedin to Mosgiel. The 50 miles including the Rimutaka incline involves totally different conditions to a 50-miles stage on the Canterbury Plains. There can be no equality of treatment in charging the same prices under conditions so different. 37

I have added some examples of rates and fares on railways in other parts of the world. Comparisons cannot be justly drawn unless the conditions of working in each case are known. The element of the cost of labour governs the expense of working, and must be the first consideration in drawing comparisons. 38

Some remarks have been made about increasing the speed of suburban trains. With the examples of metropolitan fares is shown the time occupied by the train in the eight-mile run. It is forty-four minutes, with the very finest locomotives in the world and the most complete and powerful brakes. It is as well to understand that with the growth of suburban traffic suburban trains will tend rather to become slower than faster; and that persons who look for high speed with frequent stoppages are looking for what is unreasonable and unattainable in practice. 39

(A.)—EXAMPLES OF PASSENGER EXCURSION FARES, NEW SOUTH WALES, VICTORIA, NEW ZEALAND.

Miles.	New South Wales.*		Victoria.				New Zealand.					
	Friday Excursion.		Holiday Excursion.		Friday Excursion.†		Saturday Return.‡		Extended Excurs'n.		Day Excursion.	
	1.	2.	1.	2.	1.	2.	1.	2.	1.	2.	1.	2.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
30 ..	7 9	5 0	6 3	3 9	7 6	5 0	8 2	5 5	..	..	4 0	3 0
60 ..	15 0	10 0	12 6	7 6	15 0	10 3	16 3	10 10	12 0	9 0	6 0	4 6
90 ..	22 9	15 0	18 9	11 3	22 6	15 0	24 5	16 3	17 0	12 6	8 6	6 3
120 ..	30 0	20 0	25 0	15 0	30 0	20 0	32 6	21 8	20 0	14 6	10 0	7 0
150 ..	37 9	25 0	31 3	18 9	37 6	25 3	40 8	27 1	24 0	17 6	11 6	7 9
180 ..	45 0	30 0	37 6	22 6	45 0	30 0	48 9	32 6	27 6	19 6	12 6	8 3
210 ..	52 9	35 0	43 9	26 3	52 6	35 0	56 11	37 11	32 0	22 6	14 0	9 0
240 ..	60 0	40 0	50 0	30 0	60 0	40 3	65 0	43 4	35 0	24 6	15 0	9 6

* Tickets issuable on Friday evenings and by all trains on Saturdays available for return for distances not over 200 miles till following Monday, and for distances over 200 miles till following Tuesday.

† Tickets issuable by last train on Fridays and by all trains on Saturdays available for return till Monday night.

‡ Tickets issuable on Saturdays and Sundays, available for return up to the end of the following Monday.

(B.)—EXAMPLES OF ENGLISH FARES.

Town.	1st Class.	2nd Class.	3rd Class.	Return Tickets available one Month.			Distance.	Shortest distance from
				1st Class.	2nd Class.	3rd Class.		
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	Miles.	
Exeter ..	35 0	25 0	14 3½	55 0	40 0	..	171	Waterloo.
Reading ..	6 3	4 8	3 0	11 8	8 3	..	a 35	Paddington.
Barnstaple ..	40 0	30 6	17 3	66 3	49 0	..	205	"
Oxford ..	11 0	8 4	5 3½	18 6	14 0	..	63	"
Cambridge ..	8 9	6 9	4 7½	15 10	13 4	..	57	King's Cross.
Ilfracombe ..	40 0	30 6	18 5	71 0	52 6	..	226	Waterloo.
Scarborough ..	32 7	25 8	19 1½	65 2	51 4	..	234	King's Cross.
York ..	27 0	21 0	15 8	†	†	†	b 188	"
Liverpool ..	29 0	21 9	16 6	†	†	†	201	Euston.
Waltham (Essex) ..	2 0	1 6	1 1	3 3	2 6	1 7	c 13	Liverpool Street.
Southampton ..	15 6	11 0	6 6	26 6	18 6	11 6	78	Waterloo.
Bristol ..	20 10	15 7	9 10½	36 0	27 6	..	118	Paddington.
Leicester ..	13 0	10 8	8 0½	†	†	†	a 97	Euston.
Huntingdon ..	8 9	6 9	4 10½	†	†	†	58	King's Cross.
Derby ..	17 0	13 10	10 7	†	†	†	127	St. Pancras.

Return tickets available—^a seven days; ^b three days; ^c day of issue. † Return tickets double fare.

(C.)—MADRAS RAILWAYS.—PASSENGER FARES.

Between						Single.	Return.
						s. d.	s. d.
Madras and Arconum (43 miles)	1st class	...	...	...	...	7 9	11 8
	2nd "	...	...	...	...	3 11	5 10
	3rd "	...	...	...	...	0 11	...
Madras and Jollarepett (132 miles)	1st "	...	...	...	...	23 4	35 0
	2nd "	...	...	...	...	9 8	15 6
	3rd "	...	...	...	...	2 2	...
Madras and Erode (243 miles)	1st "	...	...	...	...	44 9	68 1
	2nd "	...	...	...	...	17 6	27 3
	3rd "	...	...	...	...	5 1	...

(D).—EXAMPLES of PASSENGER FARES FROM SAN FRANCISCO.

To					Approximate Distance.	Fares.					
						1st Class.			3rd Class.		
					Miles.	£	s.	d.	£	s.	d.
Omaha	...	...	...	...	1,866	9	7	6	6	11	3
Kansas City	...	...	...	...	2,099	9	7	6	6	11	3
St. Louis	...	...	...	...	2,300	10	6	3	7	10	0
Chicago	...	...	...	...	2,367	10	19	6	8	3	0
New York	...	...	...	...	3,332	13	15	6	10	15	6
Boston	...	...	...	...	3,452	14	3	0	11	3	0
Toronto	...	...	...	...	2,937	13	2	6	10	4	6
Montreal	...	...	...	...	3,270	14	1	3	10	19	6

Taken from hand-bill of reduced passenger fares across the American Continent for June, 1886 issued by Mr. H. H. Hayr, High Street, Auckland (New Zealand passenger agent).

(E).—EXAMPLES of SINGLE-JOURNEY PASSENGER FARES chargeable on RAILWAYS of NEW SOUTH WALES, VICTORIA, AND NEW ZEALAND.

					10 Miles.		20 Miles.		50 Miles.		100 Miles.	
					1st.	2nd.	1st.	2nd.	1st.	2nd.	1st.	2nd.
					s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
New South Wales	..	..	..	..	1 11	1 3	3 9	2 6	9 6	6 3	18 9	12 6
Victoria	..	..	..	..	1 8	1 1	3 4	2 3	8 3	5 6	16 9	11 3
New Zealand	..	..	..	..	2 1	1 5	4 2	2 10	10 5	7 0	20 10	13 11

(F).—METROPOLITAN RAILWAY (London) PASSENGER FARES.

Stations.					Distance from Aldgate.	Fares (Single).			Fares (Return).		
						1st.	2nd.	3rd.	1st.	2nd.	3rd.
					Miles.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Aldgate	..	..	..	..	..	..	..	..	..	..	..
Moorgate Street	..	..	..	..	$\frac{1}{2}$	0 4	0 3	0 2	0 6	0 5	0 4
Aldersgate Street	..	..	..	..	1	0 6	0 4	0 3	0 9	0 6	0 3
Farringdon Street	..	..	..	..	$1\frac{1}{2}$	0 6	0 4	0 $1\frac{1}{2}$	0 9	0 6	0 2
King's Cross	..	..	..	..	$2\frac{1}{2}$	0 8	0 6	0 4	1 0	0 9	0 6
Gower Street	..	..	..	..	3	0 9	0 6	0 3	1 1	0 9	0 6
Portland Road	..	..	..	..	$3\frac{1}{2}$	0 9	0 7	0 5	1 2	0 11	0 8
Baker Street	..	..	..	..	4	0 9	0 7	0 5	1 2	0 11	0 8
Edgware Road	..	..	..	..	$4\frac{1}{2}$	0 9	0 7	0 $4\frac{1}{2}$	1 2	0 11	0 8
Bishop's Road	..	..	..	..	5	0 9	0 7	0 5	1 2	0 11	0 8
Westbourne Park	..	..	..	..	6	0 9	0 7	0 5	1 2	0 11	0 8
Notting Hill	..	..	..	..	$6\frac{1}{2}$	0 9	0 7	0 5	1 2	0 11	0 8
Latimer Road	..	..	..	..	7	0 9	0 7	0 5	1 2	0 11	0 8
Shepherd's Bush	..	..	..	..	$7\frac{1}{2}$	0 10	0 8	0 6	1 3	1 0	0 9
Broadway	..	..	..	..	8	0 10	0 8	0 6	1 3	1 0	0 9

Total time occupied in run, Aldgate to Broadway, 44 minutes.

(G).—EXAMPLES of GOODS RATES.

Miles		New South Wales.					Victoria.					New Zealand.				
		10	20	50	100	200	10	20	50	100	200	10	20	50	100	200
		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Class A per ton		12 0	15 9	38 3	75 9	139 6	9 0	11 6	29 0	58 6	116 6	7 6	13 4	31 6	49 4	70 2
Class B	"	9 0	11 11	29 5	58 7	108 2	7 6	10 0	25 0	50 0	100 0	7 0	12 0	26 10	41 6	56 1
Class C	"	7 0	9 1	21 7	42 5	77 10	6 6	8 6	21 0	41 6	83 6	6 5	10 7	22 11	33 7	44 3
Class D	"	6 0	7 8	17 8	34 4	62 8	5 0	6 6	16 6	33 6	66 6	5 10	9 2	17 5	26 6	39 0
Class E*	"	4 0	4 6	7 4	11 9	18 10	3 6	3 6	6 0	11 0	19 6	4 5	5 6	9 8	13 10	22 2
Coal	"	1 6	2 1	4 10	8 4	15 8	3 0	3 6	7 6	13 6	26 0	2 7	3 5	5 11	10 1	14 5

* Class E, grain for export. For purposes of comparison allowance for loading and unloading is included in each case.

(H.)—CAPE GOVERNMENT RAILWAYS.—GOODS RATES.

Miles	10	20	50	100	200
	s. d.	s. d.	s. d.	s. d.	s. d.
1st class, per ton	9 4	16 10	37 4	74 8	130 8
2nd class, "	7 0	13 1	28 0	50 4	91 6
3rd class, "	5 7	9 4	18 8	35 6	65 4
Grain, "	5 7	9 4	18 8	35 6	65 4
Coal, "	5 7	9 4	18 8	35 6	65 4
Coal, in 24-ton lots, per ton	1 8	3 4	8 4	16 8	33 4

(J.)—EXAMPLES of the RATES charged for Goods carried upon the NEW ZEALAND RAILWAYS and the RAILWAY RATES authorized by Act, in the STATE of ILLINOIS.

Railway.	25 Miles.		50 Miles.		100 Miles.	
	Illinois.	New Zealand.	Illinois.	New Zealand.	Illinois.	New Zealand.
	Per ton.	Per ton.	Per ton.	Per ton.	Per ton.	Per ton.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Agricultural implements, set up	41 0	14 6	57 10	26 10	76 6	41 6
Reapers and binders, horse-powers	20 6	12 8	28 11	22 11	38 3	33 7
Beer, in casks	14 11	12 8	19 7	22 11	24 9	33 7
Beef, fresh	20 6	12 8	28 11	22 11	38 3	33 7
Bonedust	11 3	10 10	14 0	17 5	18 8	26 6
" 2-ton lots		5 8		9 10		13 0
Cheese, packed	18 8	12 8	23 4	22 11	30 9	33 7
Coal, in carloads of 20,000lb. (8 tons 17cwt. 2qr. 20lb.)	4 8	3 10	5 8	5 11	7 4	10 1
" 4-ton consignments	11 3	{ 5 8* 4 4† }	14 0	{ 9 10* 7 8† }	18 8	{ 13 0* 10 2† }
" less quantities than 4 tons	11 3	10 10	14 0	17 5	18 8	26 6
Dry goods, in boxes	20 6	16 8	28 11	31 6	38 3	49 8
Furniture, loose	41 0	20 10	57 10	39 5	76 6	61 8
" packed	20 6	16 8	28 11	31 6	38 3	49 4
Groceries	18 8	16 8	23 4	31 6	30 9	49 4
Guano	14 11	10 10	19 7	17 5	24 9	26 6
" in 2-ton lots		5 8		9 10		13 0
Hides, dry, loose	30 9		{ 43 4 28 11 }		{ 57 5 38 3 }	
" dry, pressed in bales	20 6	14 6	{ 23 4 23 4 }	26 10	{ 30 9 30 9 }	41 0
" green, less than 1,000lb.	18 8					
" green, 1,000lb. or over	14 11		{ 19 7 19 7 }		{ 24 9 24 9 }	
Iron—						
Hoop†						
Sheet†						
Galvanized, packed†	20 6	10 10	28 11	17 5	38 3	26 6
loose†		12 8		22 11		33 7
Hoop, sheet, galvanized (packed or loose), released	11 3		14 0		18 8	
" in carloads	7 4	as above	9 10	as above	12 0	as above
Piping, cast	11 3	{ 10 10 14 6 }	14 0	{ 17 5 26 10 }	18 8	{ 26 6 41 6 }
" wrought		as above	9 10	as above	12 0	as above
" cast or wrought, in carloads	7 4					
Portable engines	30 9	14 6	{ 43 4 28 11 }	26 10	{ 57 5 38 3 }	41 6
" upright boilers	20 6		{ 23 4 23 4 }		{ 30 9 30 9 }	
Sugar, maple	18 8	14 6	14 0	26 10	18 8	41 6
" other than maple	11 3					
Tea	20 6	16 8	28 11	31 6	38 3	49 4
Threshing-machines	20 6	14 6	28 11	26 10	38 3	41 6
Wheat, in carloads of 8 tons 7cwt. 16lb.	8 1	6 4§	9 9	9 8§	11 6	13 10§
" in 5-ton loads	11 3	6 4§	14 0	9 8§	18 8	13 10§
Millstuffs and other grain, 20,000lb. (8t. 17c. 2q. 20lb.)	6 10	6 4§	8 3	9 8§	9 10	13 10§
minimum						
Ditto, 5-ton loads	11 3	6 4§	14 0	9 8§	18 8	13 10§

* Imported. † Native. ‡ Illinois Company's risk of damage by wet.
for loading and unloading is included.

§ For purposes of comparison allowance

I wish to put in as evidence the following extracts from the papers before the Committee:—

(From Mr. Vaile's Circular of 5th April, 1883.)

Freight Fares.

"The freight tariff for general merchandise now in use it is almost impossible to understand. First, there is a schedule of 15 classes, then 34 different scales for 'small lots.' Then, again, local rates, &c., &c., and then to explain all this mass of confusion there are no less than 748 alphabetical references, besides special references so numerous and complicated that I have utterly failed to master them. I suggest reducing all this to 4 classes only.

"Trucks for horses, cattle, sheep, calves, pigs, goats, hay, straw, and firewood, 8s. per truck.

"Minerals, bricks, clay, sand, and coal, 2s. per ton; anything under 4 tons to be charged as merchandise.

"Timber, 6d. per 100 superficial feet or fraction of 100 feet.

"All other merchandise of every class and description, 5s. per ton; anything under $\frac{1}{2}$ ton to be charged at parcel rates. All fares to be from ticket-station to ticket-station, or the same charge for any intermediate distance."

(From Mr. Vaile's Lecture of the 12th November, 1883.)

Goods Freight.

"In dealing with goods freight, if revenue is to be a first consideration, much greater caution is necessary than in dealing with passenger fares. Give a man inducement enough, and he will run along the line any number of times, but goods as a rule require to be moved but once. For the present I suggest the following scale of charges, but in the hope and belief that in a very short time a much greater reduction would be practicable. Trucks for horses, cattle, sheep, calves, pigs, goats, hay, straw, agricultural produce of all kinds, and firewood, 4s. per truck. Minerals, bricks, clay, sand, and coal, 1s. per ton; anything under 3 tons to be charged as merchandise. Timber, per 100 feet or fraction of 100 feet, 3d. Every other class of merchandise, 2s. 6d. per ton; anything under $\frac{1}{2}$ ton to be charged at parcels rates. All fares to be from ticket-station to ticket-station, or for any intermediate distances the same charges."

(From Mr. Vaile's Pamphlet of February, 1886, page 35.)

Goods Freight.

"Live animals, agricultural produce of all kinds, and firewood, 4s. per truck.

"Minerals, bricks, clay, sand, and coal, 1s. per ton; anything under 3 tons to be charged as merchandise.

"Timber, per 100 feet, 3d.

"Merchandise of every other class, 2s. 6d. per ton.

"Directions similar to the above for each section of railway would be all that is required to take the place of the present cumbrous and incomprehensible tariff, which I maintain is not only unnecessary but intensely mischievous."

Mr. Vaile has fixed four classes from the first only, and has adhered to them. He makes merchandise one class, regardless of the expense of dealing with the different sorts of merchandise.

In reference to the remarks made about my allusion to Mr. Vaile's 1s. average, I wish to put in the following evidence:—

(Extract from Mr. Vaile's Lecture of 12th November, 1883.)

"A very slight study of the annexed diagram will show that the average fare under the proposed system could not sink so low as 1s. 0 $\frac{1}{2}$ d. per head, as, after passing the first station, the fare could not be less than 1s. first and 8d. second class; and there would be all the rest of the lines to pull up the average, which would doubtless reach at least 1s. 3d."

(Extract from Mr. Vaile's Pamphlet of February, 1886, pages 46 and 47.)

"I have repeatedly shown that the average fare paid by all travellers on our railways for the year ending March, 1884, was under 1s. 9 $\frac{1}{4}$ d. Therefore it is absolutely certain that if any system—no matter what it may be—can be devised by which sufficient inducement can be given to cause two fares to be taken where one is taken now, and that those fares do not sink below an average of 1s. each, that then we must make a profit, inasmuch as 2s. must be greatly better than 1s. 9 $\frac{1}{4}$ d., where millions of them are concerned. This I claim to have done. . . ."

I understand from these statements that Mr. Vaile felt certain that his fares could not fall below 1s., especially as, at page 11 of his pamphlet, he quotes independent evidence to show that "the average fare could not sink below 1s."

It seems to have been suggested that it does not matter whether we get two fares at 1s., or four at 6d., and that also regardless of distance carried; but this is a matter of vital importance, as if we lose with two fares for 1s., we shall lose much more with four fares for 6d.

The practice of looking at the fares only, without regard to the distances passengers are carried, is very misleading, as the element of cost and work performed is omitted.

* COMPARISON of the Traffic per Inhabitant, and Number of Miles of Railway per 100,000 of the Population, for the following Countries and Colonies.

Name.	Passengers.	Goods.	Miles per 100,000 Inhabitants.
	No.	Tons.	
United Kingdom	22	7	52
France	5	2 $\frac{1}{2}$	46
Germany	5	3	49
Russia	$\frac{1}{2}$	$\frac{1}{2}$	16
Austria	1 $\frac{1}{4}$	1 $\frac{1}{4}$	33
Italy	1 $\frac{1}{4}$	$\frac{1}{3}$	20
Spain	1 $\frac{1}{2}$	$\frac{1}{3}$	27
Belgium	10	7	40
Switzerland	8	2	60
United States	5	6	210
Canada	3	2 $\frac{1}{2}$	178
Australia	1 $\frac{1}{2}$	1 $\frac{1}{2}$	190
New Zealand	5 $\frac{1}{5}$	3 $\frac{1}{4}$	281

* All the figures are from Mulhall's Statistics for 1882, except those for New Zealand, which are for the year 1885-86.

TUESDAY, 22ND JUNE, 1886.

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, Macandrew, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

Mr. A. GRANT, District Traffic Manager, Dunedin, examined.

173. *The Chairman.*] If you are acquainted with Mr. Vaile's scheme, will you give the Committee your opinion about it?—So far as I see, I do not think the scheme is workable at all. From my experience a great proportion of our passengers are carried short distances only, and in this respect Mr. Vaile's system does not offer much advantage over our system. Up to three miles our scale is under Mr. Vaile's; up to five miles I do not think there is so much advantage as would increase our traffic at all; and up to ten miles I think the increase would be small. In my district, also, there are a great many season-ticket holders—about three thousand—many of whom live in the suburbs of Dunedin, because they can get land cheaper there, and for the sake of health. They are carried at a very low rate, and if they had to pay 6d. or 4d. for each journey I am quite certain they would not go. I think Mr. Vaile's proposals would abolish that traffic. Then, again, there is a large number of labouring-men working in quarries, foundries, &c., who are anxious to acquire a home, and cannot get it in town: they go to the suburbs, and are carried backwards and forwards at very low rates indeed. When I went to Dunedin some twelve years ago there were very few suburban residences: there are several flourishing townships now; and I am quite satisfied that if the proposed rates were charged this would not have been the case.

174. *Mr. Vaile.*] How far do you mean?—Within four or five miles.

175. *Mr. Macandrew.*] What are the fares to Ravensbourne now?—A season-ticket costs £3 first-class and £2 5s. second. For family-tickets four passengers are charged as three.

176. *Mr. Whyte.*] What does that come to per diem?—I think it is about 2d. a day.

177. *Mr. Macandrew.*] What is the number of people now travelling between Ravensbourne and Dunedin?—I cannot say. We have about three thousand season-ticket holders, many within a short distance of Dunedin.

178. *Mr. Whyte.*] Do passengers generally travel more than an average of once a day?—Some travel six times a day. On the South and Port lines many of them come into town in the morning, go out to lunch and back, and then go out again in the afternoon; then a number of business men and others come in again to attend meetings, &c., and we run them home at night.

179. And you think they average more than a daily trip?—Yes. I am quite sure they average at least three trips a day.

180. *Mr. Maxwell.*] You have had experience in England or Scotland?—Yes. Twelve years in Scotland.

181. Were you in the neighbourhood of any large cities, and acquainted with the suburban traffic there?—Yes, one or two large cities—Aberdeen, for instance.

182. What is the population of Aberdeen?—I cannot say just now.

183. Do you recognize any difference in the nature of suburban passenger-traffic and the long-distance passenger-traffic?—Yes, I think they are widely different. There is no comparison between them.

184. And do you think the suburban traffic could be opened up for long distances, such as thirty, forty, or fifty miles?—No; not the same class of traffic at all.

185. Do you know any cases in which specially low fares have been tried in New Zealand?—Yes; I can give one case, which occurred last Boxing Day, on the occasion of a regatta which was held at Port Chalmers. Boxing Day is the principal holiday in the South, and everybody is free. On that occasion the people of Port Chalmers were very anxious to make the regatta a success, and came to me asking for cheaper rates than the ordinary excursion fares. After consulting with you we determined to make the fare 1s., irrespective of class: we had not sufficient rolling-stock to separate the classes. We advertised the cheap fares very largely. The consequence was that we carried about seven hundred passengers more than on the previous year, and the receipts were £38 less. The numbers were 3,700, as against 3,000 the year before. The fare was 1s., or 6d. each way; the distance eight miles. It was a beautiful day, and one of our chief holidays.

186. *The Chairman.*] Was the cost of haulage greater than on the previous year?—Yes; I think we had one or two extra special trains—that would make the cost greater.

187. *Mr. Maxwell.*] Do you know of any other case in which low fares have been tried?—There was the line from Kaitangata to Stirling, a private company's line. It is between four and five miles long, and the return-fare was 3s. At my suggestion this was lowered to half the rate. At the end of the year it was found there were the same number of passengers, and only half the receipts.

188. Was there a large population there?—Yes, a large mining-population.

189. Do you think that, supposing, under Mr. Vaile's system, two passengers were carried for one carried now, we could perform the service for anything like what it costs now?—No; I am very sure we could not do so. On the suburban lines our single lines are sometimes taxed to the utmost now, and if we were to double the traffic we must have a special service altogether. At present we run mixed trains, and if we were to increase the passenger-traffic to a great degree we should have to run passenger-trains and goods-trains separately, which would nearly double the cost of the service.

190. Do you think that, between country stations, this lowering of the fares would have any perceptible effect in making the people travel?—It would, I have no doubt, increase it in some measure, but not to the extent that Mr. Vaile seems to anticipate.

191. Do you think, for example, that the traffic between Titri and Millburn would be much increased?—I do not think it would be much affected there, or in districts of that class, because the people there are mostly labouring-men, and time to them is money.

192. Do you think that the rates in operation now are prohibitive—that they have the tendency to stop the trade of the country—in your district?—No, I am sure they do not.
193. You have been a long time in Dunedin?—Twelve years.
194. And you had been in the provincial service as first District Traffic Manager?—Yes.
195. Were the rates higher or lower at that time?—Very much higher.
196. And the rates have been gradually lowered over a series of years until now?—Yes. When the provinces were abolished we assimilated our rates with the Canterbury rates, which were very much lower than ours.
197. Have you many complaints from customers of the railways that the rates are prohibitory to carrying on the trade of the district?—No.
198. Do you think that there is any material proportion of the goods-traffic thrown off the lines of your district—that is to say, from Oamaru to Stirling—by the present rates?—No; I am quite sure there is none.
199. Have you had many complaints during the whole of your career of the complication of our scale of charges?—I have heard complaints, but not many.
200. How many?—I seldom hear any now: people soon get accustomed to the scales.
201. The scales are very simple as compared with those in operation in England?—Yes, much more simple.
202. You know the Waimea Plains Railway; and that they fix their own rates on that line?—Yes.
203. Are their rates higher or lower than ours?—Considerably higher—in some instances more than twice as high.
204. *Mr. Hatch.*] Do many of the trains in your district come in empty, or are there comparatively few?—The traffic is very fluctuating: I have known that one day a train would be quite crowded, and the passengers complaining, and the next day the same train would be comparatively empty.
205. The fact of the trains running empty would chiefly exist after holiday-times, I presume—after there has been some time of excursion-rates?—There is no doubt that affects the traffic.
206. *Mr. Maxwell.*] Is it not the case, as a rule, trains which run one way full run the other way empty—with the suburban trains, for instance?—Yes. Our morning suburban trains generally run out empty and return full, and evening-trains *vice versa*.
207. Is there likely to be any change in that respect if the traffic were doubled?—No, I do not think so.
208. I do not know whether you have found that rule to be universal in England?—Yes, I have.
209. *Mr. Hatch.*] Has the goods-traffic between Dunedin and Invercargill very materially increased since the reduction made six or eight months ago?—It has not increased very much, but it has been maintained. If the reduction had not been made we should have lost some of it.
210. Do we get any more money now than before?—About the same.
211. And you are doing the service for about half the price?—Not so low as that.
- Mr. Maxwell:* I think I can answer that. We are getting a little more goods, and a little less money; but we should have lost if we had not reduced the rates.
212. *Mr. Gore.*] On Saturdays you give return-tickets at single rates?—Yes—at the single rates originally charged.
213. Do you find that there is more traffic on Saturdays?—Yes.
214. Do not you think that if the rates were lowered there would be more traffic?—Yes, we might have.
215. Do you think that these people who travel at the low rates on Saturday would also travel on Tuesdays or Wednesdays if the rates were low on those days?—No, I do not think so.
216. *Mr. Walker.*] You have other market-days than Saturday: do not you find the traffic increase very much on those days?—It has; but the Saturday traffic is not nearly so great as it was, in consequence.
217. I allude to the country market-days. Do you not find that the traffic has much increased on those days in the districts affected?—Yes.
218. It is my experience in Canterbury that these cheap fares have increased the local traffic generally. Is that the case round Dunedin?—Yes, I believe it is.
219. *Mr. Gore.*] I understood you to say that lowering the rates increased the amount of goods carried?—I do not think that is the case generally. The question was asked me specially about Dunedin and Invercargill traffic, where there is competition by sea.
220. It has increased the traffic there?—I do not say that it has increased the traffic; but to have kept to the old rates would have partially stopped the traffic between these points.
221. Supposing your rates were still lowered, do you think that it would have a tendency to increase the amount of goods carried?—No, I do not think so.
222. In other words, you think there are so many hundreds of tons of goods to carry between these points, and you cannot increase that quantity?—I think we carried all the inland goods—namely, merchandise traffic.
223. Did you carry all the wool to the ports by rail?—Yes, we carried every bale of wool in Otago by rail.
224. *Mr. Hatch.*] Did the competition by road in the southern district answer, or did it fail?—I cannot say anything about that.
225. *Mr. O'Connor.*] With regard to passengers: what is the maximum number you can reach on a holiday?—We have carried as many as ten thousand in three days from Dunedin.
226. That is an average of about three thousand three hundred: did you exceed that on your Port Chalmers excursion in one day?—Yes.

227. And you think, I understood you to say, that the fares are now low enough to take all the traffic available?—Yes.

228. And the reduction then made had the result of getting a few more fares, and of greatly reducing the total sum received?—Quite so. My own opinion is that if we had not reduced the fares at all on Boxing Day to Port Chalmers we should have got the same number of people.

229. *Mr. Whyte.*] You have said that you lowered the rate between Dunedin and Invercargill because of competition by sea: if you had not this competition do you think you would have still kept the rates as high as ever?—Yes, I think so.

230. And, also, that if you had not considered this competition by sea you would have lost your trade?—Yes.

231. You said that some time ago the Provincial Governments were running trains in Canterbury at rates lower than the Otago rates?—Yes.

232. Did you ever hear whether the Canterbury railways paid better than the Otago railways?—I do not know anything about that.

233. Would not the trade between Dunedin and Invercargill have been affected by the latter town going in for direct shipments, and therefore interfering with your through-traffic, so that you could never have held your own?—We should have held our own, I am sure, irrespective of direct shipments.

234. Then you are distinctly of opinion that, if you had not considered such competition by sea as that between Dunedin and Invercargill, you would to a great extent have lost traffic?—Yes, I think so.

235. *Hon. Major Atkinson.*] You said that you would be unable to perform the services now performing if Mr. Vaile's system was adopted. Do you think that the traffic would be largely increased?—I do not think it would be; but supposing the traffic did increase by Mr. Vaile's scheme, there would be this disadvantage: it would lead to an increase in the number of trains on holidays, when people were free and could travel; so that our present appliances would be insufficient. We should require to provide extra rolling-stock, which for the rest of the year would be idle.

236. That is what you do now on holidays?—Yes; our carriage-accommodation is insufficient, and we charge nothing so low as Mr. Vaile proposes.

237. And you think that, if the fares were so low, you would get a larger number?—Yes, no doubt.

238. Is not that contrary to your experience of the low fares to Port Chalmers on Boxing Day?—Of course I do not say that lower rates would not increase the number of passengers at all, but I believe on that occasion it did not.

239. That is to say, there is a limit to lowering?—Yes.

240. What increase would you expect on the longer-distance traffic under the proposed system?—It is possible there might be two to one.

241. And how much on the shorter?—From one to five miles I should say it would be about the same as at present; from one to ten miles I do not think it would make much difference.

242. Outside that, you expect two to one?—Of course it is only a surmise, but that is my opinion. It is possible we might get two to one, but I do not think we should get more.

243. Are your carriages quite full now?—No, not quite full.

244. How many more passengers could you carry?—I could scarcely say, because some days our trains are full and next day the same trains are empty. On short-distance traffic a larger number of passengers would require a double service.

245. So that your carriages are full now for all practical purposes?—Yes; we are obliged to provide the accommodation we have for the passengers we carry. The traffic fluctuates very much.

246. Still, you make up your trains for the ordinary number of passengers, and if the passengers were increased very much you would require a further service?—Yes.

247. *Mr. Maxwell.*] Is not that a great difficulty with managers everywhere?—Yes; it is my experience.

248. *Hon. Major Atkinson.*] If the traffic was increased, so that you wanted more carriages, would it be more expensive?—Yes; every carriage put on means more expense.

249. But not equal to the fares you put into the carriage if it is full, I suppose?—If we carry double the number of passengers we shall require a very much increased service.

250. Would it be twice as dear?—I could not say.

251. *Mr. Maxwell.*] Knowing the great difficulties there are in arranging train-services, and the question of the power you require, and the grades you are working with, do you think any one would give a decisive opinion as to the cost without investigating details minutely?—No; but the cost would be very considerably increased.

252. *Hon. Mr. Richardson.*] Do you think that the engines which take the trains now could do so if the traffic was much increased, and the carriages were full?—No, I do not think so. We have often to put on a second engine to take one extra carriage to Palmerston.

253. *Mr. Whyte.*] If there was a largely-increased traffic on our single lines, do you think the speed of running-trains could be hastened, or would it be lengthened?—The speed could not be shortened on our present lines.

254. Would not a multiplication of the traffic have a tendency to decrease the rate on account of our having to travel on single lines?—Yes, I think it would. It would take longer to unload passengers and their luggage, and checking tickets; there would also be delay from the crossing of trains.

255. *Mr. O'Connor.*] You say that the number of fares up to five miles would not be very much increased?—No.

256. But you would expect an increase up to ten miles. Why would the increase come there—would it come from people in the town going to reside further out into the country, and so enlarging the circle of settlement?—What I meant to say was this: that we could not expect any increase up to five miles, because the rates are much about the same; if there was any increase at all, of course it would be over five miles.

257. Would that be from extending the circle of settlers into more sparsely-populated districts?—It might; but I do not think that on the New Zealand railways we can extend our suburban traffic much beyond ten miles, because the time occupied in travelling must be considered by business men. Professional men, clerks, and shopkeepers have mostly to be into town before 9 o'clock; so that if the journey was extended to ten miles or over, they would have to start very early. Working-men, of course, have to be in town by about a quarter to 8 o'clock.

258. Then I understand you to say that you do not think the traffic on the railways could be much increased unless the speed of trains were increased so as to enable the same time to be kept between out-places and towns?—Yes; that is one reason. Of course, also, the fares would be higher over ten miles; that would be another item.

259. *Mr. Hatch.*] With reference to this fact of a ship loading up with grain sent from Oamaru to the Bluff, was there no special advantage in the way of rates in favour of the person sending grain from Oamaru to the Bluff, as against the person who wished to send from the Bluff to Oamaru?—I do not think so.

260. *Mr. Whyte.*] Your opinion is, then, that, were competition not considered, the railway would lose its trade?—In some cases.

261. *Mr. Walker.*] I believe you have had experience at Home. On what lines?—On the Inverness and Aberdeen, and the Highland lines.

262. In your experience have low fares been tried at Home?—Nothing so low as has been now proposed here.

263. But they have been tried to some extent. Have you never known of them being tried as an experiment?—No.

264. Do you think it would be safe to try the experiment, supposing we had three times the population?—No, I do not think so.

265. It is simply a matter of population?—Of course, in large centres a lower rate will induce people to travel, for reasons already stated; but in outlying districts the low rate will not make much difference.

266. *Mr. Gore.*] You have a good general knowledge of business: do you think Mr. Vaile's system, if adopted, would have a tendency to carry the population out of the towns into the country for the purposes of settlement?—No, I do not think so.

267. Would it assist in transferring manufactures and industries from the towns to the country?—I do not think it would make much difference.

268. *Mr. O'Connor.*] Do you find that people with free passes travel much more than they did before they held them?—I do not think so. I remember asking Mr. John Reid, of the firm of Reid and Duncan, why he had not taken a season-ticket? He said that he had reckoned up his journeys for last-year, and they barely exceeded £50. I said, "What about pleasure-trips?" He replied that he never went on pleasure-trips, and that in future he would pay for his fares as he wanted them.

269. That scarcely answers my question. I was asking about free passes. Supposing a member of the House in Dunedin has a free pass, does he travel on that pass oftener than previous to his getting it?—Yes, I think he does. I thought the question was asked about yearly tickets.

270. *Hon. Mr. Richardson.*] You know that up to within a few years ago, representatives of the Press had free passes, that have since been taken away from them. Do you think they travel as much now as they did then?—No, I do not think they do.

Mr. Vaile: In the first place, Mr. Chairman, I wish to remark that the whole of Mr. Grant's evidence is founded on a misstatement of fact. He has stated that up to the three-mile distance there is no reduction in the scale of charges proposed by me. The single fares for five miles are—first-class, 1s. 2d., and second-class, 9d. It is an open question whether we establish return-fares under the new system or not—personally, I do not think it is a good plan, but still, it is an open question; but my arguments have always been based upon single fares as against single fares. Mr. Grant follows in Mr. Maxwell's steps in pitting the season-tickets and return-fares against my single fares. Now, if we give them the advantage of the return-fares, the return, first-class, is 1s. 6d., and second-class, 1s.: now, it is very clear that my fares are a very considerable reduction on those. A comparison will show that my fares are a very considerable reduction on the present fares; therefore I say that Mr. Grant's arguments are based on a misstatement of fact. I should like to ask Mr. Grant a few questions.

271. *Mr. Vaile (to Mr. Grant).*] You say that no appreciable increase in traffic would take place from the reductions I have proposed up to five miles, and no appreciable reduction up to ten miles, and that the fares would only double over ten miles. Supposing that the fares between Port Chalmers and Dunedin—1s. 6d. first-class, and 1s. second-class—were reduced to 6d. and 4d., do you not think you would get any more fares?—Very few more, I think.

272. You give that as your deliberate opinion?—There might be a slight increase; I do not think the traffic would be doubled.

273. You say that there are three thousand season-tickets issued on the Port Chalmers line?—Not in my district.

274. How many family-tickets are there issued there?—I could not say the number at present; there are a good many. Probably about fifty.

275. How about the families that are situated there—there are three thousand season-ticket holders: that must mean a large number of families living out of town. If my fares were in force,

and these people could travel seven miles for 4d. or fifteen miles for 8d., do you not think that the wives and children of the season-ticket holders would come in very much oftener than they do now?—I understood that your fare for fifteen miles was 1s.

276. That is first-class; second-class it is 8d. for fifteen miles, and 4d. for seven miles. Your fare for the seven-mile distance is now 1s. 2d. return—that is 7d. against 4d. Do you not think these people would send their wives and children in twice for once they do so now?—I do not think so; not so much as you expect.

277. You told us that on a certain regatta-day you arranged to reduce the fares from 2s. and 1s. 4d. to 1s. all round?—Yes.

278. Do you not think that, as a Traffic Manager, you ought to have known that that reduction would not have led to any increase of trade. I could have told you so to a certainty?—How could you tell?

Mr. Vaile.] I could tell you from my knowledge of finance and commerce. My first letter on this subject, written on the 30th December, 1882, was published on the 3rd January, 1883. Three months after that the Railway Department made a reduction of the fares of about 25 per cent. all round. That was telegraphed up to Auckland, I think, on the 4th April, and on the 5th April I wrote this: "I am strongly of opinion that the concession made will simply mean so much loss, as far as the revenue is concerned." And so it turned out; £25,000 was lost that year on the passenger trade.

Hon. Mr. Richardson: Nothing of the sort. I object altogether to that statement.

Mr. Vaile: I can prove it by your returns—£25,000 was lost on the financial result, and you carried fourteen thousand fewer fares.

Mr. Whyte: Was that not owing rather to the dull times?

Mr. Vaile: No; that reduction simply meant certain loss—it was not sufficient to induce any fresh trade. I should like to say, in connection with these holiday-seekers, that when people go out for pleasure they do not think about 8d. Any business man ought to have known that the reduction must mean a loss to the revenue.

The Chairman: The explanation given in the Public Works Statement is, first, that two Easters fell in the preceding year; second, that the Christchurch Exhibition swelled the receipts in the former year; and, third, that the weather was unfavourable in the latter year.

WEDNESDAY, 23RD JUNE, 1886.

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, Macandrew, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

Mr. GRANT, cross-examined by Mr. VAILE.

279. *Mr. Vaile.*] Do you think that a reduction of fares to one-half their present price all round would lead to a considerable increase in travelling and give a good financial result?—I do not think it would double the number of people travelling, and therefore it would not give a good financial result.

280. Then will you tell me why, on the occasion of your excursion that you have mentioned, you expected a good financial result from a reduction of 40 per cent?—The circumstances are quite different. People must have leisure on their hands, and also some object for travelling; they had both on that occasion. You propose to do it every day, when people have not leisure—time is far more to them than money—men will not lose a day's work in order to travel at a reduction of 6d. or 1s.

281. You are speaking only from a pleasure point of view, and you expected on a holiday, when that was the only object for travelling, to get a good financial result from a reduction of 40 per cent.?—I did.

282. I quite agree with you that a reduction of one-half would not give a financial success, and only wished to point out that, if a good result cannot be expected from a reduction of 50 per cent., you certainly could not expect it from a reduction of 40 per cent.?—I do not quite follow you. With a holiday and a fine day, if Mr. Vaile's scheme were to succeed at all it surely would be on a day when everybody was at leisure.

283. I take exception to that altogether. The excursion you speak of took place on a regatta-day?—Yes.

284. I presume that on that day there were a good many water excursions?—Yes; there were some excursions from Dunedin by water.

285. Do you think that, if these excursions had taken place on a horserace-day instead of a regatta-day, the result would not have been different?—No; I do not think it would.

286. *The Chairman.*] Of course these excursions by water from Dunedin would take some passengers from the railway?—Yes; but on every holiday there is a certain amount of river traffic. It was so the same day the previous year. The rates charged by steamboat were not so cheap as ours.

287. *Mr. Whyte.*] If you had made your rates 6d. instead of 1s., do you not think you would have got many more passengers?—No; I do not think so. I believe that we should have got the same number of passengers that day had we charged the usual excursion-fares.

288. *Mr. Vaile.*] I understand you to say that if your excursion had been laid on on a race-day you would not have carried more passengers than you did?—No, we should not.

289. You say that your passenger-trade fluctuates very much; do you not think that it is due to the fact of issuing return tickets on market-days and Saturdays?—Yes; no doubt the Wednesday traffic has somewhat altered the Saturday traffic.

290. But do you agree with me that the fluctuation in the trade is largely due to the fact that return-tickets are only issued on market-days and Saturdays?—Yes, I agree with that.

291. Do you not think that return-tickets ought to be either totally abolished or issued on every day. I am asking your opinion as a Traffic Manager?—You cannot abolish return-tickets; it is impossible.

292. Then ought not they to be issued every day?—Well, it depends on circumstances.

293. I will put the question in another way. Before return-tickets were abolished except on Saturdays was not the passenger-trade very much more even than it is now?—I cannot say.

294. If we had sufficient passengers to separate our passenger- from our goods-traffic should we not be able to work the lines more cheaply?—No; it would be decidedly more expensive.

295. You have said that under my scale of fares there would be such a large increase of holiday-traffic that you would not be able to deal with it?—Well, at present our plant is taxed to the utmost on holidays, and if there was such increase as your scheme anticipates it would be of no financial advantage to us, because your fares are so low we should not be able to deal with it, for reasons already stated.

296. You say that every carriage you hook on to a train largely increases the cost of running that train?—It always increases the cost to some extent—sometimes largely.

297. About how much?—I cannot say that; it depends on circumstances. As I said yesterday, one extra carriage put on at Dunedin sometimes requires an additional engine to Palmerston and back—eighty-six miles.

298. Can you tell me what the charge is in England for the use of a first-class carriage?—I think it is about 2s. a mile for a private carriage.

Mr. Vaile: The charge for a first-class carriage in England—not to the public, but between one company and another—is $\frac{3}{4}$ d. per mile—that is, for the use of the carriage only. The charge for a second-class or third-class carriage is $\frac{1}{4}$ d. These charges are for the use of the carriage, and cover depreciation and ultimate absorption of capital, but do not cover the cost of haulage.

Mr. Whyte: What is the capacity of the carriages?

Mr. Vaile: Some of them carry as many as forty people.

299. *Mr. Vaile* (to *Mr. Grant*).] Can you say what is the cost of hauling a train in New Zealand?—I think it is about 4s. 9d. per train-mile.

300. Well, if the use of the carriage only costs $\frac{3}{4}$ d. a mile, and the cost of haulage is 4s. 9d. for a whole train, where does the great price come in? I want to show the Committee that the extra cost of carrying these passengers is not so great as is endeavoured to be proved?—You are speaking from theory.

Mr. Vaile: I am speaking from the figures of the department.

301. *Mr. Whyte*.] How is it that you find it so expensive?—As I say, one extra carriage sometimes requires an additional engine. We have had to do this many times.

302. *Mr. Vaile*.] You have expressed an opinion that the fares and rates charged have nothing to do with the work done. Do you adhere to that statement?—No; I said that up to five miles your scheme would make very little difference in revenue.

303. I think what you said was more particularly in reference to goods-traffic—that no reduction in the freight would alter the amount of work done?—What I said was that our present rates are reasonable. I think the question put to me was, if we reduced our rates to one-half, would it not reduce the traffic.

304. You distinctly stated that no reduction would affect the amount of trade done. I suppose you are aware that in March, 1884, there was a large increase made in the rates?—Yes; the rates for grain.

305. It was on agricultural produce generally. Did you have anything to do with arranging that tariff?—No, I do not think so.

306. I take it that all you Traffic Managers were applied to for suggestions?—Yes; I made some suggestions.

307. And on the suggestions supplied by the various Stationmasters this tariff was arranged?—Yes.

308. Are you aware that the object in raising these rates was to add £150,000 to the revenue?—I know it was to raise the revenue.

309. Are you aware whether that was done?—There was a considerable increase; but I cannot say now how much.

310. The net increase was about £25,000. You give it, then, as your deliberate opinion that the adoption of this scale which I propose would not materially increase the traffic?—I stated that I believed it would increase the traffic over ten miles to about double.

311. But not under ten miles?—Up to five miles there is little difference between your rates and ours. I do not think it would increase at all up to that distance.

312. Up to fifteen miles what do you think it would do?—My opinion is that over ten miles the traffic might be doubled. On the Hurunui-Bluff line we now carry about two millions of passengers, and more than half of these are for distances under ten miles.

313. Can you say how often the English companies shift the population of Great Britain?—I believe it is something over twenty times a year.

314. Do you know how often we do it in New Zealand?—I think you stated that it was about five or six times.

315. Do you think that bears any proportion to the work done in England?—There is no comparison between the two countries.

316. No; we have the advantage. Our people are richer, and have more leisure?—I do not think they have.

317. Then you think there is a reason why we should not shift our population as often as they do theirs?—No; I should like to see them shifted as much as possible, from a railway point of view. I know that we could not do it to the extent it is done in England.

318. For want of rolling-stock?—No; but because the people will not travel.

319. Are there any heavy grades within ten or fifteen miles of Dunedin?—The heaviest is 1 in 50, up to Mosgiel, about ten miles out.

320. From a Traffic Manager's point of view, do you see any difficulty in working the system I propose—that is, in manipulating the traffic?—Yes; there is a difficulty about selling tickets.

321. I am not asking you about selling tickets; but is there any difficulty in actually passing the traffic?—I think the difficulty in the way of selling tickets is a very important one, because if you work by stages it will be necessary to have a man in the train or in each carriage to sell tickets.

322. Have you ever known of an instance of a reduction such as is proposed not leading to a large increase in the traffic done?—Yes; I have known a case at Home where it was a failure—between Glasgow and Edinburgh. I think the rates were reduced from 4s. and 2s. 6d. to 1s. and 6d. for forty-two miles.

323. Are you sure it was a financial failure?—I am sure.

324. Can you furnish us with the date and particulars?—No; I speak from recollection.

325. *Mr. Gore.*] You said just now that, under Mr. Vaile's system, guards would have to sell tickets—do you mean where there were no Stationmasters?—The guards would have to sell tickets all the way, at every seven-miles or stage.

326. That is what you meant by "more difficulty in working the system"?—Yes.

Mr. Vaile: I never made any such proposition.

327. *Mr. Whyte.*] Surely a man going from Auckland to Pukekohe would not take a ticket at every ticket-station?—Yes; if he requires to take stamps, he must.

328. *Mr. O'Connor.*] Then your objection is to stamps?—Yes; I do not see how it would work.

Mr. Vaile: Allow me to explain, with reference to these stamps. I hold that it would be a great advantage to the travelling public if they were able to procure railway-tickets at any place where stamps were sold. I contend that, although there are many difficulties in the way of devising such a system, I believe that I could overcome them; but I am not prepared to show how it is to be done now. However, it is not an essential of my plan—the plan can be worked just as well under the present system of issuing tickets as it can be worked by the stamp system.

329. *Mr. Maxwell.*] Touching the question of Saturday return-tickets altering the traffic, you must remember that, before the general return-ticket was done away with, the Saturday return-ticket was lower than the general return-ticket, and the Saturday traffic was always much in excess of the return general traffic?—Yes; always.

330. And there was the same amount of Saturday business then as now?—The very same.

331. And the alteration of market-day tickets has rather tended to spread the work over the week?—Yes.

332. Touching the feature of extra cost of working the traffic—supposing the suburban distance was extended to fifteen miles, as has been suggested, we should have to get an entirely new suburban-train service, because our suburban train services do not extend now beyond eight or nine miles, where our suburbs are: do you not think that if we had to recast our suburban services there would be a very large increase in the cost?—There is no doubt there would be a very large increase in cost.

333. Then, as to the question of trains being sometimes full and sometimes empty, on the suburban lines is it not the case, as a rule, that morning and evening trains start full and go back empty?—Yes; but other trains during the day often fluctuate, too.

334. That has nothing to do with the Saturday traffic, has it?—No.

Mr. HUDSON, District Traffic Manager, Auckland, examined.

335. *The Chairman.*] We have asked you to come before the Committee in order to get your opinion of Mr. Vaile's railway system, with which, I believe, you are acquainted?—Mr. Vaile's system proposes to abolish the mileage-rate, and to substitute in place of it stages: Starting from a capital town there are four stages of seven miles each; then, if the region beyond is not populous, there are to be fifty-mile stages; in the event of a town of four thousand inhabitants intervening, there are to be two seven-mile stages on each side of it: so that, practically, where the population is sparse, the stage is to be longer. That, I believe, is the principle on which he has based his scheme. The fares are to be 6d. and 4d. for each stage. The effect of that would be that we should get small fares where the traffic was small, and where the population was large and the traffic to be expected important we should, in many cases, get higher fares—for instance, for the three-mile journey the fares would be somewhat more than they are now. The opinion I have formed about the scheme is, that people have not time to travel sufficiently to make it pay by reason of such increased travelling. Time is an object to people in New Zealand who have to earn their living, and our experience is that if we try low fares it must be on public holidays, when people have time to take advantage of them. On the occasion of the opening of the Litchfield line—on Monday, 21st June, 1886—we made the fares particularly low: £1 first-class and 15s. second-class there and back. We gave people the option of stopping anywhere on the road, and at the time that we advertised the Tarawera volcanic disturbances were occurring, and presented an inducement for people to go. The result was, that we only got twenty-eight passengers. The feeling that I have, therefore, is that it is more a question of time than of population for long-distance journeys. With regard to the short-distance journeys, I think that the present season-ticket rates—which are very much lower than Mr. Vaile's proposed rates—are sufficient inducement to people to live in the suburbs; and they do so very largely indeed. People can live at, say, Newmarket, and, by means of a first-class season-ticket, travel into town for something like a penny a journey—that is, counting two journeys each day. Some people go home to lunch as well, making four journeys a day, and in that case they

can travel for a little over a halfpenny a journey. People can live at Onehunga and travel daily, first-class, for about 4d. a journey, counting two journeys—one to town and one back. I think this is sufficient to meet the regular traffic, and there are no regular daily travellers anywhere, except those who go backwards and forwards to their daily work. That is evident from the fact that the London railways carry a much larger number of people in proportion to their mileage than other lines having a much greater mileage. The North London line carries yearly about thirty millions of passengers on twelve miles of railway; the Metropolitan, about a hundred and twenty millions on about forty miles of railway; and the Great Western, with 2,300 miles of railway, carries fifty millions of passengers a year—the fact being that in the latter case the journeys were longer, and the number of people using the lines were fewer; whereas in the case of the metropolitan railways people usually travelled twice a day—viz., to and from their daily work.

336. *The Chairman.*] You stated just now that on the occasion of the excursion to Litchfield you carried passengers for £1 and 15s. return: if you had reduced the fares to 10s. and 5s. would you not have increased the numbers?—No, I do not think so. On our first Saturday to Monday excursion to Te Aroha we ran the train up on a Saturday afternoon, starting at ten minutes past 1 o'clock, from Auckland—the most favourable time possible, as most people would have finished their week's business—and we returned on Monday morning, reaching town at half-past 10 o'clock. That was under the most favourable circumstances you could imagine, and we earned £63 by the train. The next time we tried it we only got £30, under exactly the same conditions. The distance is 116 miles there and 116 miles back.

337. *Hon. Mr. Richardson.*] Suppose the fares had been half, should we have got the same amount?—I do not think we would have got the same.

338. Are there any excursions run up there and back in the same day?—Yes; on Good Friday we ran an excursion to Te Aroha, Te Awamutu, Mercer, Helensville—in fact, to all parts of the system. We returned the same day, with the option of “stopping over” at an advanced fare. The result was that we earned about £420, all over the line, on that day. The amount cannot be considered excessive; but still, it fairly paid, and the fact that it was a leisure day for the people must be considered.

339. *Mr. Whyte.*] That first train to Te Aroha was a very large one?—Yes, too large altogether.

340. How did the second and third excursions to and from Waikato compare with the first?—The excursions during the first year to Waikato were the best, and the first from the Waikato was the best. But we have never exceeded one day-trip excursion a year from the Waikato; so that people have looked forward to this as a cheap trip down, and they come in large numbers.

341. Do you think that a cheap excursion once a month to the Waikato would pay?—I am quite sure it would not. We have now an arrangement whereby any one may call on us to run an excursion train by guaranteeing eighty Saturday return-fares: that number will not pay expenses, but we are willing to take the risk above that margin.

342. You think, then, that the reason people will not travel is the want of time, coupled with the expenses incurred?—Yes, I do; and another reason is, want of an object: you must get up some amusement or offer some attraction, to make the thing a success.

343. Do you remember the train which went to Cambridge on the occasion of the turning of the first sod, at Kihikihi, of the North Island Trunk Railway: did that excursion pay?—It paid very well.

344. *Mr. Maxwell.*] If you book a ton of potatoes from Te Awamutu to Auckland, and ten miles back on the Helensville line, is that as cheap or cheaper than booking direct to the same point on the Helensville line from Te Awamutu?—No; in the first case the charge would be 18s. 1d., and in the second, 16s. 8d.

Mr. Whyte: In justice to Mr. Vaile, I think he will be shown to be right to some extent, if you take the through-charge to Avondale, say, as compared to the charge to Auckland and then on to Avondale.

345. *Mr. Maxwell.*] I find from the evidence that Mr. Vaile said this: “To illustrate what is done here: if a man wishes to send potatoes from Te Awamutu to any place within a seven-mile radius round Auckland, it would be cheaper to send these potatoes to Auckland and then pass them back along the lines than it would be to send them direct to the station for which they were intended. Is that correct?—No, that is not correct.

346. *Mr. Whyte.*] I believe that is so, if you booked back along the same line; but would the rate to Avondale, we will say, be more by going first to Auckland and then taking the goods on to Avondale?—Yes, it would be more.

Mr. Vaile: The through-charge to Auckland is 13s. 4d., but if you stop short of Auckland or if you pass beyond there is 25 per cent. added on; so it is clear I may have made an error in the number of miles goods may be passed back: but there must be a point at which they can be passed back cheaper.

347. *Mr. Gore.* The rate from Te Awamutu to Auckland is 13s. 4d., and from Te Awamutu to Newmarket it is 15s. 10d.; why should it be more for the shorter distance?—Because it is an export rate: we give this low rate for the purpose of encouraging the export of grain, &c.; also we have arrangements for dealing with large quantities of traffic at Auckland which do not exist at Newmarket.

Mr. Gore: It seems to me you are putting a very heavy tax on the small population.

348. *Mr. Maxwell.*] What do you think the result of adopting Mr. Vaile's system would be on the passenger-traffic within a ten-mile radius: do you think there would be a large increase?—No, I do not; for the simple reason that the people who travel frequently are the people who have season-tickets.

349. Supposing, for the sake of argument, that there was a large increase, that it was doubled;

would it not cost a great deal more to work it?—No doubt it would: we might get the traffic in the morning and evening, when our trains are now well filled; if so, we should have to double out accommodation.

350. Then, again, supposing the suburban traffic were extended to fifteen miles, should we not have to extend our suburban service to meet the traffic?—Yes; and, as I have said, the element of time would beat us in that direction.

351. Assuming, again, for the sake of argument, that the suburban traffic did extend to over fifteen miles, should we not have to reconsider the time-tables, and go to a very large extra cost for rolling-stock and daily expenses?—Yes: we should have to double our staff beyond the eight-mile radius.

352. Would you not find it very difficult to estimate the expense unless you had the conditions before you?—Yes; that is so: we should have to consider the time-table before we could speak about the cost.

353. Have you had experience of racecourse-fares in Auckland at any time?—Yes: they were 1s. return, irrespective of class.

354. How many miles is that?—About four miles from Auckland.

355. Has that fare been altered?—Yes: it has been altered to 1s. 6d.

356. What was the effect on the traffic?—It did not have any effect at all. There was more traffic on the first day; the second was wet.

357. Is there any other means of communication to the racecourse than by rail?—Yes: there were special services put on the tramway from Auckland to Newmarket, and a ten-minutes omnibus-service was also put on to the course.

358. What was the charge by the 'bus-service?—Two shillings.

359. Is there any other way, except by cabs and by foot?—I believe cabs charge £2.

360. Where does the tramway start from?—Queen Street.

361. How far is it by tram to Newmarket?—It must be considerably further than by rail, because they go round by the Kyber Pass.

362. What do they charge?—Threepence.

363. How long do they take?—From thirty-five to forty minutes.

364. And how long does it take by rail?—Nine minutes.

365. Do you recognize the fact that a tramway running omnibus-speed, and taking thirty to forty minutes to do this distance, should be very much cheaper than a train-service running the distance as we do?—Yes; the weight of the stock and the speed would rule the cost to a very great extent.

366. Has the opening of the tramway made any difference in our traffic?—No.

367. Not even the threepenny fare?—I do not notice any difference.

368. How long have you been in New Zealand?—About six years.

369. And you have been all over the railways, and know them thoroughly?—Yes; no one knows them better.

369A. How long were you at railway-work at Home?—I was for nine years on the Great Western line, in the Liverpool, Birkenhead, Chester, Shrewsbury, North Wales, Wolverhampton, and Manchester districts. I used to pay wages all over that district for some time.

370. Do you know London at all?—Yes: I lived there for sixteen years.

371. From your knowledge of these places, do you not recognize a very vast difference between suburban traffic and long-distance traffic?—Yes; I think I have stated my views with regard to that: there is a great difference.

372. Do you know the Metropolitan Railway?—I do, very well.

373. Is not that what you might call a regular omnibus-line?—Yes: it stops about every half-mile.

374. And the traffic on that line differs essentially from traffic such as we should get, say, in the Waikato?—Yes: the probability is that the person living in the Waikato has as far to walk to get to the railway as another person would have to go by train on the Metropolitan Railway.

375. Do you think that Mr. Vaile's system, as far as it has been set forth, is susceptible of being worked out to something very much simpler than the system we have now?—It would be necessary to consider the classification of goods, the manner in which we are to deal with small lots of goods, the loading and unloading, storing, and many other things connected with the common carrier's business, before I could give an opinion. I should require to know the details of working.

376. *Hon. Mr. Richardson.*] Is there sufficient information given in this scheme to enable you to form an opinion as to how the proposals with regard to passengers would work out in practice?—With regard to passengers, I think it would be necessary to make a rate-book for every station. We cannot ask the ticket-clerks to count up the number of stages to arrive at the fare: it would be necessary to give them a rate-book stating the rate from their station to every station they were allowed to book to.

377. Would that be a great simplification of the present system?—No; it would not be so simple.

378. *Hon. Major Atkinson.*] But the passengers would understand it more easily—would they not?—I do not think so, because we publish a mileage-fare, and they have only got to refer to the time-table for the number of miles to calculate the fare to any station they wish to go to. Then, in addition, we post up in our stations a clear table giving the passenger-, parcels-, and other rates to each point from that station. There would be no difference so far as the public is concerned.

379. *Mr. Maxwell.*] How long do you suppose it would be before the rate-books could be got in order?—I do not think, on serious consideration, you could start in less than a year.

380. And a very large outlay would have to be incurred all over the system?—Yes, undoubtedly.

381. It has been stated by Mr. Vaile that, if he got two fares at 1s. for every one we get now, he would get as much money: do you think he would get as much net revenue?—I may as well give you some figures which I got out lately. For twenty-four weeks ending the 31st March, 1886, we carried 34,000 passengers from Auckland, not including season-ticket journeys to stations within an eight-mile radius, for which we got £1,080; and from Auckland to Waikato stations—that is, Huntly and beyond—we carried 3,287 passengers, and earned £2,401. Consequently we carried less than a tenth of the number of passengers to the longer distances stated, and earned considerably over twice the amount of money as compared with the short-distance traffic.

382. But, assuming that we doubled our passengers at the shilling fare, should we get the same net revenue?—If we doubled our passengers we might have to double train-services.

383. Then we should not get the same amount of net revenue?—No.

384. In fact, you might get less?—I could not say. I am quite sure we should have to double our morning and evening service. I may say, from my experience on railways, that the suburban traffic is by no means the best-paying traffic. If you take the Metropolitan Railway, it is by no means a financial success, and it carries a hundred and ten millions a year.

385. Then, suppose, instead of two fares at 1s., we get four at 6d., should we not be very much worse off then?—Yes: there is no doubt that the bigger the traffic, if you are going to earn the same money, the less would be the net revenue.

386. Have you had many individual complaints brought to you during the last year about the goods-rates?—No, very few. Of course, I have seen a great many complaints in the papers.

387. But have many reached you personally?—No. I may say generally that the people who do most business with us are those who complain least.

388. Who do the complaints in the newspapers come from?—I could not say.

389. They are generally anonymous?—Yes.

390. Do you know that goods are brought in large quantities from the South to Auckland?—Yes—potatoes and grain.

391. Are not large quantities of new potatoes sent away from Auckland by sea?—Yes—to Australia.

392. Are they not sent down to Wellington and Christchurch?—I am not aware of that.

The Chairman: They are sent not only to Wellington, but also to Dunedin.

393. *Mr. Maxwell.*] Do you know what rates are paid for the conveyance of produce from the South?—I am given to understand that the sea-freight is about 15s. a ton.

394. There are large quantities coming from Lyttelton and Oamaru, and those from Lyttelton would have to pay railway-rates first?—They would have to pay about 4s. a ton.

395. Is it a fact that you have sent large quantities of oats to the Waikato which came from the South?—Yes; we send oats to the coach-proprietors at Cambridge and other places.

396. Do they not grow oats at all in the Waikato now?—I do not think they grow much in the way of oats.

397. Do you not send flour to the Waikato also?—Yes. There is a flour-mill in the Waikato, but still, some goes from Auckland.

398. Is wheat ever sent from Auckland to these mills in the Waikato?—No, except to a very limited extent. We send grain up country, but I believe it is principally seed-wheat.

399. Do you think the railway-rates prohibit the carriage of grain to Auckland from the country?—I cannot see how that could be in consequence of these shipping-rates, because grain coming into Auckland by sea is much more handicapped by freight than grain from the Waikato. I do not know any means of getting grain to Auckland cheaper than from the Waikato.

400. Are there not large quantities of cattle brought to Auckland by sea?—Yes; the trade between Auckland and the Waitara is a very large one.

401. What is the cost per head?—About 17s.

402. And what is the cost from the Waikato?—Six shillings would be about the average charge.

403. Are any cattle driven in from the Waikato?—They have done so twice within the last two years, but then feed was sent by the railway for them.

404. Then the rates are not prohibitive as far as cattle are concerned?—No: they can be brought ninety-four miles for one-third of the rate from Waitara.

405. Are sheep also brought from the Waikato?—Yes.

406. Are they all Waikato sheep?—Yes, so far as we know.

407. Are not large mobs of sheep driven from Gisborne and Napier, and sent down by rail to Auckland?—Yes.

408. Sheep are brought from the southern part of the Island for the supply of the Auckland market, and for freezing—that is to say, from the West Coast by sea, and from Gisborne and Napier they are driven overland, and then sent on by rail?—Yes; that is so.

409. You have been in some manufacturing districts in England?—Yes: I have been in the Wolverhampton district, and also in the Worcester and Lancashire districts.

410. Have not great communities sprung up in those districts immediately surrounding the places where iron and coal were raised for manufacture?—Yes, undoubtedly.

411. *Mr. Whyte.*] I should like very much if you could give us some opinion of the stage-system as applied to goods?—I will give you this opinion: that if you are going to convey goods over a fifty-mile stage for the same price as over a seven-mile stage, either it will not pay, or you are charging a great deal too much for the seven-mile stage.

412. *Mr. Maxwell.*] Have you got any idea what the demands for the reductions of rates are for?—I have an extract from the *New Zealand Herald* of the 9th June, 1886, which touches on that point. It proposes a reduction of 10s. per ton on agricultural produce and chaff brought from the Waikato to Auckland. The present rates from Te Awamutu are—for agricultural produce generally, 13s. 4d. a ton; and for chaff, hay, and straw, 12s. 7d. a ton. If the reduction were granted, it

means that we should be carrying agricultural produce for 3s. 4d. a ton, and chaff for 2s. 7d. a ton, for a hundred-mile distance.

413. Have you had any individual demands?—Yes; I had one a short time ago with regard to sugar: it was represented that sugar was being sent from Australia to the Kaipara, and that if there was a cheap rate from Auckland to the Kaipara they would be enabled to cut out this import trade. We had to make a low rate in consequence.

414. Has it any effect?—At present I cannot say: it has only lately been brought into force.

415. Do you get a great many of these demands in the course of your daily business?—No, I do not.

416. *The Chairman.*] Is it not a fact that the reason of the cheap rates between Australia and Kaipara is, because shipowners prefer taking cargo at low rates to save themselves the trouble of buying ballast?—Yes; no doubt this sugar comes from Sydney cheaply, because they require ballast to come to Kaipara in order that they may take timber back.

417. *Mr. Whyte.*] What is about the freight for a seven-mile stage, now, per ton, for general merchandise?—There are four classes of merchandise: the lowest is 4s. 10d., the next 5s. 2d., the next 5s. 6d., and the fourth 6s., for seven miles. That includes the labour and warehouse-charges at the commencement and termination of the journey, and which would be applicable to a thousand-mile journey.

418. And what are the charges per hundred miles?—They are respectively £1 6s. 6d., £1 13s. 7d., £2 1s. 6d., and £2 9s. 4d.

419. *Mr. Hatch.*] Have you lost much freight by sheep being driven in consequence of not being able to reduce the price for a quantity?—No, I do not think so.

THURSDAY, 24TH JUNE, 1886.

Present: The Chairman, Hon. Major Atkinson, Messrs. Gore, Hatch, Macandrew, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

Mr. HUDSON's examination continued.

420. *Mr. Maxwell.*] Do you think that cheap fares, as proposed under this scheme, would have the effect of developing inland towns?—I think that the effect would be to send people down to the cheapest marts, and that would be to the port of arrival.

421. Taking a district with which you are acquainted—Auckland to Helensville—do you think that is the kind of country to develop towns in?—No; it is a very poor country indeed. I scarcely think we could hope to have a large town between Auckland and Helensville.

Hon. Major Atkinson: I understand that Mr. Vaile's object is not the development of towns, but the settlement of the country.

Mr. Vaile: I have never made the development of towns my principal object. Mr. Maxwell persists in taking isolated passages as the whole of what I have said.

422. *Mr. Maxwell.*] I understood that was one of the objects of Mr. Vaile's plan. (To Mr. Hudson): Do you think that these fares would have the effect of largely encouraging the settlement of the country?—The view I take of that is, that if a man goes to settle in the country he makes one journey to the place he proposes to live at, and then the railway has done with him—that is, as far as long distances are concerned. Cheap fares would lead people to live in the suburbs, and travel to and from their daily work in town; but I do not think that long-distance cheap fares will ever induce the settlement of the country, because the general expenses of moving about are so large that the difference in fare would not lead to more travelling, time always being the principal object with business-men.

423. Taking Mr. Vaile's charges, we find the charge from Buckland to Paeroa is 4s. 6d.—sixty-four miles; and the charge from Buckland to Te Awamutu, sixty-eight miles, is 1s. Can you see any reason for this difference?—No, there can be no reason.

424. Do you know any such divergency in the present charges?—No. Where there is a difference of this kind in our charges it has arisen from special circumstances. There are plenty of places in England from which you can travel one journey forty miles longer than another for less money. That has arisen from the fact that there is a competing route, so that the long-distance fare has to be brought down to that for the shorter distance.

425. Do you, then, consider that Mr. Vaile's scheme carries out his intention of abolishing all differential rating?—No; we have an instance of differential rating with a vengeance here. As I understand differential rating, one kind is to charge more for a similar service in one place than in another place.

Mr. Vaile: Mr. Maxwell takes this distance to mislead the witness. He traverses the whole of the town district from Buckland to Paeroa in order to make out a case against my proposal, and to try to make the witness say that I give no advantage to the country. You see how unfair his question is.

The Chairman: I understand Mr. Maxwell to ask the question with regard to differential rating.

Mr. Vaile: I want to point out the particular instance Mr. Maxwell has selected.

The Chairman: So far as I understand, Mr. Maxwell meant to lead up to the question of differential rating.

Mr. Vaile: It cannot be differential rating when every district is treated the same.

426. *Mr. Whyte.*] Have you ever tried to work out the system of charging 2s. 6d. per ton per stage on goods, as compared with the present charges?—The proposals for charging goods are so crude that I should not care to express an opinion as to how it would work out.

427. In justice to Mr. Vaile, he has always said that he has not laid down definitely what should be the charges on goods; but can you give an opinion on the general principle of charging

by stages?—The view I take of it is that it is extremely differential. Why should a man living at, say, Buckland, be able to send minerals for 1s. a ton to Hamilton, and, coming nearer town, a man would have to pay 4s. a ton for a less distance? There appears to me to be no reason.

428. Do you not think that the stage-system would simplify booking to different stations?—No, I do not.

429. Do you not think it would be more intelligible to the public than is the case now?—No, I do not. I think that any confusion there is at present arises out of local rates. I can imagine nothing more simple than the present mode of reckoning: you have your classification, and turn up your number of miles, and there is the price. That is complicated, we admit, by local rates arising out of particular conditions of traffic, such as special rates made to foster local industries.

430. Then each station would require a separate table?—Undoubtedly. There would have to be a rate-office in Wellington, and each station would have to be advised of their rates.

431. *Mr. Hatch.*] Is there a special rate for bricks in Auckland?—Yes, there is a rate to enable bricks to be sold in the local market.

432. *Mr. Macandrew.*] Do you think it is the duty of a railway to knock out opposition, and procure all the trade it can?—That depends upon the manner in which the Legislature decides the railways are to be worked. We were told in 1880 to make these railways pay interest on their cost: if we are to do that we must conduct them on business principles.

433. And on business principles you think it is perfectly right?—Yes.

434. *Mr. Whyte.*] I understand that you were ordered to make them pay—that it is not a question of principle, but of instruction?—I did not understand that my own opinion was asked—that would scarcely be evidence; but in 1880 we were told that the railways were meant to pay interest on their cost, and we have not been told anything different since.

435. But as a business-man you would adapt yourself to circumstances, so as to get all the trade you could?—Yes, undoubtedly.

436. And are not the instructions given to you to manage the railways on business principles?—I merely refer to the intention of the House in 1880. If we are to do that we must manage them on business principles.

Mr. Hatch.: I do not think it is quite a fair question, because we know that the railways are managed from Wellington, and Mr. Hudson has merely to obey instructions.

Hon. Major Atkinson.: I think, on the contrary, it is a very important question.

437. *Mr. Macandrew.*] Do you think, if it were possible by any means that the railways should be supported without any haulage-rates, that it would simplify the system?—If you mean, to carry everybody and their goods for nothing, it certainly would simplify the clerical work; but I do not think the House would be satisfied.

438. *Mr. Vaile.*] Do you think that the differential-rating system is absolutely necessary to work our railways?—Yes, I do, on business principles.

439. Why is it necessary?—It is necessary under special circumstances. For instance, if you had not differential rating between Auckland and Onehunga all the traffic would be carried by road. Our principle is to get all the business.

440. Then your idea about differential rating is that you could not obtain your revenue without it?—My idea is that we should not be able to obtain much of the present or prospective trade of the country without differential rating. We use it as a means of fostering and increasing business.

441. Supposing differential rating was abolished, could you take out of the railways the same amount of money that you take now?—The probability is that we could take more if we made the mileage-rates much higher; but we cannot abolish it.

442. It has been stated in evidence by Mr. Maxwell that the object of differential rating is to secure equality in the treatment of the public?—[Mr. Vaile was interrupted here by Mr. Maxwell, who denied this; and by his request the Chairman read out the words used by Mr. Maxwell, as follows: "The various forms of differentiation are necessary to accommodate the trade and traffic of the country, to assist local manufactures and products, and to meet competition, not in carriage merely, but in the markets. The practice is rational, because it recognizes the natural condition and wants of the trade and population of the country. It has for its object the satisfaction of the various demands which arise as new trade springs up and new conditions come about, and not the development of such a theory as that of town-making in waste places, such as Mr. Vaile has propounded."] That is so. We have no instance in England or in New Zealand of a rate being given to any man for himself. If there is a special rate, say in favour of a brickyard, at a particular place, it is open to any man to build a brickyard there and send bricks at the same rate.

443. *Mr. Whyte.*] But at another place, for the same distance, it might not be open for him to do so?—You must consider the differences in expense of working.

444. *Mr. Vaile.*] You think, then, that differential rating insures equality in the treatment of the public?—So far as the public having business to transact, it allows of equality of treatment.

445. *Mr. Whyte.*] You say that it is done for the purpose of fostering industries in various places?—Yes: special rates are made for that purpose.

446. And that, so far as persons are concerned, differential rating secures equality of treatment to those who have business to do?—Yes, it allows it.

447. You also said that, if the rates were made uniform and raised to one level all round, you might get much more money?—Yes: if the rates were very much increased, and all local rates abolished, it is possible our revenue would be as much or more than it is now.

448. On the other hand, if they were lowered to a uniform rate, do you think you would get as much or more money?—That is a very large question—you would have to consider it in detail. It might be wise to lower one rate, and it might be unwise to lower another.

449. *Mr. Vaile's* idea is that he will lower them all sufficiently to defy all competition?—I have no hesitation in condemning that. If a service performed costs 6d., and you only charge

3d. for it, you are doing an injustice to the person who does not use the service. I think the rates should be based on the cost of the service.

450. *Mr. Vaile.*] You say that my system will not give a good financial result, and that you think on short distances my fares could not compete with your season-tickets?—No; I have not taken the question of season-tickets into consideration at all. I stated that your fares for short distances were not sufficiently low to warrant your expecting a very large increase in the ordinary traffic.

451. I think you alluded to single tickets?—I said yesterday that the figures I was giving did not include season-tickets.

452. You see these reductions. The present fares are—to Remuera, 7d. and 6d.; to Green Lane, 1s. and 9d.; to Penrose, 1s. and 9d.; and Onehunga, 1s. and 9d. If all these were reduced to 6d. and 4d. would it lead to no increase of traffic?—I say that on short-distance journeys you may reckon that people generally take return-tickets, so that the reduction would not be so great as it appears from your figures.

453. You assume that?—I do, because I think the principal number of single short-distance fares issued are to people who travel to the ports in order to go away by sea. These people do not require return-tickets; but other people generally get return-tickets. Therefore I take that as the basis of my calculation. Mr. Vaile's average ticket is 5d.; ours, for the same distance, is 7½d.: I do not think that in New Zealand that difference would have any appreciable effect.

Mr. Vaile: It is the old contention, you see. They persist in dealing with return-fares as against my single tickets.

Hon. Mr. Richardson: Mr. Vaile states that the railway authorities persist in comparing these return-tickets as against his single fares. As I understand the evidence of these gentlemen, it has been to compare what they have now with what Mr. Vaile proposes.

Mr. Vaile: But you also have your single fares. Why not compare them with my single fares?

Hon. Mr. Richardson: Because the single fares are very little used now.

454. *Mr. Vaile.*] Your tables say they are very largely used. (To Mr. Hudson): Will you kindly tell me why the season-ticket system cannot be applied to my proposals?—Because it has never been in the proposals.

455. I have never gone into details; but I have said that the season-ticket system could be applied?—I have simply taken the scheme as it has been submitted to me.

456. Can you see any reason why it should not be applied?—The only reason is that it would further reduce your average.

457. Not the average of my single fares?—No; it might not affect them.

458. I have always in my calculations given you the advantage of the season-tickets, and they have never been included in my figures. Will you tell me, if a man takes a season-ticket, say, to Ellerslie, can he make use of it to a shorter distance?—Yes, he can.

459. That is an advantage which I did not think existed. But, as regards the issue of season-tickets on my plan, the thing is as simple as A B C. Instead of issuing the ticket to each station, you issue a ticket to Penrose to cover the whole stage, or to Manurewa to cover the whole of two stages, to Papakura to cover three stages, and so on.

Hon. Mr. Richardson: If you do not state the basis on which you issue season-tickets, how can anybody compare them?

Mr. Vaile: I have not sought to compare them.

Hon. Mr. Richardson: Under the present system season-tickets can be taken to or from any station, and can be used at any stations as between where they are taken. Mr. Vaile, I understand, says, "I will not give you a ticket, say, to Newmarket; you will have to pay for one to Penrose."

Mr. Vaile: I say you issue a ticket now to Remuera, and that is all a man can use it. My ticket can be used over the whole stage. I should expect to issue four season-tickets under my system for one issued now.

Hon. Mr. Richardson: On what ground? Your ticket only carries to Newmarket or between, or only as far as Remuera or Green Lane?

Mr. Vaile: My ticket for the same fare would carry the whole distance.

Hon. Mr. Richardson: Then, you would give a ticket for Penrose at the same rate as one to Newmarket?

Mr. Vaile: Yes, in the same way as I would issue single fares.

Mr. Hatch: Mr. Vaile, seeing that Mr. Hudson has told us that you can ride from Auckland to Newmarket for a little over a penny a journey, your season-ticket, if it were reduced in the same ratio as your single fares, would only cost about a farthing a journey?

Mr. Vaile: I am not prepared to say just now what figure I should charge for season-tickets at. That would require a considerable amount of study. But it is not necessary: I merely want to show the main features of the scheme.

Mr. Hatch: Presuming that you did have season-tickets and that you got four taken for one now, where do you expect to get the single fares from?

Mr. Vaile: I do not expect that all people would take season-tickets, but I should expect to get a proportionate increase in season-tickets as well as in single tickets.

460. *Mr. Vaile* (to Mr. Hudson).] Can you tell me how many family-tickets are issued in Auckland?—I do not know.

461. Would you undertake to say that there were as many as fifty?—No; I could not say.

462. Taking it for granted that season-ticket holders are, as a rule, people with families, do you think that cheap single fares would affect the travelling of these families?—No, I do not think so. I do not think your fares would increase their travelling in the slightest degree, because the fares are nearly the same. Our fare to Otahuhu is 9d., as against your fare of 8d.

463. That is your return-fare?—Certainly. Members of a family who go to town generally return the same day.

464. What is your return first-class fare?—Two shillings, as against your two shillings.

465. How long is it since return-tickets have been allowed to Otahuhu?—For four or five years.

466. You spoke about an excursion to Lichfield—a distance of 143 miles: you surely did not expect a great many people to go on that excursion, 143 miles, to a town where there is only one small hotel?—I think I stated that the people were allowed to break their journey anywhere, and that they were told that they could get out at Oxford and go to Rotorua, where the recent disturbances would be likely to attract a great many people.

467. But Oxford and Lichfield are both small places, and people must stop at Lichfield to go to Rotorua?—No; at Oxford.

468. They would have to stop the night at Oxford?—No: if there was a large number they would be taken on the same day. That is done now constantly.

469. I can understand tourists doing it, but I cannot understand any man going along that line 143 miles to stay at a small hotel and come back, perhaps, next day?—These tickets, however, extended over a week.

470. I think you said that the fare to Ellerslie Racecourse was raised to 1s. 6d. irrespective of class, and that as many people travelled?—Yes, on the first day; the second was a failure owing to rain.

471. Have you had experience with regard to other racecourses in the colony?—No; I cannot speak with regard to other places.

472. The fact that this rise of fare did not interfere with the traffic I think proves what I have many times said—that even a pretty considerable reduction at holiday-times makes very little difference: people will almost as soon on a holiday pay a high price as a low one?—It entirely depends upon what you call a reduction.

473. Well, a reduction from 1s. 6d. to 1s.?—I think the population you are dealing with in New Zealand is far too small. When you come to the long distances I think, perhaps, it would be good policy to reduce the fares to one-fifth on holidays, so as to enable a man to take his wife and children out into the country and to return the same day.

474. *Mr. Whyte.*] For long distances you think the fares might be reduced to one-fifth?—Yes, on holidays, if the excursions return the same day, and if we get full trains.

475. *Mr. Vaile.*] The evidence of this witness and of the last witness practically proves that there is no utility in making a reduction on a holiday. I wanted to elicit that information, because when I first proposed this plan I suggested that for these short journeys on holidays charging double fares. I was induced to abandon that for fear of opposition it would encounter from the public. I do not suggest this now, but wanted to show that my judgment in that respect was right. (To *Mr. Hudson*): You say that my system would necessitate keeping station-rate-books?—Yes.

476. Why?—Because every time a person wanted to book a parcel or anything of that sort the clerk would have to count up the number of stages.

477. I would like to point out that the impression is sought to be created by the General Manager and by this witness that the system I propose is more complicated and more difficult to carry out than the present one. Now, going south from Auckland there are now twenty-five station-accounts kept: under my system there would only require to be seven station-accounts kept instead of twenty-five?—I do not see that. Do you not propose to have traffic from all stations?

478. Do you not receive traffic at flag-stations? and why do you not keep accounts for them?—The work would be too great for the small traffic; it is unnecessary.

Mr. Vaile: It simply means that, instead of keeping twenty-five accounts on the line going south from Auckland, you would only have to keep seven.

Hon. Mr. Richardson: That is to say, you think so.

479. *Mr. Vaile.*] Yes; and I would be bound to produce a plan on which it could be done. (To witness): You say that the mere fact of passing stations and reckoning by stages would necessitate keeping a station-rate-book for each. You reckon by stages now?—No; by miles.

Mr. Vaile: If you take goods: Class A, it is the same charge for any distance up to four miles; Classes B, C, and D are the same; Class E, for some reason or other, is a different rate for each mile; if you take Class F it is the same rate up to four miles; Class H, wool, undumped or dumped, is the same price for any distance up to ten miles—that is clearly reckoning by the stage. Take timber: that is also the same charge for ten miles or any less distance. I am seeking to show that you now work by stages; and yet you say that the stage-system would involve excessive cost for book-keeping. I can show that you do the same thing as regards passenger-fares. Going from Auckland north, the first two stations, first-class fares are both 6d.—that takes you over four miles; the next stage of five miles is 1s.; and then another stage of five miles, 1s.; then you come to seven miles, 1s.; then eight miles, 1s.; and then there comes an extraordinary feature—in the next mile there is a jump of 10d. I have no such sharp break in my transactions. You reckon by stages for passengers and goods.

Mr. Whyte: How have these things occurred?

Mr. Maxwell: We do not reckon by stages, but have mileage tables, or local rates, for everything.

Mr. Vaile: If the charge is the same for four miles as for eight miles it is perfectly manifest that the charge is not made by the mile.

Mr. Hudson: It is always the case on railways; it is the terminal charge.

Mr. Vaile: I am told that there is a terminal charge on passenger-fares, and yet the short journeys are the cheapest.

Hon. Mr. Richardson : On all passenger-fares terminal charges are taken into consideration ; and something or other, whatever it may be, is bound to be added.

480. *Mr. Whyte* : Talking of long-distance fares, take to Rotorua, 180 miles : the fare under Mr. Vaile's scheme would be 2s. 4d. second-class ; do you not think that difference would bring about a very large increase of traffic ?—No, I do not think it would, on account of the time occupied.

481. *Mr. Vaile*.] Your opinion, then, amounts to this : that no reduction of fares or freights will bring an increase of railway-trade ?—No, that is not my opinion. I should like to say that, so far from stating such a thing as that, I object to the question even being put to me ; because, as a business-man, I could not say such a thing.

482. Then, you do admit that from my proposed fares there would be a considerable increase of trade ?—No : I must consider them in detail before I give an opinion.

483. The reductions are all very large : if one brings in trade will not all ?—It depends upon whether there is likely to be a large business or not.

484. Do you mean to say that a large reduction of passenger-fares will not bring an increase of ordinary business ?—It depends entirely upon where you make your reduction.

485. Say the reduction was from Auckland to Pukekohe ?—I think you would have an increase there.

486. How much, do you think ?—I should have to test it to be able to say.

487. Cannot you form an opinion ?—No ; but I think there would be an increase. People could go there and back in a day. I believe time is a greater element than cost in this question.

488. You agree with me that my chief increase would probably be between the ten- and thirty-mile stage ?—Well, at present there is a very large traffic from Otahuhu : I do not believe you would get any increase there at all, as your fares are not materially lower than ours as from Auckland. Then, to come to Papatoitoi, I am not aware that there is any population to speak of living there : I do not think you would get much difference there. I believe you would get a large increase from Papakura and Drury.

489. *Mr. Whyte*.] Do you not think that there would be an increase as far as people could come and go in one day ?—Yes.

490. Do you think it would lead to an increase to Hamilton ?—People would only have a very short time there : I do not think there would be any material increase to Hamilton.

Mr. Hatch (to Mr. Vaile) : Do you propose that on new lines passengers should travel at the same rates which you would charge, say, from Pukekohe to Hamilton—fifty-four miles, for 6d. ?

Mr. Vaile : If it was a Government line I certainly would.

Mr. Hatch : Take from Christchurch to the West Coast. What would be the fare there ?

Mr. Vaile : I could not possibly say that without further information.

Mr. Hatch : There are two stages to Rolleston, and would probably be another small stage beyond ; then there would be three big stages—3s. altogether—do you think you could possibly run for that money ?

Mr. Vaile : Those are not my fares. I could not reckon it without further information.

Hon. Mr. Richardson : Mr. Vaile has two stations to Rolleston, and there is no town of any consequence after that ; and there is no settlement whatever beyond that till you get right over to the West Coast, nor is there likely to be. The distance from Springfield to Brunnerton is ninety-five miles—that is, two stages. I want to know how many stages Mr. Vaile would have from Christchurch to the West Coast ?

Mr. Vaile : The first question I am asked is how many stages am I to make over this line ? I cannot tell, for want of information. The next question is, Would it pay ? I can only say this : that I have never calculated on making any particular line pay. We live now on the general average, and we cannot possibly get away from that fact, and whether this line would pay in connection with the others depends upon the quantity of these political or useless railways you make.

Hon. Mr. Richardson : Political or otherwise, are we to understand that if that line were made to-morrow by the Government, you would treat it in the same way as other lines ?

Mr. Vaile : Yes, I would. But I have no hesitation in saying that neither on your system nor mine can that line be made to pay.

Hon. Mr. Richardson : Mr. Vaile declines to pledge his system to one particular line. If you apply it at all you must apply it to the whole railways of the colony.

Mr. Vaile : Yes, that is so. I have always considered the railways as a whole. Some of the railways pay fairly well now ; others do not pay a copper : we have to take the whole thing now and live on the average, while we profess not to do so. Now, I say, let us accept the position at once, and say we will be content with the general average, and work for it. If we do that we shall make a success of our railways commercially, financially, and socially.

Hon. Mr. Richardson : Supposing that this Committee were to recommend that this system be tried, and that Parliament should determine that the system should be tried on the Auckland lines—which are a separate system, and do not interfere with the other lines of the colony—would Mr. Vaile be satisfied with that as a fair trial of his system ?

Mr. Vaile : Before I could reply positively “Yes” or “No” to that question I should certainly like to be furnished with more information ; but, from the information I have, I believe it would be a fair trial. I could not speak positively without further information.

Hon. Mr. Richardson : What further information would you want ?

Mr. Vaile : I should want to know what is the average fare paid on the Auckland lines. That would be the basis of my calculations.

Mr. Walker : There is another point. I think you told us that 11 per cent. of the population of the colony were outside the benefits of the railways : you would want to know if this was the same with regard to the Auckland district ?

Mr. Vaile : That might influence the calculation ; but, so far as I know, I believe the Auckland section would give a fair trial to the system.

Mr. Hatch : Mr. Vaile, just now, in replying to a question, you mentioned "political railways." How is it possible to settle the people on the land between Christchurch and the West Coast if you do not make such a line as this?

Mr. Vaile : I say it is not possible. The only way you can possibly settle the country is by giving cheap fares and freights in country districts: that is the main object of the whole of my plan. I should like to be allowed to state that I did not use the term "political railways" in an offensive sense; neither have I ever been an opponent of the railway from Christchurch to the West Coast.

Mr. Walker : Mr. Vaile admits that his information is not sufficient to enable him to put down the stages accurately. On the Christchurch line here in the diagram he has missed out stages; and every stage left out on the diagram of course adds to the total fare: so it is absurd to say that Mr. Vaile is bound to make his fare across the Island 3s.

Mr. Vaile : I should like to supplement what Mr. Walker has said by remarking that I have been most careful in all my calculations not to take any advantage to myself. I believe what Mr. Walker says is correct, and that if the matter was worked out the through-fare would be found to come out more than I have put down.

Hon. Mr. Richardson : Following up what Mr. Walker has said, I would say that I asked Mr. Vaile what his fare would be, taking the figures I gave him. My object in putting it in that way was simply to carry out the argument laid down by Mr. Vaile when he contends that a mile of railway is a mile anywhere, irrespective of what it may cost to work it. I took the two stages to Rolleston Junction, and probably two short stages beyond that, and then there comes ninety-five miles where there is no settlement at all: I simply asked what his fare under those circumstances would be. I do not think it was an unfair position to put Mr. Vaile in.

Mr. Vaile : In reply to what Mr. Richardson has said, I think his question was quite fair, and that the reason why I did not give a direct answer to it was that I did not know what settlement was at the other end; but I say this advisedly: that it will be for the advantage of the colony to carry people on that line at merely nominal rates, and that, whether we like it or not, we shall have to do it for the purpose of settling the country.

The Chairman : Do not you think, Mr. Vaile, that carrying passengers on that line to Hokitika or Greymouth for 3s. will bring down the average very much?

Mr. Vaile : The more of these lines you open up the more it will bring down the average, unless you increase the travelling very largely. The question will be how many through-fares you will get. The same law applies to that as to the other lines—if you double or treble your traffic you will get more money. You clearly will never make that line pay by charging a high rate.

491. *The Chairman* (to Mr. Hudson).] Do you think, if Mr. Vaile's system of charging fares by stage were adopted, that the net revenue earned would be as much as under the present system?—I am quite certain that financially it would be a disastrous loss.

Mr. Hatch : How long would it be necessary to try the scheme in order to give it a test?

Hon. Major Atkinson : It would not do to give it less than two or three years.

Mr. Vaile : I base my claim for success largely on the settlement of the country. If you wish to do that you must make it the policy of the country. People will not go to settle where the system is on trial for only six months or a year.

FRIDAY, 25TH JUNE, 1886.

Mr. HANNAY, Assistant General Manager, N.Z.R., examined.

491A. *The Chairman*.] Mr. Hannay, we have asked you to come before the Committee to give us your idea of Mr. Vaile's railway system?—I have read Mr. Vaile's proposals from time to time, and I think I know the manner in which he proposes to charge. As I understand it, instead of computing the rates and fares by the ordinary unit of a mile, he proposes to make four seven-mile stages from each town of six thousand or upwards, and in country districts stages of about fifty miles; when a town of two thousand intervenes, he will place one seven-mile stage on either side; if four thousand, two seven-mile stages on either side: the passenger-fare for each stage being, first-class 6d., and second-class 4d.; and that the rate for goods shall also be by the stage. He also claims for his scheme that it would abolish differential rating, that it would have the effect of largely increasing the traffic (in the case of passengers, variously stated two, to ten-fold), that if passengers were trebled they would be carried without additional cost, that the average fare could not fall below 1s., and that the net result would be an immense increase in our revenue. I do not agree that his proposal abolishes differential rating: indeed, it appears to establish differential rating of the very worst kind. The proposal seems to come to this: a very large reduction in all fares and rates. And the question to be considered is, whether this enormous reduction (for it is that with regard to all long-distance rates and fares) would be more than counterbalanced by the increased business, and whether the net results from a financial point of view would be satisfactory. I am of opinion that our passengers would not be doubled; I do not think the average fare would be 1s.; and, further, should there be double the passengers there would be considerably-increased cost in working. Twenty per cent. of passengers (that is, five miles and under) are not reduced, while passengers between five and ten miles are mostly carried to and from chief towns—Auckland—Onehunga, Wellington—Hutt, Christchurch—Lyttelton, and Dunedin—Port Chalmers. If seven miles is fixed as the stage, Onehunga, Port Chalmers, and Hutt will pay as now, and number of passengers cannot be increased. If they are included in first stage, then this first stage will practically include half of all the passengers now travelling. The average rate for all this traffic cannot be more than 5d. This will very much reduce the supposed average for all passengers. Then, passengers over ten miles would have to be enormously increased to give same gross result; the

element of time is an important factor; and the sparse population must be considered. Mr. Vaile's remarks about moving population so many times are somewhat misleading. Victoria and New South Wales have about the same population, the same class of colonists, wages somewhat similar, the passengers' fares are much alike; yet Victoria carries about three times the passengers as in New South Wales. It is not because New South Wales is less liberal in its management. We must look for some other reason. We have also the experience of other countries to guide us. Many years ago the Caledonian and North British Railways reduced their third-class fare between Edinburgh and Glasgow to 6d., the distance being forty-seven miles. The result was not a large increase to the passengers, while financially it was ruinous to the companies, although it must be remembered that Glasgow and suburbs contained at that time probably half a million people, and Edinburgh two hundred thousand, with a very large intermediate population. They mutually reverted to the old fare of 2s. 6d., and that is the third-class fare up to the present time. There are several other cases in England and Scotland of similar ruinous competition: the result has always been the same. A proposal somewhat similar to that of Mr. Vaile—that is to say, somewhat similar to what Mr. Vaile himself states his scheme would work to—namely, “We may ultimately see our way, as regards passengers, at any rate, to make one fare for any distance within the colony”—was before the British public for some years.

492. *Mr. Maxwell.*] It has been suggested in the evidence taken that, if we get four millions of passengers at an average fare of 6d., it would be as good, so far as revenue is concerned, as if we got one million at an average of 2s.—My opinion is that the net result would not be so good—that is, if the passengers were carried the same distances. If they were carried longer distances the result would be worse.

493. *Hon. Major Atkinson.*] How would it be worse?—It is more expensive to carry passengers long distances.

494. I understand that on the long-distance traffic there are generally three or four seats for every passenger?—That is not so in every case.

495. But generally?—As a general rule it would cost more to carry long-distance passengers than short-distance.

496. Do you think you could not double your long-distance passengers without extra cost?—No, I think not.

497. How many more passengers could you carry, on an average, for long distances without extra cost?—I am not prepared to say, with the present stock. Of course the passenger traffic fluctuates very much for long distances, and we must be prepared to meet extra business.

498. I quite understand that, but I am talking of averages now. Can you say what percentage of seats are occupied now on long distances?—If we take the express trains between Christchurch and Invercargill, we could not anything like double the seats. The expresses in both directions are almost filled—on holiday occasions they are quite filled; and if the passengers were increased it would certainly cost more. I do not mean to say, of course, that the trains are run full from end to end: passengers get out and in at stations on the way.

499. *Mr. Vaile.*] May I ask how many carriages these trains are composed of?—As a rule, on the train from Dunedin to Christchurch there are four carriages.

500. And do you say that you have not engine-power on that train to carry more than four carriages?—It would be more expensive if we were to put on more carriages.

501. *Mr. Richardson.*] Does that compose the whole train?—No: we have always a guard's van, a mail-carriage, and also a van for carrying small goods—sometimes two, and possibly a horse-box besides.

502. How many vehicles is the train composed of, as a rule?—About eight.

503. *Hon. Major Atkinson.*] Is that a reasonable load for an engine?—Yes; the load between Timaru and Christchurch is limited to nine vehicles, between Oamaru and Dunedin it is limited to eight.

504. *Mr. Maxwell.*] If we took more we could not keep to the same time?—No; unless we put on more engine-power.

505. To take an extreme case: If we got four passengers at an average of 6d. for every one we get at 2s., should we get the same net revenue?—I have no doubt that the result in that case would be very much worse.

506. *Hon. Major Atkinson.*] I wanted to ascertain whether you consider, then, that the trains are as full as they can be?—Taking these trains to which I have referred, I think they are fairly well filled all the year round.

507. Do we get as many passengers as it is reasonable to expect for the carriages you run?—I am not prepared to say that—taking every train that carries passengers—we might not, in certain cases, get more.

508. How many more, then, could you carry—supposing you got them—without additional expense or increase of engine-power?—To answer that we should have to consider that more than half of our passengers are suburban passengers—that takes away about 55 per cent.; then, without having the actual figures, I should imagine that at least half of the remainder are the morning-and-evening passengers to the centres, such as Christchurch or Dunedin; these trains are always well filled with country people going to and returning from town: therefore, it does not leave a very large number of the whole passenger-traffic to deal with. Although there may be empty carriages sometimes, I should not like to say exactly what proportion could be carried without additional cost.

Hon. Major Atkinson: I understand a good many trains are full now, but I want to know whether we are running seats empty, and to what extent.

Mr. Maxwell: I think I can supply you with an approximate statement of that in a short time.

509. *Hon. Mr. Richardson.*] Take the morning-train from the Wairarapa to Wellington—I think it comes in full: is that train now running with as much rolling-stock as your engine-power will take?—Yes, it is.

510. That train comes in full, and it runs all the way with the same number of carriages; but for part of the journey some of the carriages must be partially empty. If the traffic was largely increased beyond the Upper Hutt, or wherever it becomes full, would you not require additional rolling-stock to that train to carry the people?—Yes, undoubtedly we should.

511. And if your long-distance traffic were much increased, although these carriages are running for part of the distance half-filled, I understand you would have to put on additional rolling-stock, and thereby add to the expense?—Yes.

512. I suppose the only way you could provide for that would be to break up your train, and bring a carriage less from Masterton?—No; we must bring the same number of carriages from Masterton as we do now to give reasonable accommodation to passengers.

513. *Mr. Vaile.*] Are these trains mixed trains?—Practically all our trains are mixed trains.

514. *Mr. Maxwell.*] Do you think, then, that this statement of Mr. Vaile's is correct: "I contend that on a general average we can carry five passengers for one we carry now without additional cost"?—Certainly not.

515. Can you give the Committee any sort of idea as to what it might cost, supposing we added a percentage to our train-mileage over the Hurunui-Bluff line, in case the traffic was doubled?—An answer to a question of that kind is not very reliable; because, as any one who has had anything to do with the arranging of time-tables and trains will know, it is only in actual practice that we can ascertain what the additional cost would be. It is very difficult to say what a supposititious traffic would cost. Of course, every train-addition is very carefully considered as to whether the alteration affects the staff or the stock. It may be, in some cases, that additions may be made without affecting either, and at other times the addition may mean an entirely new set of rolling-stock and staff. This is specially the business of the district officer, and it is reviewed at the head office before the alteration or addition is made. But I have had a good many years' experience on the Hurunui-Bluff section, and have had to do with all train-alterations and additions, so I have jotted down some particulars of probable increased mileage required to carry double the passengers. Our train-mileage—goods, passenger, and mixed—on Hurunui-Bluff section for the year just ended is, in round numbers, 1,790,000 miles, and the cost was 4s. 8½d. per train-mile. The section is 978 miles in length. One extra train each way a day on the main line only, Waikari to Bluff, would be about 870 miles, and extra suburban trains, say, 130, or, in round numbers, a thousand miles a day, or 312,000 miles a year for week-days only. I have considered that probably this extra service would not cost as much as our present rate of 4s. 8½d., but I have placed it at the very low reduced rate of 3s. 6d. a mile, or nearly £55,000 a year, without the additional capital required for stock of all kinds. It will be seen that I do not make any provision for increased trains on the branches, being nearly half of the whole section. At Mr. Vaile's average fare of 1s. it would require more than double the present passengers—that is to say, 4,000,000 passengers would hardly produce the same gross revenue as now, which is nearly £213,000; and it would cost over £50,000 more to get it.

516. Then, getting double the number of passengers and the same revenue would cost, in round numbers, £55,000 a year additional?—Yes.

517. *Hon. Mr. Richardson.*] To do this, what additional rolling-stock would be required?—I have not considered that, but a considerable number of carriages and engines would be necessary.

518. *Mr. Vaile.*] I understand you to say that to double the number of passengers on the Hurunui-Bluff line would entail an additional expense of about £50,000, without considering the capital cost or the extra stock required?—Yes, that is so.

519. *Hon. Major Atkinson.*] What is the percentage to the total cost of working the line?—The total cost is £423,000: it would be about 12½ per cent.

520. *Mr. Maxwell.*] During the evidence which has been given it has been suggested that, if Mr. Vaile's system were brought into force, the number of accounting-stations on a line might be reduced to the number of ticket-stages which Mr. Vaile proposes to have?—I understand you to mean that we should only have officers at places where Mr. Vaile had ticket-stations.

Mr. Maxwell: I understand that is what Mr. Vaile did mean.

521. *Mr. Vaile.*] What I mean is this: As I see by the published returns, the number of accounting-stations on the Auckland line is twenty-five. I am of opinion that this number might be greatly reduced under the proposed system, and that it would be necessary only to keep an account for each stage or ticket-station, which would reduce the number to seven?—Yes, I think I follow you. I do not think your proposed introduction of stages instead of stations would affect the accounting in any way whatever. If we require a station-master at Huntly now, we should require him there under your plan; if we require an officer at Mercer now, we should also require him then. There is a great deal of work to be done besides accounting; and where it is necessary to have an officer at a station it is not a mere matter of accounting.

522. *Mr. Maxwell.*] Then, there is something which is outside of railway-business altogether. We are at present working a number of postal and telegraph offices?—Yes, about a hundred and twenty.

Mr. Vaile: I presume there is an account kept at each of these twenty-five stations for all the tickets issued, and for the tonnage of goods and everything else. Now, there can be no necessity for keeping these accounts under my system.

Hon. Major Atkinson: How would you book goods, say, from Huntly if you did not keep a man there?

Mr. Vaile: There would be a receiving and delivery account kept, but that is all; and they would be passed on daily to the ticket-stations, where the general accounts would be kept. There

would be a great amount of expense saved. Also with respect to tickets—you simply print them for stages; the printing and issuing of all other tickets would be saved. On the long distances a great deal would be saved—a ticket, say, to Hamilton would carry the holder for any distance short of Hamilton.

Mr. Hannay: There is no reason why, if you have a man at a station, he should not keep accounts as well as his ordinary work; and it has been found in actual experience that it is better to distribute a large amount of work over a number of men than that it should be concentrated. I do not know whether Mr. Vaile lays much stress on the question of tickets, but it is a very inexpensive item.

523. *Hon. Mr. Richardson*.] What does it amount to in the year on all the New Zealand railways?—I do not suppose it amounts to more than £500.

524. *Mr. Vaile*.] There is also the issuing of the tickets, as well as printing. I should like to ask Mr. Hannay, is not a great deal of this work which is done by small station-masters done in America from the train?—I am not aware of what is the practice in America.

Mr. Vaile: I believe I am right in saying that it is.

525. *Mr. Maxwell*.] Is it not the case that we have for years been striving to keep down the number of stations all over the country, and have had great difficulty in doing so, and so adding to the expense?—That is so.

526. And you do not think that it would be possible to introduce the plan which has been tried in America, of doing without stations altogether, and having merely covered goods-vans, and leaving them at the sidings?—No, I do not think so.

Hon. Mr. Richardson: It is proposed, under Mr. Vaile's scheme, that the Government should be relieved of their responsibilities as carriers. Do you think that the people of New Zealand would use the railways, or allow their goods to be sent, if they could possibly help it, supposing that the Government were not responsible?

Mr. Vaile: I simply suggested that as a matter of policy: it has nothing to do with the general scheme, and could be adopted or left alone as was thought proper. I believe it would be a good thing to do, as it would enable us to work our railways more cheaply.

Hon. Mr. Richardson: I should like to ask Mr. Vaile if he does not know that there is some allowance in every rate for losses which must occur.

Mr. Vaile: That is the thing I want to avoid. I propose that the Government shall not insure, but that the users of the railway may do it if they think proper. The difference is this: that when the Government insures and charges for it in the rates, the general community pay; in the other case the owner of the goods has the option of insuring, and he alone pays.

527. *Hon. Mr. Richardson* (to Mr. Hannay).] You have heard Mr. Vaile's explanation: do you think the public would be satisfied to trust their goods to anybody who has said they were not responsible?—No, I do not think so. It seems to me that we should be going back to the old intention when railways were commenced—that the railway was the highway, and that the owners of the railway should not have anything to do with carriage or risk. As a matter of actual practice, in the large towns we were forced not only to look after the goods, but were also forced to deliver them. It became a matter of necessity not to allow the owners to come and take away their goods as they desired. Although they might take the risk, we were forced to deliver the goods, and every company in Great Britain has been compelled to do the same thing.

Mr. Vaile: What Mr. Hannay says is quite correct. It was the original intention that railways should be used as roads, and I think it would be a good thing for the community if they were restored to that position.

528. *Mr. Maxwell*.] There is one important point. Mr. Vaile's scheme is intended to encourage the industries of the colony, to put people on the land, and so on. Now, the chief industries, as I understand, are grain-growing, cattle-raising, and country produce generally. Of course people in the interior want to export these things. Assuming that Mr. Vaile's rates for goods are payable rates, do you not think that it is thoroughly wrong and a bad principle to impose charges on goods going for export, and to lighten the charges on the same kind of goods going inland: for instance, goods from Buckland for export would be heavily charged, but if they were going inland they would be lightly charged. Take another case: It has been hinted that the Waikato ought to send grain to Helensville. Observe the effect of Mr. Vaile's system. Because there is a town in the way there are a great many stages, so that the rates from the Waikato to Helensville are inordinately increased; and every time he adds a ticket-stage another stage-rate is clapped on to the charges. Take another case: A large number of sheep are sent up from South Canterbury to Belfast; and if these sheep were sent by way of Addington, the shortest route, there would be all sorts of ticket-stage-charges clapped on them, and it might be found cheaper to the sender to run them round by Sheffield and Oxford, but it would be at a very much greater cost to the railway?—Yes; I think there is no doubt that the department should make the export rate cheaper than the inland rate, as the great products of the country—grain, wool, and meat—are exported; and the effect of Mr. Vaile's proposals is to make the rate to the port higher than it is a similar distance to the country.

529. To give another instance: A great number of sheep are sent from the north of Dunedin to Burnside. All these sheep would have these stage-charges put on them. Then, again, the Bluff has become the port for large shipments of grain: is it not an inconsistency that if we book from Mātaura inland we should be charged a quarter of the rate we should be charged from Mātaura to the Bluff?—I think so.

530. And the only reason for this excessive charge is that the City of Invercargill intervenes. Then, again, there is the country traffic between stations lying north and south of such towns as Dunedin, Timaru, and Oamaru: why are the interchanges of traffic between these places to be handicapped by stage-charges? Do you think those charges in any way tend to develop the internal resources of the country?—I do not think so.

531. There is another matter—such charges as these proposed for goods on the long stages—fifty miles. I think you will agree with me that these charges would not even pay for the maintenance of the truck. The traffic and locomotive charges and expenses of general management would be entirely left out?—Yes; that is the case.

532. When you mentioned the reduction of fares between Edinburgh and Glasgow you did not lay any stress on the cause of the reduction. Was it not competition alone?—Yes; it was a disagreement between the companies, and very nearly ruined one company.

533. You have had a great many years' railway experience?—Yes, I have had twenty-two years' altogether.

534. How many years in the Old Country?—Twelve years.

535. Have you been in the vicinity of many large cities?—Yes; I have lived in Glasgow, which is the second city in the Empire, for years, and know the whole business about there.

536. Do you think there is a very material difference between suburban and long-distance traffic?—Yes, a very great difference. Suburban traffic is largely composed of people who come in to their business in the morning and return in the evening; and other portions of the suburban traffic come from the families settled in the suburbs, who do a certain amount of daily travelling. Long-distance traffic is quite different, and is spasmodic in its operation: in a farming district, for instance, people must stay at home at certain seasons, and at others, perhaps, cannot afford to travel.

537. How many years have you been in New Zealand?—Ten years.

538. You have been in charge of the traffic at Christchurch, Oamaru, Dunedin, and have resided in Wellington; and you have a thorough knowledge of every line in the colony, and of the traffic on the lines?—Yes.

539. Mr. Vaile has said, in some of his writings, that the number of journeys a passenger will make is chiefly limited by the speed, comfort, and cheapness with which you can convey him. Does it not seem to you that there is something more wanted than that?—Yes, I think there are a great many other considerations: there is the question of population, and also the question of class of population, and also the question of leisure-time.

540. You have had a large Home experience, and you know something about the practice in other countries: do you know any simpler plan of charging rates and fares than we have here?—No, none. Of course I know the English rates thoroughly, having had to do with them so many years. I also know the Australian, Indian, and American rates; and, generally, I have kept myself posted up in new railway regulations, and I am not aware of any simpler method of charging than our own. Ours are not nearly so extensive or complicated as the English.

541. Is not the English system made more extensive by more varied traffic?—Yes, that is so; and when I commenced in New Zealand our tariff was a very simple one—very nearly as simple as Mr. Vaile's—but additions were forced upon us from time to time. The demands of the public, and different kinds of traffic springing up, necessitated the making of regulations to guide our staff.

542. You have seen the whole of our present regulations built up?—Yes.

543. Do you know of any single regulation or rate which has not arisen out of some demand?—None. I also know that from time to time we have refrained unless the regulation was actually forced upon us.

544. *Hon. Major Atkinson.*] Then we are very near perfection?—No, I do not say so at all: we always have to be altering.

545. *Mr. Maxwell.*] If we were asked our own opinion, we should say that these rates and regulations might be considerably improved, that we have to consider what the Government is prepared to do, and what the public will expect; and that is what binds us more than anything else?—Yes, that is the case.

Mr. Whyte: I should like to ask Mr. Vaile about the freight on goods. I think he said in some of his addresses that he did not expect to reduce the freight on goods very much by means of his scheme of stages, but that he expected to derive such a large revenue from the passenger-traffic that he would be enabled to reduce the goods-freights?

Mr. Vaile: What I say with reference to goods is that you cannot have products without producers; and if you give the producers facilities they will take advantage of them, and you will make a profit; I would apply that profit to the reduction of goods-freights. I maintain that you can make such a profit as to enable you to reduce the goods-freights one-third all round. I would apply the great bulk to the reduction of freights on our natural products.

Mr. Whyte: Then you build your hopes of reducing goods-freights on the financial success of your passenger-scheme?

Mr. Vaile: Yes, because, as I have said repeatedly, the whole thing hangs on the passengers. You cannot get freight if you do not get people.

Mr. Whyte: In that case, the whole question comes back to the financial prospects of the passenger-scheme.

Hon. Mr. Richardson: I cannot get from Mr. Vaile a clear statement of his goods-charges. I would ask him what would be the charge for merchandise between Auckland and Te Awamutu?

Mr. Vaile: Merchandise would be charged 2s. 6d. per ton, and it is six stages: it would be 15s. per ton. That is the principle on which I would reckon the charge; but I have never had sufficient information on which to found either a proper charge or a proper classification. If with my present knowledge I were proposing a scale of charges, I should probably make it different from what is down here; but I have always adhered to my first figures to avoid confusion.

546. *Mr. Whyte (to Mr. Hannay).*] Is not 15s. a ton very much in excess of the present charges?—No, I do not think so.

547. *Mr. Vaile.*] I think, Mr. Hannay, that since this tariff has been put down our tariff has been altered about six times—since March, 1883?—There have been several alterations.

548. *Hon. Major Atkinson.*] You have said, Mr. Hannay, that if the number of passengers were doubled, the extra cost, roughly speaking, would be about $12\frac{1}{2}$ per cent., besides interest on rolling-stock, &c. Supposing the number of passengers were multiplied by four, would the cost then be increased proportionately?—I think the proportion would not diminish to any considerable extent, because, as far as my knowledge of the colony goes, I think, if it were possible to multiply the number of passengers by four, it would to a great extent be suburban business. I cannot imagine the country business being multiplied by four.

549. But, supposing it could be?—Probably it would not cost four times as much; but I do not think the reduction would be much.

550. Then, roughly speaking, we ought to add on, say, $37\frac{1}{2}$ per cent.?—Yes.

551. And could a single line accommodate that number of passengers?—That is a matter which would require consideration. In some cases it could.

552. Speaking generally, do you think the single lines could carry that amount of traffic?—Yes, except in the neighbourhood of large towns.

553. *Hon. Mr. Richardson.*] Is it not a fact that where extra trains have been put on, extra sidings and extra crossing-places have had to be made?—Yes, that is so.

554. Is it not a fact also that at the present time the rates for merchandise are exceptionally low as compared with long-distance charges on Australian railways?—Yes.

555. *Mr. Hatch.*] I should like to ask Mr. Hannay what is the proportion of the passenger and goods revenue to the total receipts?—The passenger revenue is about 40 per cent., and the goods revenue about 60 per cent., of the whole.

556. *Hon. Mr. Richardson.*] Can you tell us how our grain-rates compare with the rates on the Australian railways?—Our grain-rates are somewhat in excess of the Victorian, but not much.

557. *Mr. Maxwell.*] With regard to the question of increase of traffic that we could carry on single lines, you remember, of course, that there are two lines tolerably certain to require doubling—Auckland to Penrose, and the other, Port Chalmers to Mosgiel. I think these are the only lines which would require to be duplicated if a large increase took place?—Yes; I think I guarded myself by saying that, if the increase were suburban traffic, these lines would require to be doubled.

Mr. Vaile: I should like to be afforded an opportunity of removing a wrong impression which Mr. Maxwell has made. He stated that the rates I propose going to a port are greater than coming from a port.

The Chairman: No; I think the example Mr. Maxwell gave was the rates from Buckland to Auckland, as against those from Buckland inland.

Mr. Vaile: I give these low rates to the country as against the towns to assist in filling up blank spaces. It is not differential rating as it exists now on the railways, where the rate for carrying goods is one price in Canterbury and another price in Auckland for the same distance.

Mr. Whyte: But under your system one country settler in precisely the same circumstances as another will be handicapped in getting to the port if he happens to be outside some centres of population; and the more centres there are, the worse off he is.

Mr. Vaile: My reply to that is, that the whole object is to place distant settlers on an equality with those nearer the large centres, and I hold it is sound policy to do so.

Mr. Whyte: Yet many settlers might be at the same distance from the port, and pursuing similar industries, and yet be worse off than many others.

Hon. Mr. Richardson: And every time a town of two thousand people springs up you have got to put on an extra stage.

Mr. Vaile: The settler living in a sparsely-populated district gets his goods carried at a cheap rate, while settlers who are in more thickly-populated districts, who have the advantage of a market close at hand, can, I think, justly and fairly pay more money.

Hon. Mr. Richardson: What conceivable reason is there that a man living at, say, Te Awamutu for five years, because the space between that town and Auckland gets populated, has to pay 6d. a ton on all the produce he sends to port?

Mr. Vaile: My idea is this: that, supposing a town did spring up between these places, the farmers would find a market for a great deal of their produce at that town: they would not require to send so much of it to port for shipment. And, as I have before stated, this stage question is a temporary one, leading ultimately to a universal rate.

TUESDAY, 29TH JUNE, 1886.

Present: The Chairman, Messrs. Gore, Macandrew, O'Connor, Walker, Whyte, and Hon. Mr. Richardson.

Mr. HANNAY further examined.

558. *Mr. Maxwell.*] You said in your evidence the other day that if Mr. Vaile's system were adopted it would establish differential rating of the worst description. Will you explain what you meant by that statement?—Apparently Mr. Vaile has given no consideration to the cost of the service, nor to the existing channels of trade; the rates seem to be made without any reason, and in many cases there would be an enormously increased cost to the railway without any advantage being gained. I do not now allude to the amount of the rate, but to the method of charging by stages. As an example: from Nukumarū to Patea is twenty miles, which would be charged as one stage; from Nukumarū to Wanganui is twenty-one miles, and would be charged as three stages—that is to say, for almost the same distance the rate to the Wanganui port would be three times as much as to the Patea port, Wanganui being at present the principal port of shipment for that part of the Island.

559. And also having some export trade in the shape of cattle, flour, and grain to the west coast of the South Island?—Yes.

500. Would not New Plymouth also be similarly handicapped?—Yes. From Inglewood to Patea is fifty miles—that would be two stages—and from Inglewood to New Plymouth is seventeen miles, or about a third of the distance, and would be also two stages. That is, produce would be carried as cheaply for fifty miles as for seventeen.

561. The trade is at present tending to these two ports of New Plymouth and Wanganui?—Yes.

562. And this stage-system would tend to divert it to Patea, which is an inferior port, and has a smaller population?—Yes; that would be the effect.

563. Could you say that that would in any way assist in developing the country?—I do not see that it could be of any possible advantage to the country.

564. There would only be disadvantage to the railway in carrying a longer distance instead of a shorter to the existing centres?—Yes, that is so.

565. Can you give us any other cases?—I have a few cases on the Hurunui—Bluff line. From Gore to the Bluff—the natural port of that part of the country—would be charged as seven stages, and from Gore to Dunedin would be only six stages.

566. How do you get these stages?—I have taken them from Mr. Vaile's memorandum which is before the Committee; not from the diagram, which he has stated not to be quite correct. Then, the distance from Kingston to Dunedin is 175 miles, and would be charged as seven stages; and from Kingston to the Bluff is 104 miles, and would also be seven stages. There is a large quantity of grain grown in the Lake district, and the cost of conveying it to Dunedin would be much more to the railway than of bringing it to the Bluff.

567. Is there not a cattle-market for the Invercargill district at Wallacetown? How would that market be effected?—The distance from Dipton to Wallacetown is thirty-two miles, which would be charged as five stages, Wallacetown being the sale-yards for Invercargill; and from Dipton to Gore *via* Waimea Plains line, where there is also a sale-yard, is fifty miles, and would be charged as three stages; so that it would cost very little more than half the amount to take stock to Gore than to Wallacetown.

568. And that would act prejudicially on the Wallacetown market, which has been recently started?—I imagine it would.

569. It has the effect of fencing off the place from the country, as far as I can make out?—Yes; and it would have the effect of preventing stock being sent from the north side of Invercargill to Wallacetown, as it would naturally go the other way, where there are no stages.

570. How would Dunedin be affected in this case?—Well, from Palmerston to Oamaru the distance is thirty-eight miles, and would be charged as three stages; to Port Chalmers, which is really the port, it is thirty-five miles, and would be charged a stage more: that would divert the trade now going from Dunedin to Port Chalmers, and send it to Oamaru. Take from Waikouaiti to the Dunedin sale-yards, thirty-five miles, or six stages, and from Waikouaiti to Oamaru it is twelve miles farther, and only three stages: that is to say, a farmer could send stock to Oamaru at half the cost he could send it to the Dunedin sale-yards, which is the natural place for him to dispose of his stock.

571. Then, not only would the Burnside market be injured, but, of course, the seller at Waikouaiti would also be injured by being kept out of the market?—That would be so; at least, if he went to the market he would have to pay double the cost.

572. How would Canterbury be affected?—From Ashburton to Timaru is forty-eight miles, and would be three stages; from Ashburton to Lyttelton is fifty-nine miles, and would be six stages. All grain from that district practically goes to Lyttelton now, and pays full rate. Under the stage-system it would cost twice as much to take grain from Ashburton to Lyttelton as from Ashburton to Timaru.

573. This would, of course, be prejudicial to the trade of Lyttelton. Do you consider that would be any advantage in that district?—I cannot see any possible advantage. Another instance is: From Fairlie Creek to Washdyke, thirty-six miles, would be charged two stages; and from Makikihi to Washdyke, only twenty-two miles, would be three stages. That is to say, a farmer in the neighbourhood of Makikihi, much nearer the Timaru sale-yards market, would have to pay a half more than a farmer on the Fairlie Creek Branch. There is even a worse case: From Rakaia to Christchurch sale-yards is only thirty-four miles, and would be five stages; but the farmer at Rakaia could send his stock to the sale-yards at Timaru, three stages, for 40 per cent. less, and it is about double the distance. There would also be a considerable differential rate between Oamaru and Timaru. They have their trade pretty equally divided. From Waihao to Oamaru is only twenty-two miles, and there would be three stages, but between Waihao and Timaru, which is nine miles farther, there would be only two stages. This would, of course, act against Oamaru.

574. *Mr. Macandrew.*] Assuming that the charges under Mr. Vaile's system were regulated to yield as much revenue, would you consider the system preferable?—No; I do not see any kind of advantage in it.

575. Would it not be simpler?—No; of course Mr. Vaile himself has said that he has not gone into details; but there is nothing I can see in the general plan to make it simpler.

576. I understand, then, that not only would there be no advantage from the change, but you are of opinion that there would be a decrease of revenue?—That would, of course, entirely depend upon what the rates were; but I think there would be a decrease of revenue.

577. Have you any idea what the decrease would be?—Not the slightest.

578. In your opinion the result can only be ascertained by experiment?—If the passenger-rates are to be those stated by Mr. Vaile, I certainly think the revenue is not likely to be so good as at present. The goods-rates he has stated distinctly that he has not fixed, therefore it is impossible to say how they would turn out.

579. Assuming that there would be a loss under the system, do you think we should not be justified in putting it in force for a time to test the question?—No, I certainly do not think so.

580. *Mr. Vaile.*] How long is it since the cheap excursion-trains were started?—Some have been running for three or four years.

581. Where?—In the South, on the Hurunui—Bluff line.

582. Was not the first cheap excursion from Waimakariri to Christchurch?—No; we ran some before that.

583. At anything like the same fares?—Yes; indeed rather lower: for instance, during the Christchurch Exhibition, which was at least a year previous.

584. Have these excursions paid?—Some have: that is, they have carried a good many passengers; and some have not.

585. Generally, were they a success?—Yes, generally.

586. And with Saturday return-fares they were always a failure?—We do not run excursions at Saturday return-fares.

587. What do you mean by excursions?—The excursions which you referred to were special trains, not interfering at all with the ordinary trains.

588. But when you advertised them as excursions at Saturday fares they were always a failure?—No, I did not say so; as a rule, they were ordinary trains, and the Saturday fares, when charged for excursion-purposes, were for an extended period. The excursions to which you referred, and which carried a large number of passengers, were day excursions, and were special trains not interfering with the existing train-service.

Mr. Vaile: I have seen excursions advertised in Auckland at Saturday fares, and, as far as I know, they were always a failure. I think that Mr. Whyte will know I am correct in stating that.

Mr. Whyte: I do not remember any excursions to the Waikato at Saturday fares, returning the same day.

Mr. Hannay: I think you are confusing the two things, because the Saturday return tickets extended, as a rule, over a number of days; and then passengers travelled by ordinary trains going and coming.

Mr. Whyte: Of course it is not possible to go to the Waikato and return on the same day, unless it is by special excursion.

Mr. Vaile: I think excursions have been run as far as Mercer; but they attracted so little attention, that I am not at all surprised that Mr. Whyte does not know anything about them.

589. *Hon. Mr. Richardson* (to Mr. Whyte).] Do you know of any trains being laid on at Saturday return-fares during the week?—I do not know of any.

590. *Mr. Vaile.*] Do you know how many family-tickets there are issued on the whole of the New Zealand railways?—I am not aware; there are a considerable number. [About thirty-eight in twelve months, representing 177 persons.]

591. What is the object of differential rating?—There are several objects: one, the getting of business; another, the encouragement of local industries.

592. But what is the chief object to the mind of a manager?—The chief object, no doubt, is to get business—to shut out competition.

593. When you have crushed out competition by differential rating, would you not then immediately raise your rates?—That would depend entirely on circumstances. We could not deal with any proposal without having particulars. I think I could mention a good many cases in which the rates which were lowered were not altered afterwards.

594. But you say you give a differential rate where there is competition, and you just now said that the chief object of differential rating is to secure business; therefore, when you had secured it, you would raise the rates?—I am not prepared to say so. There might be circumstances affecting the decision of the question, after the competition was crushed.

595. It would be the general rule, anyhow?—No; it might be more profitable to the carrying company to keep on the same rates.

596. Does differential rating on the New Zealand lines insure equality of treatment to the public?—Of course there can be no insuring of equality of treatment under any system I have ever heard of. But it is another thing to give undue preference to any individual.

597. It does not give that?—Certainly it does not give undue preference: that is to say, like quantities and classes of goods are carried to and from same stations at the same rate—every user of the railways being treated the same under like conditions.

598. What you mean to say, then, is that, having regard to the cost of the service, the public is treated with equality?—Yes; that is, under the same conditions. It gives no undue preference to any individual. There can be no absolute equality of treatment under any system.

599. It has been stated in evidence here that if we were to double the number of passengers carried in New Zealand we should require double the amount of our rolling-stock; is that so?—I have not stated so, and am not aware of it having been stated.

600. *The Chairman* (to Mr. Vaile).] Can you say in whose evidence that was stated?—I think it was Mr. Grant. I have not seen the printed evidence as yet.

601. *Mr. Vaile.*] Do you consider that our rolling-stock is now fully employed?—Certainly not: that is to say, every wagon and every carriage is not run every day full.

602. Nor anything like full?—No.

603. Do you think they run half full, taking the rolling-stock all round?—It is fairly employed. In order to give a definite answer to this I might say that the average number of passengers which are carried on the Hurunui—Bluff line is seven to each carriage.

604. That shows they are not a quarter full?—Yes; but you must not entertain the idea that I do not think the carriages are not fairly employed.

605. You say that the average is seven to a carriage?—Yes.

606. I take it for granted that is on the main line, and has nothing to do with the branches?—No, it is for the whole section, 978 miles. I might say, for the information of the Committee, that no system can be arranged so as to get full loads for our carriages, and perhaps the very fact of giving an average is misleading. It is only by practical experience one can understand how impossible it is to have your carriages always full. For instance, the Committee will realize that in distributing stock for a holiday-excursion or race-meeting the empty carriages have to be sent to the places where they are required; there are many journeys of that kind. On this large section carriages have frequently to be sent from one end to the other for the purpose of assisting at large meetings, such as the Christchurch Spring Meeting, and they run hundreds of miles empty. Then there are ladies' carriages, travelling long distances with, perhaps, one or two ladies, and also invalid carriages. There are also some of the branch lines which convey very few passengers per carriage; and there are goods-trains in which a small carriage is placed for the convenience of any odd passengers between local stations.

607. If we had sufficient passengers to separate our passenger- from our goods-traffic, could we not work our lines more cheaply than we do now? Would not the percentage of working-expenses be much less?—Probably it would; assuming that you also do a larger business for goods as well as passengers.

Hon. Mr. Richardson: That is, of course, supposing that the fares remain the same.

Mr. Vaile: I was speaking of working expenses, without reference to fares.

608. *Hon. Mr. Richardson* (to *Mr. Hannay*).] Comparing this stage-system with the present mileage-system, which do you think would be more easily understood by the general public?—I do not think the stage-system would be any more intelligible. As a matter of fact, passenger-fares are now posted up outside every booking-office, and the passenger has only to refer to it.

609. *Mr. Grant* stated that it would be absolutely necessary to have rate-books at every station?—That is so. Each station would require to be supplied, because the rates from every station would be different.

610. *Mr. Macandrew*.] Would not the rates have to be posted up under the stage-system?—Yes; to be intelligible to the public.

611. *Hon. Mr. Richardson*.] Then, under the present system, one scale of rates answers the purpose all over, and in the other case a special list would be required for each station.

612. *Mr. Walker*.] Do you not think that under *Mr. Vaile's* system the public would not mind a little inconvenience in consideration of the reduced rates?—I think that is very probable.

613. *Mr. Maxwell*.] Is not the question of reduction of rates and fares entirely independent of the question of system?—Certainly; there is no connection at all.

614. It would be very much simpler to reduce the rates and fares as they are now, than to introduce *Mr. Vaile's* system?—Yes, far.

615. How long do you think it would take to introduce such a system?—It certainly would take many months, and a large staff.

616. *Mr. Macandrew*.] Assuming that *Mr. Vaile's* system were given effect to, how long do you think it would take to ascertain the results of it?—I think that is hardly a fair question to ask me. I understand *Mr. Vaile* himself states that it would take some years.

Mr. Vaile: I say that, for the full success of my system, I should rely on the settlement of the country; and the full advantages of it could only be revealed as the settlement went on.

EXAMPLES of Method of computing Charges under *Mr. Vaile's* System, as explained in his Memorandum of 9th June, 1886, to the Committee.

Hurunui-Bluff Section.

From	Miles.	No. of Stages.	From	Miles.	No. of Stages.
Gore to Bluff	57	7	Fairlie Creek to Washdyke Sale-yards	36	2
Gore to Dunedin	100	6	Makikihi to Washdyke Sale-yards ..	22	3
Kingston to Dunedin <i>via</i> Plains	175	7	Dunsandel to Washdyke Sale-yards ..	72	4
Kingston to Bluff	104	7	Dunsandel to Addington	24	4
Palmerston to Oamaru	38	3	Rakaia to Washdyke Sale-yards ..	61	3
Palmerston to Port Chalmers	35	4	Rakaia to Addington	34	5
Palmerston to Dunedin	41	5	Chertsey to Lyttelton	48	6
Ashburton to Timaru	48	3	Chertsey to Timaru	59	3
Ashburton to Lyttelton	59	6	Waihao to Timaru	51	2
Waikouaiti to Burnside Sale-yards	35	6	Waihao to Oamaru	22	3
Waikouaiti to Oamaru	47	3	Waimate to Timaru	29	2
Dipton to Wallacetown	32	5	Waimate to Oamaru	33	3
Dipton to Gore <i>via</i> Plains	50	3			

Wanganui Section.

Nukumarū to Patea	20	1	Inglewood to Patea	50	2
Nukumarū to Wanganui	21	3	Inglewood to New Plymouth ..	17	2

Population, from Census of 1886.

Over 6,000: Christchurch, Dunedin, Invercargill.
 Over 4,000 and under 6,000: Oamaru, Wanganui.
 Over 2,000 and under 4,000: Timaru, New Plymouth.

Mr. MAXWELL cross-examined.

617. *Mr. Vaile.*] You are now General Manager of New Zealand Railways, Mr. Maxwell; I would like to ask if you had any experience in railway management before you came to New Zealand?—No.

618. Had you any experience as a transit traffic-manager of any kind before you came to New Zealand?—What do you mean?

619. There are various kinds of transit-traffic—traffic on steamboat?—No, not of that kind.

620. You had no experience of dealing with traffic of any kind before you came to New Zealand?—Not of the kind you mention.

621. Had you any commercial training before you came to New Zealand?—Yes.

622. Any financial training?—Yes.

623. In what respect?—I began my life in a large manufacturing establishment, and, in it, had a commercial training before I commenced engineering.

624. Then, you were trained as an engineer before you came to this country?—Yes; I was trained as an engineer, and subsequently had charge of large works which employed five or six hundred men; being then engaged as contractor's engineer in carrying out the works.

625. Is the position of General Manager the only position you have held on the New Zealand railways?—After coming to New Zealand I was District Engineer at Christchurch, having charge of the railways under construction from Hurunui to Rangitata.

626. Have we, on the New Zealand railways, sufficient rolling-stock to carry two or three fares where we carry one now?—It depends on circumstances; in some cases we have ample rolling-stock, in others we have not room to carry any appreciable number more.

627. You are of the same opinion as other witnesses, that we could not carry two or three fares for one we get now without a considerable increase of rolling-stock?—I should think not.

628. You do not feel quite sure of it?—It depends upon where they come; we could not if it was suburban traffic; but, if it was country traffic, where the trains are now very light, you might do so; but you cannot expect travellers to come to suit your convenience in that way.

629. As to differential rating, which is one of the most important questions before us, there was nothing particularly new in your definition of the term, and I have heard it all before, but I do not think you told us all its meaning. I think I shall bring absolute proof to show that it is a system of plundering your customer when, where, and how you can. I believe you approve of differential rating?—I do.

630. And you advocate its still further extension on our railways?—Wherever it is necessary to encourage, develop, or get traffic or revenue, there it ought to be in operation.

631. Is not one of your objects, in differential rating, to put the rates in such a condition as the public will not be able to read them?—No; certainly not—decidedly not.

632. I should like to read an extract from Mr. Maxwell's report for 1884. He says: "The system of rating differentially in this colony is not carried far enough, and the difficulty that stands in the way is the impatience of the public in submitting to different treatment in different cases, and the reluctance to place in the hands of the railway officers the power which would be necessary for carrying out the principle extensively. While retaining publicity by gazetting each rate, were such a principle more widely introduced, the public would not be able to do what it now, to some extent, essays to do—read and interpret the rates generally; but the practice followed elsewhere would be necessary: the customer would appeal to the station each time he required a rate quoted; and, whether the railways were managed by a Minister or a Board, more power and freedom in respect to rating would have to be placed in the officers' hands. The sensitiveness of the public is then the chief difficulty; but this is not allowed to intervene in cases where many millions of revenue are concerned, and can be, no doubt, overcome here by patience and time, provided the colony recognizes that the principle is a desirable one, and gives the proper power to administer it. Maximum rates might be fixed by law, and a suitable court of appeal constituted to prevent abuse of the powers given." These words are pretty clear and distinct—"that the public would not be able to do what it now essays to do." Why should not the public read and interpret the rates?—I said that they should be gazetted, to give them publicity; but if you get a very large number of these local rates they will become voluminous, and would not be so readily read; so that it would be necessary for the public, as a rule, to go to the station to get the proper rate quoted.

633. And you think it would be an advantage to the public?—It would be no disadvantage; they go now to get rates quoted: every merchant does so, and it is also the practice with merchants in England, where there is differential rating, to go to the station to get their rates quoted.

634. On what principle do you justify differential rating on New Zealand railways?—I think I have said already that it is to encourage local industries, to meet competition, and to give facilities where they would be of advantage to the country and railway. These principles are wide enough. I will give you a case in point—Newcastle coal is largely imported into Dunedin; the Government has made a local rate in favour of brown coal, a native industry, so that the Kaitangata coal may meet the competition of the Newcastle coal in the Dunedin market.

635. I think you have told us that its object was to secure equality in the treatment of the public?—No, I did not tell you that.

636. I will read from your own writing: "Following on the inquiry of the English Committee, the President of the Board of Trade has brought down a Bill to deal with the railway traffic, in which the principles of differential rating are preserved, and equality of treatment, according to Cardwell's Act of 1854, is maintained. This equality of treatment is considered generally to be obtainable only under the same conditions—that is to say, with like quantities and classes of goods from and to the same stations, all persons are insured like treatment under like conditions. A scheme which ignores the cost of the service would not give equality of treatment." I ask you if

differential rating in New Zealand does insure equality of treatment?—Differential rating and equality of treatment are two different things. You get equality of treatment if you have like rates under like conditions: that is the equality of treatment.

637. How do you mean equality of treatment?—Equality of treatment is only obtainable under precisely similar conditions—that is, like quantities of the same class of goods from and to the same points and in the same direction, and also a like cost of service.

638. Will you be good enough to explain the meaning of a ton-mile?—A ton-mile is usually held to mean one ton carried one mile.

639. And the cost of doing that—when you talk about ton-mileage—would mean the cost of hauling a ton a mile?—Yes, that is so.

640. If you will turn to your report for 1885 you will find this statement: that on the Auckland lines the cost of hauling a ton a mile is, in pence, 2·43. Does that include any charge for interest?—No; it includes working expenses, such as maintenance of buildings, labour, loading and unloading, &c. Interest is never counted as part of the working expenses.

641. A ton-mile means, then, the cost of moving a ton a mile, including its proportionate charge for buildings, maintenance of permanent-way—in fact, everything except interest?—Yes.

642. Then, the cost of moving a ton a mile in Auckland during the year 1885 was 2·43d.?—Yes, that is so.

643. And for moving a ton in Napier it was 2·13, and on the Hurunui-Bluff line it was 2·47?—Yes.

644. For the year we have just now got the report for, on the Auckland line it was 2·24, on the Napier line it was 2·15, and on the Hurunui-Bluff it was 2·48?—Yes.

645. What is the meaning of a train-mile?—It means a train moved a mile.

646. Including the same charges as the ton-mile, but no interest?—Just so.

647. Then, the cost of hauling a train is the cost of hauling one mile without interest?—Everything is included except interest. The cost is not for haulage only, but for all working-expenses.

648. On Return No. 4 you give the train-mileage and the cost in pence: the train-mile last year in Auckland cost 51·01d., in Napier it was 46·92d., and on the Hurunui-Bluff line it was 59·45d.?—Yes.

649. For the year just concluded it was in Auckland 48·34d., in Napier it was 45·15d., and on the Hurunui-Bluff line 56·71d.?—Yes.

650. Then, we have this fact established, both by the ton-mile and the train-mile, that the cheapest railway we have working is the Napier line, next comes the Auckland line, and then the Hurunui-Bluff. I cannot see where is the equality of treatment under the differential system?—You have gone entirely away from the answer I gave you just now.

651. From these figures, have we not established the fact that it is cheaper to work the Napier line than any line in the colony, that next comes the Auckland line, and the Hurunui-Bluff line comes third?—Possibly you are right.

652. Am I not absolutely correct?—I will assume that you are right; I think you are. I will take a note of it and compare the figures.

653. Now, under these circumstances, are you justified in charging the Auckland or Napier man £1 5s. for the same service as is rendered on the Hurunui-Bluff line for £1?—I think you will find that the Hurunui-Bluff revenue bears a larger proportion to working-expenses than is the case in Auckland: that really the Hurunui-Bluff customers pay higher rates on the average than the Auckland people do.

654. Is it any wonder when the rating is so against Auckland and Napier?—The rating is not against Auckland.

655. I assert that it is?—My opinion is that it is in favour of Auckland.

656. Is there not on all Class E a rate and a quarter charged, except direct to the port?—Yes, that is so; and when southern grain is carried up to the Waikato a rate and a quarter is charged.

657. And when Auckland grain is carried to Newmarket, a rate and a quarter is charged?—Yes; but very little goes to Newmarket: it is inconvenient to deliver it there.

658. Is it not a fact that in Auckland and Napier all goods of Class D are charged as Class C?—No, it is not the case in Auckland; in Napier it is.

659. Has there been any tariff issued since the 15th March?—It has never been the case, as you state, that all goods of Class D were carried as Class C. If you refer to page 332 of the *Gazette* you will see that the rates have prevailed for many years. There is a separate charge for Class D.

660. There is a special rate for all goods beyond Ohinewai carried up to Cambridge and Te Awamutu, and on the rest of the line goods of Class D are charged as Class C?—Not on all the rest of the line, I think.

661. Then, there are different rates charged on the Auckland-Onehunga line, and throughout the Napier line it is the same. Goods of Class E are charged a rate and a quarter; is that not so?—Yes, that is so. There is no produce exported from Napier; it is all an import and retail traffic.

662. Then, we have this fact, that although the Napier line is the most cheaply worked in the colony it is very heavily over-rated. For carrying a ton of goods fifty miles on the Hurunui-Bluff line the charge is 17s. 5d.; in Auckland or Napier it is £1 2s. 11d. For carrying a ton of goods 100 miles on the Hurunui-Bluff it would be £1 6s. 6d.; in Auckland or Napier £1 13s. 7d.—that is, for goods of Class D. For goods of Class E for the fifty-mile distance it would be: Hurunui-Bluff, 8s. 8d.; throughout the whole of the Napier line, and on the greater part of the Auckland line, the charge would be 25 per cent more. For 100 miles on the Hurunui-Bluff it is 12s. 10d., and 25 per cent more on the other lines. I think differential rating in New Zealand does not insure equality of treatment to the public?—I never said that differential rating insured equality of treatment.

663. I think you have?—I never said anything about securing equality of treatment. You are confusing two things totally different.

664. Do I understand you, then, to say that it does not insure equality in the treatment of the public?—You can get equality of treatment under differential rating just as under any other system.

665. Then, you mean to say that it is equality of treatment?—I do not say so; but you can get it under like conditions.

666. We are not getting equality of treatment under like conditions?—Yes, you are; every man can get equality of treatment under like conditions.

667. What are the differences in the conditions between the Auckland and Napier and the Hurunui-Bluff lines that they should be rated so differently?—They vary so largely that I can hardly state the conditions fully now; they are widely different.

668. Is it not a fact that the Napier lines pay the best of any lines in the colony?—Yes; the highest rate of interest, except the Brunner coal-line.

669. Then, if they pay the best, you cannot justify the ground you take up. You said that the Auckland line did not pay as well as the Hurunui-Bluff line, and that was your justification for the treatment they received?—I did not allude to interest; I think I said the percentage of revenue to expenditure was higher on the Hurunui-Bluff than on the Auckland line.

670. The revenue cannot be greater in proportion to the expenditure when it costs you 59·75 per train-mile?—Yes, it can. This is the proportion of expenses to revenue: Hurunui-Bluff, 63·84 per cent.; Auckland, 68·48 per cent.

671. There is one thing quite certain, that the Hurunui-Bluff does not pay as good a rate of interest on the cost of construction as the Napier line?—No, it does not.

672. It has been repeatedly stated that the justification of differential rating was the cost of the service to the country?—I do not think it has been stated so.

673. I should like to know how you justify charging thirty-five miles at Christchurch as fifteen, while all the rest of the colony pays for the full distance?—You ask why we make a lower rate from Southbridge—there is a large amount of competition on the road by carts.

674. Then, I want to know how you justify charging 8s. a ton for carrying goods, Classes A, B, C, and D, twenty-one miles from Christchurch to Rangiora, including collection and delivery in Rangiora and in Christchurch, and for the same service in Auckland or Napier you charge for Class A, 14s.; B, 12s. 6d.; C, 11s.; D, 11s.; without collection or delivery at either end?—It is a different rate made to meet road-competition. What justifies it is that Kaiapoi and Rangiora are situated on one side of Christchurch and the Christchurch railway-station on the other; you have to pass round Christchurch to get to these places by rail, and there is cartage going on direct between Christchurch and these places; therefore it is necessary, if the railway is to be of any use at all to these places, to make these low rates.

675. *Hon. Mr. Richardson.*] I should like to be allowed to put one question in reference to this matter: Mr. Vaile has stated that this has been done because I happen to represent that district. I want to ask Mr. Maxwell whether it was not the fact that this lower rate was put on at the distinct pressure of the local bodies that had these roads to keep in repair, and, having answered that question, whether it is not a fact that we are still being pressed to further reduce the rates because they do not affect the carrying-traffic on that road?—It is a fact that that demand has been made by the people who have to keep the roads and by the public who want goods carried. The rate has been in force for years, long before Mr. Richardson represented that district, and was made under another Minister. The local rates were first made when Mr. Oliver was Minister for Public Works; lately the people of Rangiora and Kaiapoi have pressed to have them still further lowered, because they say that the carriers are to some extent taking the traffic.

676. *Mr. Whyte.*] Is that mainly owing to the fact that the road is shorter?—Yes, mainly; and, of course, to the taking-up and putting-down business on the road.

677. It, in many respects, resembles the traffic between Auckland and Onehunga?—Yes; the carriers take orders from the people at their houses, go direct into town, and take the goods back. It is very difficult to compete with them.

678. If you did not compete, probably the trains would run empty?—Yes, no doubt; if we left the old rates on we should get no traffic.

679. *Mr. Vaile.*] Then, the scale for the small line from Christchurch to Southbridge, in many respects, is less than half the average general scale?—The local rate is made for the same purpose to utilize the railway—cartage-competition comes in there again.

WEDNESDAY, 30TH JUNE, 1886.

Present: The Chairman, Messrs. Gore, Macandrew, Whyte, and Hon. Mr. Richardson.

Mr. MAXWELL's examination continued.

680. *Mr. Vaile.*] I think yesterday, when I was asking you what was the justification for imposing differential rates against Auckland and Napier, you said it was because the proportion of revenue to expenditure on the Hurunui-Bluff line was better than it was on these lines?—No, I do not think I said that. I think I said I would reserve my answer to that question. I merely pointed out one case in which the proportion of revenue to expenditure was better—Hurunui-Bluff better than Auckland. I did not mean to say that was the reason for imposing differential rates.

681. I ask you now, seeing that the Napier line pays a higher rate of interest—seeing that the cost per ton-mile is less, and seeing that the cost per train-mile is less, and seeing that the proportion of revenue to expenditure is better—on what principle do you justify the high differential rate

which you impose on that district?—Are you not taking it for granted that the rates which are collected on the Napier line are higher per ton than the rates collected on the Hurunui-Bluff line.

682. I am taking this fact: that you charge a rate and a quarter on Class E, and you charge Class D as Class C, and that you also impose a higher rate on other classes?—I do not think it requires any justification. The simple reason for charging rates and fares is to get revenue; there is no other reason that I know of.

683. Then, I am justified in what I say, that the differential-rating system is simply a means for taking money when, where, and how you can get it?—I do not think I can assent to that question. The differential-rating system, as I have explained, is introduced for the purpose of getting traffic and meeting competition.

684. I must press my question and ask you for a direct answer to this: what is the object of that differential rating as imposed against Napier?—How do you know that there is a differential rate imposed against Napier.

685. *The Chairman.*] Is there any difference in the rates charged in Napier as against the other lines in the North Island?—Some rates are different from the Hurunui-Bluff rates; but, when you come to the question whether the absolute charges per ton on all goods carried were higher, I should say they are not; and that probably they are higher all round on the Hurunui-Bluff than on the Napier section.

686. Napier is not specially singled out?—No; it is not. There are specially high rates on all the branches of the Hurunui-Bluff section.

687. *Mr. Vaile.*] All goods of Class D are charged as Class C on the Napier line—that means that the charge for that class in Napier for a fifty-mile distance is £1 2s. 11d., and on the Hurunui-Bluff line it is 17s. 5d. Then, on Class E goods are charged a rate and a quarter in Napier as against a single rate on the Hurunui-Bluff section.

688. *Hon. Mr. Richardson.*] What part of the Hurunui-Bluff?—I think on the whole of the section only a single rate is charged. I am not aware of any extra charge.

689. *Mr. Vaile.*] These are the general rates; there may be special rates on the short lines; if so, they will tell very greatly in favour of the Hurunui-Bluff section. What I want is Mr. Maxwell to tell me on what principle are these extra rates justified?—On the same principle that they are justified elsewhere—to get revenue.

690. Simply to get revenue?—Yes; there is no other reason for charging rates and fares. I will explain why it is that the profits are higher on this line. It is not, I think, because we get more from the goods-traffic, but the passenger-traffic in Napier is better than it is on the Hurunui-Bluff section; there is a considerable through traffic, many persons going north from Wellington go overland to join the steamer at Napier and come back the same way, and it is the passenger-traffic which, in my opinion, gives such good results on the Napier line. That is one reason why the better rate of interest is paid. Another reason is that the line cost less per mile to construct.

691. *Mr. Macandrew.*] I understood that interest was not included?—Mr. Vaile mentioned the interest just now in asking the question.

692. When the line is open through to Palmerston, what will be the effect?—It will be one section then from New Plymouth to Napier; that would reduce the average profits as far as we can judge.

693. *Mr. Whyte.*] The answer you gave as to equality of treatment of the public applies to both systems?—Mr. Vaile claims that he secures equality of treatment all over New Zealand by his system; the advocates of differential rating have never claimed such a thing as that; they know that, practically, equality of treatment can only be obtained under precisely similar conditions. There are no two lines alike. As I have pointed out, fifty miles over the Rimutaka is very different from fifty miles on the Canterbury Plains; although they are both in the country, they are under very different conditions: but railway managers all over the world have never claimed that they can give equality of treatment unless the conditions are precisely similar, that is, the same quantity of the same class of goods from and to the same points. It is Mr. Vaile who claims to give equality of treatment, and I maintain that he cannot do so by dividing his lines into fifty-mile sections, as a fifty-mile section in one part of the country is not the same as in another.

694. Do you admit that, while the cost of working the Napier line is less than other lines, the charge for goods is more on the average?—I do not think that the average charge is more. In some cases it is more, but in some cases there are higher charges on the Hurunui-Bluff section also.

695. *Mr. Whyte (to Mr. Vaile).*] Assuming that the average charge is more, what bearing would that have on your view of the case?—I am speaking at a very great disadvantage in not having all my books with me—in fact, I was summoned here at very short notice—and I have not my English works on differential rating here, or I would be able to prove my position very much better; but, speaking from memory, what I say is that the plea for differential rating, I understand, is that it secures equality of treatment to all people under like circumstances. Now, I want to show by this comparison between the Napier and Hurunui-Bluff sections that it does not do so, and I am quite certain that I shall be able to take all the figures and prove my position.

Mr. Maxwell: It has never been claimed that differential rating secures equality of treatment under all circumstances, but that it allows it under like conditions.

696. *Mr. Vaile.*] You stated, Mr. Maxwell, just now that the returns on the Napier line were brought up by the passengers: in the ton-mileage is the weight of passengers reckoned?—Yes, it is.

697. How many do you calculate to a ton?—I could not answer that without reference, but the calculation is based upon the average gross weight hauled. We do not count the number of passengers alone; we have to take the quantity of goods carried and the dead weight hauled with it, and the quantity of passengers carried and the dead weight hauled with them, to arrive at an average.

698. I believe, in England, fifteen passengers are reckoned to the ton?—That is, passengers alone; but that is not the practice in New Zealand.

699. With reference to the brick-trade. Hunt's Siding you say is nine miles out, and the rate is 1s. 9d. a ton, while the coal rate is 2s. 6d. a ton: is there not some stipulation with Mr. Hunt that he must supply so much tonnage to the line?—Not precisely. Mr. Hunt's works are situated on a siding away from the station, and when he made the proposal some years ago to start brick-works there was a stipulation made that he should be charged a certain rate per ton, and that he should provide certain loads, and that all the loads were to be full trucks.

700. And through the year he was to supply not less than so many trucks?—No, that was not stipulated; certain quantities were to be supplied at a time.

701. Was there no stipulation with Mr. Hunt which practically amounts to this: that he was to supply the railway with so many tons of freight during the year?—No, there was not.

702. Was there not with other brickmakers?—Not that I am aware of; if there was it was before my time. The stipulation was to give full loads.

703. What is the meaning of full loads?—Five tons and so many trucks; I forget the number.

704. *Hon. Mr. Richardson.*] I understand you to say that you have an arrangement made that whatever number of trucks you send out he has got to fill them?—Yes; it was proposed that we should not take away one truck but get several at a time so as to have large loads. Mr. Hunt wanted to establish extensive brickworks out in the country; we had no traffic of any kind at this part of the line; he proposed to start these brickworks if we gave him a reasonable rate; on the other hand he was to give us reasonable loads to take away. Hunt's place is off the main line, and the object is not to send the engine off the line for small loads.

705. *Mr. Vaile.*] Then, it amounts to this: that if he did not supply full loads you would not take them along?—He should be made to fulfil his agreement.

706. Then, I take it for granted that if a man started, say, four miles out, and he had only half the quantity of bricks to supply, you would not make the same arrangements with him?—That all depends upon the circumstances; you cannot lay down a general rule.

707. According to the scale the smaller man would have to pay 2s. 6d. per ton on his bricks?—It entirely depends upon circumstances.

708. Is not that differential rating in favour of the man and not of the industry?—No; I think that the Government would be prepared to grant the same concessions to any one else who required them.

709. Who would supply smaller quantities?—Of course small quantities would cost more to move; that would be under different conditions.

710. What I want to point out is, that this differential rating, instead of encouraging industries, in reality is in favour of the individual, because all the smaller men are cut out.

711. *Mr. Macandrew.*] You want to make out that differential rating is purely arbitrary?—Yes.

712. *Mr. Maxwell.*] There is no doubt it is purely arbitrary; but, so far as my experience goes, no Government would refuse a like privilege under like conditions.

713. *Mr. Gore.*] You can hardly say that it is purely arbitrary in every sense: take the dross from the coal-mines, which was formerly thrown to waste—when the Government reduced the freight on dross, the railways got the benefit of the carriage?—Yes; it was used for lime-burning, and the Government were able to get the lime; and it was of advantage to the country generally.

714. *Mr. Vaile.*] Suppose I book a hundred tons of goods, Class D, from Te Awamutu to Auckland, and on its arrival there I find that I want to pass fifty tons on to Helensville, shall I have to pay the terminal charge, or the cartage-charge, on that fifty tons?—Under ordinary circumstances it would be charged; but, if such a contingency as you mention arose, I should think that the Government would immediately consider the position, and make proper regulations to meet it. But no such contingency has or is likely to occur.

715. Is it not the case that these cartage-charges are always collected whether the people avail themselves of the use of the railway-carts or not?—Yes; invariably. That is provided for under "The Public Works Act, 1882."

716. In the case that I suppose a man would be called upon to pay £4 3s. 4d., for which he received no benefit whatever?—If such a contingency were likely to arise, the regulations could be amended to meet it.

717. They do arise to a greater or less extent every day?—I think not.

718. *The Chairman* (to Mr. Vaile).] If, as you stated, there were fifty tons for Auckland and fifty tons for Helensville, would it not cross the line at Newmarket?—Yes; I am only putting an extreme case.

Mr. Richardson: Far less extreme cases than that have recently been wired about; and the regulations were made to meet them within a few hours, and would be again if it were necessary.

719. *Mr. Vaile.*] As regards that terminal charge, I should like to ask how much goes to the carter, and how much to the railway?—I think the whole goes to the carter. It is not usual to take anything for cartage for the railway, except where the contract-price has been for an odd halfpenny; in that case we always charge the full penny. Cartage is paid to the contractors in Christchurch, Dunedin, Invercargill, and Auckland.

720. *Mr. Whyte.*] In such a case as Mr. Vaile has mentioned, cartage would not occur?—If we had such cases, the regulations could be amended. I do not think in that case we should be justified in charging cartage. The object in carting by contract is to prevent confusion, and to keep the sheds clear.

721. *Mr. Vaile.*] Can you tell me, when the Onehunga line was in the hands of the contractors, and they carried their fares for 6d., if they did not make a considerable sum of money by it?—I think that was before I came to New Zealand. I find on reference that the contractors' fares were:

Auckland and Onehunga, first-class, single, 1s. 6d.; return, 2s. 3d.; second-class, single, 1s.; return, 1s. 6d. These are higher than the present fares.

722. *Mr. Whyte.*] With reference to that terminal charge, can a man not come with his own dray and save the charge?—No.

723. *Mr. Vaile.*] I think you stated that the only thing that in English law was called undue preference was what you call personal rating?—Yes; that is what I understand.

724. What you call personal rating is charging a man a greater price for a short distance than you charge another man for a longer?—No; undue preference means giving one man a right which you deny to another under the same conditions.

725. So far as I understand the English law it applies equally to goods as to personal rating? Yes, of course.

726. Is not the cost of working the railways greatly increased by the high velocity at which our goods-traffic is carried on?—No, I do not think that is the case. There are considerable differences of opinion on that subject. I have seen in professional papers that the opposite position is sometimes taken up: that goods are carried cheaper at high rates of speed than at low rates; it is a disputed point. I do not think we carry our goods at extravagant speeds at all.

727. Can you say how many tons of rolling-stock are now employed to a ton of goods hauled?—It is probably about two tons of dead weight to one of paying load, that is, for goods only. I could not say for passengers and goods together.

728. You said that in this return, No. 5, the grand tonnage there includes the weight of passengers?—No; we never include passengers in the tonnage. I must have misunderstood you. I thought you were referring to Table 8.

729. Then it is included in Table 8?—Yes, an allowance is made; but the tonnage in Table 5 is for goods only.

730. Then, if you add on the tonnage of your passengers, it will be another 220,468 tons; that is, taking fifteen passengers to a ton?—That may be so.

731. That makes a total of 1,998,608 tons. If you turn to Table 8 it there shows that the number of tons hauled was 58,871,437. Now, if you take one figure from the other it gives you 56,872,829 tons as the weight of the rolling-stock hauled; in other words, for every ton you haul about 28½ tons of rolling-stock?—No; you are making a mistake. Your calculations are all wrong.

732. I will then ask, what does this ton-mileage hauled mean on Table 8?—Sixty-one million ton miles means one ton hauled 61,000,000 miles or 61,000,000 tons hauled one mile, whichever way you choose to put it.

733. You quoted some of my fares in a paper you handed in, which you seemed to think absurd—now, remembering that mine is a stage-system, and that if a man chooses to start from a town immediately preceding a stage, and leave at a town immediately entering a fourth stage, he must, of course, pay for four stages—remembering that, and remembering also that your system professes to be an even mileage-system, I ask you if these rates are not more absurd than anything you have quoted: It is three miles from Avondale to Kingsland; first-class passenger-rate, 1s.; second-class, 8d. Six miles from Avondale to Newmarket; first-class, 1s. 4d.; second-class, 10d. Eight miles from Avondale to Auckland the charges are 1s. and 9d., less than for six miles. Then, Auckland to New Lynn, only one mile farther, the charges are 1s. 10d. and 1s. 3d. Twelve miles from Avondale to Onehunga the charges are 2s. 6d. and 1s. 8d., an increase of 150 per cent. for an increased mileage of 50 per cent. On an even mileage-system, how can you justify that sort of rating?—I do not attempt to justify it; there is no necessity to do so; the rates and fares were imposed to get revenue.

734. That is the sole object—getting revenue?—Yes; that is right.

735. *Mr. Whyte.*] Is there no reason why these fares have been fixed as they are?—There may be discrepancies in some cases. The Auckland fares were specially made some years ago to meet competition generally, and have not been altered since.

736. You handed in a paper showing the probable number of fares for distances not exceeding three miles, and those over three miles and under five miles, and for over five miles and not over ten miles, and those for upwards of ten miles: was that paper prepared from the bookings from every station to every station?—That is the basis of the return.

737. Then, how is it that it now takes three weeks to prepare a statement that you have already prepared?—I have not. The statement which is being prepared is for the Auckland—Helensville line; that to which you refer was for the Hurunui—Bluff section.

738. The Committee would have been quite satisfied, I think, with the Hurunui—Bluff statement?—It is not prepared in the way the Committee wished, but in a much simpler form.

739. This is a reliable statement?—Yes; certainly.

Mr. Vaile: I should like to call the attention of the Committee to the fact that this is brought out to show an average fare of 2s. 3½d. My calculations have all been based on a general-average fare of 1s. 11½d.

740. *Mr. Whyte.*] I suppose that general-average fare is correct?—I believe so; I have no reason to suppose that Mr. Vaile has made a mistake about it. It is very easily calculated. I understand that Mr. Vaile takes the total passenger-receipts, and divides by the number of passengers.

741. *Mr. Vaile.*] I believe you stated that two-thirds of the return-tickets were issued for distances under ten miles?—I do not think I said so; but I believe that proportion is within the mark, or that it is even more than two-thirds.

742. And, with reference to single fares, I think the statement has been made more than once that there were very few single fares under ten miles?—I do not remember hearing that.

743. I think it was so stated. Now, I should like to call the attention of the Committee to this: that the department have sought to show that they have a right to compare half their return-

fare with my single ticket; and this has been the comparison they have drawn throughout. The single fares have been ignored altogether; and, when questions were asked, it has been stated that there were very few single fares under ten miles. Now, on the Hurunui-Bluff section, the total number of fares for over ten miles was only 783,222, and a proportion of these, of course, must be single and a proportion return. For the year 1883-84, there was a total of 1,630,799 single fares. It is clear that a large proportion of these must have been for distances under ten miles. I am now taking single fares only. For the year 1884-85 there were 1,523,444 single fares. It is clear that a very large proportion of these also must have been for distances under ten miles. For the year just now concluded—1885-86—there were 1,394,656 single fares. It is clear there was a very large proportion there also. I am told that there would not be much reduction of fares under my system up to ten miles, and I have prepared a table showing what the reductions actually would be.

COMPARATIVE TABLE of the Present First-class and Second-class Single and Return Fares, with the Single Fares only proposed by Mr. S. Vaile, for a Distance of Five Miles and under.

NOTE.—There is no reason why return-tickets should not be issued under the proposed system.

Miles.	First-class.		Second-class.		Half of First-class Return.		Half of Second-class Return.	
	s.	d.	s.	d.	s.	d.	s.	d.
3 Auckland to Remuera	0	9	0	6	0	6	0	4½
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	3	0	2	..	..	0	0½
5 Auckland to Ellerslie	1	0	0	9	0	9	0	7
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	6	0	5	0	3	0	3
5 Auckland to Kingsland	1	0	0	9	0	9	0	7
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	6	0	5	0	3	0	3
5 Coal-mines to Whangarei	1	3	0	10	0	11½	0	7½
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	9	0	6	0	5½	0	3½
5 Brunner to Kaiata	2	0	1	6	1	6	1	0
Proposed fares	0	6	0	4	0	6	0	4
Reductions	1	6	1	2	1	0	0	8
3 Westport siding to Hill's	1	6	1	0	1	0	0	9
Proposed fares	0	6	0	4	0	6	0	4
Reductions	1	0	0	8	0	6	0	5
4 Picton to Mount Pleasant	1	0	0	9	0	9	0	6
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	6	0	5	0	3	0	2
5 Dunedin to Burke's	1	0	0	8	0	7½	0	5
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	6	0	4	0	1½	0	1
5 Wellington	1	0	0	8	0	7½	0	5
5 Christchurch								
5 Dunedin								
5 Invercargill								
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	6	0	4	0	1½	0	1
Comparison for a distance of from five to ten miles:—								
6 Auckland to Penrose	1	0	0	9	0	9	0	7
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	6	0	5	0	3	0	3
Same fares in both cases to Onehunga (eight miles).								
9 Auckland to Otahuhu	1	6	1	0	1	0	0	9
Proposed fares	1	0	0	8	1	0	0	8
Reductions	0	6	0	4	..	..	0	1
7 Auckland to Mount Albert	1	0	0	9	0	9	0	7
Proposed fares	0	6	0	4	0	6	0	4
Reductions	0	6	0	5	0	3	0	3

Miles.			First-class.		Second-class.		Half of First-class Return.		Half of Second-class Return.	
			s.	d.	s.	d.	s.	d.	s.	d.
9	Auckland to New Lynn	..	..	1 10	..	1 3	..	1 3	..	0 10
	Proposed fares	..	..	1 0	..	0 8	..	1 0	..	0 8
	Reductions	..	..	0 10	..	0 7	..	0 3	..	0 2
7	Whangarei to coal-mines	..	..	1 9	..	1 2	..	1 4	..	0 10½
	Proposed fares	..	..	0 6	..	0 4	..	0 6	..	0 4
	Reductions	..	..	1 3	..	0 8	..	0 10	..	0 6½
8	Greymouth to Brunner	..	..	2 0	..	1 6	..	1 6	..	1 0
	Proposed fares	..	..	0 6	..	0 4	..	0 6	..	0 4
	Reductions	..	..	1 6	..	1 2	..	1 0	..	0 8
10	Westport to Waimangoroa	..	..	2 6	..	2 0	..	1 9	..	1 3
	Proposed fares	..	..	1 0	..	0 8	..	1 0	..	0 8
	Reductions	..	..	1 6	..	1 2	..	0 9	..	0 7
8	Picton to Para	..	..	2 0	..	1 6	..	1 6	..	1 0
	Proposed fares	..	..	1 0	..	0 8	..	1 0	..	0 8
	Reductions	..	..	1 0	..	0 10	..	0 6	..	0 4
8	Pelichet Bay to Port Chalmers	..	..	1 6	..	1 0	..	1 0	..	0 8
	Proposed fares	..	..	0 6	..	0 4	..	0 6	..	0 4
	Reductions	..	..	1 0	..	0 8	..	0 6	..	0 4
8	Hakateramea to Otekaike	..	..	2 3	..	1 6	..	1 1½	..	0 9
	Proposed fares	..	..	1 0	..	0 8	..	1 0	..	0 8
	Reductions	..	..	1 3	..	0 10	..	0 1½	..	0 1

General Scale for Wellington, Christchurch, Dunedin, and Invercargill.

7	Present fares	..	..	1 4	..	0 11	..	0 10½	..	0 7
	Proposed fares	..	..	0 6	..	0 4	..	0 6	..	0 4
	Reductions	..	..	0 8	..	0 7	..	0 4½	..	0 3
10	Present fares	..	..	1 11	..	1 3	..	1 3	..	0 10
	Proposed fares	..	..	1 0	..	0 8	..	1 0	..	0 8
	Reductions	..	..	0 11	..	0 7	..	0 3	..	0 2

These, gentlemen, are the reductions which I am told will have no appreciable effect.

MEMORANDUM from Mr. VAILE.

In dealing with Mr. Maxwell's written statement I shall reply to it as briefly as possible and paragraph by paragraph.

Mr. Maxwell here attempts to prove that, because there is no simpler system than the one in use in New Zealand known to him, therefore there is no need of anything more simple. Mr. Maxwell's own witnesses have shown that the complication increases yearly, and the statement made by him that under it "these rates on some lines number some millions" proves that it is unsuited to our requirements. The evidence taken and the tables published by the department prove that the system in use does not "insure equality of treatment to the public." We are told that under the proposed system station rate-books must be used, and that there would be greater difficulty in computing the rates.

Suppose a man now presents himself at Frankton Junction, and wants to know the cost of sending twenty tons of potatoes to Manurewa. The clerk, if he is not supplied with a table of mile-distances (he could just as easily be supplied with a table of stage-distances), has first to find the mileage by calculation: he finds 69 miles. Then he must turn to his table of "classified rates" to ascertain the price per ton, which is 10s. 3d.; then he must make the following calculation— $20 \times 10s. 3d. = £10 5s.$ Next, he must turn to his local rates to see if there is any special charge. He finds he has to add a quarter-rate, which is £2 11s. 3d.—total, £12 16s. 3d. I may mention in passing that this enormous sum is actually charged for the service named. Under the proposed system he would have to find the number of stages instead of miles—it is three stages—then his rate, say 1s. 6d. per stage = 4s. 6d. per ton; $20 \times 4s. 6d. = £4 10s.$ That is all. The clerk would be dealing with single instead of double figures, and should have no local rates to complicate the transaction.

Mr. Maxwell has himself pointed out (126) that under the present system there are 1,156 different station-rates chargeable, on the main line only, from Auckland to Te Awamutu. On my plan there would be only thirty-six. There can be no question as to which is the more simple. If there is no need for rate-books where there are 1,156 changes, what need can there be for them when there are only thirty-six changes?

The evidence of the officers of the department shows that the whole of their season-tickets are worked on the stage-system (458). My chief objection to the mileage-system is that it, together with the differential-rating system, masses population and wealth in a few large centres.

2 I admit that some classification is necessary, but contend that it could be much simplified, with very great advantage both to the users of the railway and to the revenue. Under the present system we are obliged to, and do, exist by the general average, while we profess to make each item and each mile pay. I propose to accept the position and work at once for the general average.

3 It is not necessary for me to add anything to what I have already said about differential rating. It is condemned by all right-minded thinking men, not only here but in England and elsewhere. The instances I have given of injustices perpetrated under it on our lines will, I trust, insure its abolition in New Zealand.

4-5 After the evidence adduced, to talk about equality is simply a farce. In the case of Napier and Auckland the "cost of service" is totally ignored.

6-7 If every man having a parcel of a certain weight to carry a certain distance is charged the same price there can be no differential rating. I have never stated that "the development of towns" was my "sole" or even my chief object, but have everywhere asserted that the settlement of the country and the spreading-out of the population are the principal ends to be aimed at. Without towns we cannot prosper; and I hold that it would be to our great advantage to create a number of inland towns rather than, as at present, to mass up the people in a few large centres.

I must leave other people to answer the latter part of clause 7.

8-8A I have repeatedly stated that the object of the longer stages in sparsely-populated districts is to settle those districts. As every such district in the colony is treated alike, there is no differential rating.

9 This is simply another argument in favour of differential rating, and another misrepresentation of what I propose.

10-14 These are another attempt to prove that I have proposed more than one scheme of levying fares and rates. It is not necessary to take up the time of the Committee in replying to them. Mr. Maxwell appears to be unable to understand the difference between developing a scheme and proposing new ones.

15 This was replied to in my evidence. In 1884-85 the return fares were 1,709,442, as against 1,523,444 single, a difference of only 185,998.

16 Under the proposed system I should expect a very much greater number of season-tickets to be sold than are sold now. The fact that the wives and families of season-ticketholders could travel cheaply when they wished would greatly aid the sale of both season-tickets and single fares.

17 The five-miles-and-under table attached hereto is a complete reply to the statement made, and proves it to be absolutely incorrect.

18 I should certainly expect a very large increase.

19-20 I consider that these paragraphs prove that I am within the mark in estimating the average fare at not less than 1s. For if the figures given are correct it shows that the great majority of passengers travel past the first stage, which virtually assures me of my fare. Mr. Maxwell, in his first report on my scheme, speaking of passengers' fares, says, "by far the larger proportion are for distances under ten miles, for which Mr. Vaile's proposals provide either increased fares, or fares not very materially differing from those prevailing." He now shifts his ground to three miles, that is to say, to the nearest possible point to the initial fare, which I have never proposed to alter.

21 The only difference I can recognize is in the quantity, and, having the quantity, of course preparation must be made to deal with it. With reference to the London Metropolitan Railway Mr. Maxwell appears to have forgotten the workmen's trains. People are taken by these trains eight miles and return, equal to sixteen miles, the whole or any part of the distance, for twopence. This is far lower than any fare that I propose.

22-23 The suggestion about expecting "the same results" from tramways in Te Awamutu as in Auckland is too absurdly ridiculous to deserve serious reply. What I have said is this, that if the Auckland tramways, working on the same population, could take twenty fares where the omnibuses previously took but one, is it unreasonable to expect that our railways, also working on the same population but with a far greater reduction of fares than the tramways made, would get at least two fares where they now get one.

24 The former part of this paragraph has been replied to previously. I take it that the object of working our railways should be to locate our people and their industries. If we are not to give transit facilities until the people locate themselves and their industries, I think it would be the wisest plan to close our railways at once.

25 This has been replied to in the evidence given.

26 The reply to this is obvious. Mr. Maxwell has himself given evidence that if more rolling-stock is required it would pay well to put it on. He has told us that the cost of a ton-mile is in pence 2.53, say 2½d. This cost he says covers everything except interest, and provides for carrying passengers as well as goods. Seven miles at 2½d. = 1s. 5½d: this is the cost of moving one ton seven miles, and a very high cost it is. Fifteen passengers weigh one ton, 15 at 5d. (my average fare for seven miles) = 6s. 3d., or a profit of considerably over 300 per cent. on my through-fare only, which I should expect to be fully doubled by the station-to-station work. Surely under these circumstances the more new rolling-stock we require the better.

28-30 Most of the argument as to the average fare has been replied to in the evidence. I utterly repudiate Mr. Maxwell's estimate of 4½d. as my average fare for distances of ten miles and under. My fares for seven miles are: First, 6d.; second, 4d. If I only get an equal number of both classes—and I should expect a greater number of first-class—the average for the seven-mile distance would be 5d. For a nine-mile distance my fares are: 1s. first-class, and 8d. second-class. Now, as my lowest fare for nine miles is 8d., it is utterly impossible that the eight- to ten-miles fares can sink below that figure—8d., even though I get no first-class fares at all. The carelessness or the wilfulness with which Mr. Maxwell has arrived at this figure of 4½d. proves incontrovertibly his unfitness to deal with the question in hand. All Mr. Maxwell's calculations being

based on this absurd assumption of 4½d., it would be merely waste time to attempt to follow them. Mr. Maxwell appears to think that every passenger entering upon a fifty-mile stage would travel the whole fifty miles. My idea is that the great bulk of them would only travel the distance between two or three stations. If the statement made by Mr. Maxwell is correct, that the 783,222 whose circumstances require them to travel distances of over ten miles contribute £177,511 towards the revenue, while the 1,162,875 who travel under ten miles only contribute £47,433—if this is so, then it appears to me that the unfortunate country-people have a very unfair share of the burden of taxation imposed upon them, and it is no wonder they cannot prosper.

Mr. Maxwell fails to see the great financial advantage of the stage-system. I have explained it in my statement (32). The same advantage cannot be gained on the mileage-unit. He also fails to observe the immense advantage as regards the settlement of the country.

These have been replied to before.

I have never suggested that "the railways should be a non-paying department." On the contrary, my constant complaint has been that they do not pay either directly or indirectly; and I also contend that I have shown a plan by which they can be made to pay both ways.

Whenever this scheme is required, I have very little doubt I can invent one.

It is not necessary to discuss this matter now.

This has been replied to in evidence. Mr. Maxwell has been forced to admit that, in fixing the rates under the present system, "the element of cost of the service" is not taken into account.

The tables appended are very interesting, and I am glad to see them published. It is, however, singular that the very low fares chargeable to workmen on the London Metropolitan—2d. for sixteen miles, and also the fourth-class fares in India, should have escaped Mr. Maxwell's observation. They are surely worth studying. On the East Indian Railway the fourth-class fare is 2½ pie per mile (12 pie = 1½d. of our coinage), and at this rate they carried 11,311,372 fares out of a total of under 12,000,000. On this railway the second-class return-fare from Howrah to Delhi, equal to 2,468 miles, is £6 17s. 7d., or, as near as may be, ½d. per mile. These second-class carriages are elegant saloons, fitted up with every luxury. They are handsomely upholstered, have stained-glass windows, sanitary arrangements complete, and room is provided for each passenger to lie down at full length. They are also fitted up with cooling-apparatus. In the fourth-class also a certain amount of sleeping-accommodation is provided. In 1883 the Indian railways paid 5·91 per cent. They find there, as in England, that it is the low-price fares that create the dividends.

This is a matter for the traffic-managers to deal with. If Mr. Maxwell's argument means anything, it means that we are better off without an increase of trade.

SAMUEL VAILE.

Present: The Chairman, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Mr. Walker, and Hon. Mr. Richardson.

TUESDAY, 13TH JULY, 1886.

Mr. W. CONYERS, formerly Commissioner for South Island Railways, examined.

744. *The Chairman.*] You have been summoned, at Mr. Vaile's request, to give evidence as to his scheme of railway management?—I have made myself acquainted with Mr. Vaile's proposals as to dividing the railway-lines into stages, and having what he calls principal towns of six thousand inhabitants, where he places four stages on either side, and towns of four thousand where he places two stages on either side, and of two thousand with one stage on either side; and then in sparsely-populated districts he makes longer stages; and I think, myself, that it is a very feasible scheme, and would answer the purposes intended by him. I am only referring to passenger traffic, not to goods traffic. I think, perhaps, what I have got to say would come out better by question and answer.

745. *Mr. Vaile.*] You were formerly Manager of the southern railways, and, consequently, must have a thorough knowledge of the railways of the colony, but more especially those of the South Island?—Yes; I have been seventeen years in the railway service, but I know very little about the North Island railways.

746. I believe that the only time on which you and I met before this occasion was once when you heard me speak in Invercargill?—That is so.

747. And the written communication you supplied me, as to the feasibility of working my plan, and the financial results it would give, was formed entirely from what you had read and any correspondence you may have seen in print?—Yes. I had never seen you at that time.

748. Do you think that the adoption of the proposed plan would largely promote the settlement of the country?—I think so.

749. The general tendency of the present railway management is to take population from the country districts, and mass it in the large towns?—Yes, that is so; more particularly at Home.

750. Do you believe that such a system as I propose would help to check that?—Yes; I think fares such as you propose would induce settlement over the sparsely-populated districts in New Zealand. The first time I looked at your scheme I thought it was ridiculous; but when I came to go thoroughly into it, and follow out your line of argument—which I did as a railway-man—I felt bound to admit that it was the proper thing for a colonial railway, but not for a Home one.

751. Perhaps you can tell us the opinion of the country settlers in your district?—They would be only too happy to get the low fares.

752. They do not think it would be any detriment to them, either in going to port or coming from it?—No.

753. As a traffic-manager, do you see any difficulty in working the plan proposed?—No, I do not. It would require preparation, of course; but I see no great difficulties.

754. Taking the Auckland line, and taking the main line only from Auckland to Te Awamutu,

there are 1,156 different station-rates payable; and, as under the proposed system there are only thirty-six, can you see any reason why station-rate books should be required for the thirty-six changes when they are not required for the 1,156?—No. If I had the arranging of the matter, I think I should prepare a diagram for each station; but, speaking of station-rate books, we have now practically a rate-book for every station-master. He is supplied with a copy of the tariff, and has only to look at the mileage and the rates, which is really a rate-book.

755. Under my system it would mean calculating by stages instead of miles?—Yes. The number would be reduced enormously, of course, by your long stages.

756. Then the plan must be more simple?—Quite as simple as the existing one. I do not see any trouble in introducing the matter; I have had far more difficult things to do in New Zealand than that.

757. Your position as a late manager of railways must have given you a good opportunity of knowing what public feeling is in this matter?—Yes; people speak to me pretty freely down South.

758. Do you think that the public generally on the Hurunui-Bluff section would be pleased at the introduction of the system I propose?—I think so.

759. Mr. Maxwell and Mr. Hannay have stated that my proposal would injure the export trade, because they say that I make the rate higher from the country to the port than from the port to the country: is that so?—No, because you do not alter the stages, whether for imports or exports; therefore the rates must always be the same. I think you must have misunderstood Mr. Maxwell and Mr. Hannay.

Mr. Vaile: I will read what Mr. Maxwell says when examining Mr. Hannay—question 528: “There is one important point: Mr. Vaile’s scheme is intended to encourage the industries of the colony, to put people on the land, and so on. Now, the chief industries, as I understand, are grain-growing, cattle-raising, and country produce generally. Of course people in the interior want to export these things. Assuming that Mr. Vaile’s rates for goods are payable rates, do you not think it is thoroughly wrong and a bad principle to impose charges on goods going for export, and to lighten the charges on the same kind of goods going inland. For instance, goods from Buckland for export would be heavily charged; but if they were going inland they would be lightly charged.” The impression is sought to be conveyed that a bigger charge is made going to the port than coming from it.

Mr. Maxwell: Mr. Vaile at first stated that I said his charge from the country to the port was greater than his charge from the port to the country: what he has read shows that I did not say so.

The Chairman: What Mr. Maxwell said was this: “Goods from Buckland to the port would be heavily charged, but if they were going inland they would be lightly charged.”

Mr. Vaile: The impression conveyed is, of course, that goods going for export would be more heavily charged than goods going inland from the port.

The Chairman: I think you should confine yourself to what Mr. Maxwell has stated—not the impression he intended to convey.

760. *Mr. Vaile*.] Seeing that in New Zealand we have, in proportion to the population, five and a half times as much railway-accommodation—that is to say, railway-mileage—as they have in Great Britain, do you not think we ought to be able to shift our population as often as they do in Great Britain?—I think so. I think they shift their population about three times to our once.

761. Is it a fact that, if the trains carried double the number of passengers they do now, they could not keep the same time as they do now?—They could keep just the same time; because they are not half-full. I must qualify that by excepting the suburban traffic. It would undoubtedly affect the suburban traffic, but not the through-traffic.

762. It has been stated that with 20 per cent. of the passengers—that is, for five miles and under—my fares are not reduced; while passengers between five and ten miles are mostly carried to and from the chief towns; and that, if seven miles is fixed as the stage, Onehunga, Port Chalmers, and other ports will pay just the same as now. That is to say, the statement is made that my fares are much the same as the existing fares up to ten miles, and the number of passengers up to that distance cannot be increased because there is no inducement offered; and it is also said that my average fare for that distance cannot be more than 5d.: do you think that it is possible for the average to sink so low as 5d. for that distance?—I do not think so. It is quite impossible, because you get two stages within the ten miles. The fares would be for the first stage 6d. and 4d., and for the second 1s. and 8d. I do not think it is possible.

763. As to the financial result: at present the proportion of first- to second-class passengers is as 1 to 3½—do you not think that under the proposed system there would be at least as many first- as second-class passengers?—I think there would be more; because many people now travelling second-class, owing to the high first-class rates, would then travel first-class. I speak for myself and my family. My wife and daughters travel from the Bluff to Invercargill, and go second-class on the score of economy: if the fares were anything like what you propose they would certainly go first-class.

764. Then you think there would be a very large increase in the proportion of first-class tickets sold?—Undoubtedly. Instead of the proportion being 1 to 3½, I think the figures would be reversed. Only labouring-men would travel second-class. Again, coming to my own family, they live seventeen miles from Invercargill, and go there only about twice a year, owing to the high rates: if the rates were anything like those proposed they would perhaps go every week.

765. For the year 1884–85 Return No. 5 shows 1,709,442 return-fares were carried. These figures, I believe, represent single trips—that is to say, half of a return-journey?—That is so.

766. That is to say, 854,721 return-tickets were sold, and there were 1,523,444 single tickets issued. In other words, speaking roughly, out of every three people who presented themselves for tickets two applications were for single tickets. I want to be particular about these single and return journeys, because it has been stated that the number of single tickets issued is so small that my average fare cannot be influenced by them?—Of course the figures speak for themselves if you

have copied the tables correctly. The return-tickets are only issued on Saturdays and market-days; so that the bulk of the traffic must be by single tickets. I believe there are some exceptions to that on the suburban lines; but on the inland traffic return-tickets are only issued on those days.

767. You are quite clear that the bulk of the tickets issued must be single tickets?—If the tables are correct.

768. Then it follows that my average fare must be very largely influenced by the single tickets issued?—That is true.

769. This is an important point: Bearing in mind that the tables of the department show that two single tickets are issued for one return, do you not consider that I am safe in estimating my average fare at not less than 1s.?—Yes. I have always thought so.

770. You feel quite certain on that point?—Yes.

771. Do you consider that the inducements offered are sufficient to get three fares where one is taken now?—I do. I have no doubt on that point. There would be certainly three; probably more.

772. That would give a very large addition to the revenue, would it not?—It would—I suppose from £150,000 to £200,000.

773. Would there be much increase in the cost of carrying three passengers for one that is carried now?—No increase in the long-distance traffic; on the suburban there would be, of course.

774. I admit that on some of the short distances we should have to put on extra carriages; but, taking the whole of the distances, could we not carry in our trains three fares for one we carry now?—Yes. I look for the great increase, not in the short-distance, but in the long-distance traffic. That is what you would want, because the long-distance trains are now practically run empty. I was travelling the other day from Clinton to Dunedin, and was alone in the carriage until we came to Caversham—two miles from Dunedin, where a lady got in. I also travelled from Gore to Clinton with only two passengers in the large bogie-carriage. Of course, trains starting from a town are generally pretty full for the first five or six miles; after that they fall out, and the rest of the journey is performed often with empty carriages.

775. Would you not also expect a large increase in the fares for ten miles and under?—Yes. That comes into the second stage. I should expect a considerable increase; because, though the present minimum fare is the same as yours, directly you get beyond that minimum you would secure an increase of traffic, as your fares are lower.

776. Do you know any special reason why the suburban traffic should not be extended to fifteen miles?—I do not think you can extend it to that. It is too far. You see, suburban traffic consists of people who are employed in the town—clerks, storekeepers, and even labouring-men. Fifteen miles is too far for them with our slow trains.

777. How long would it take, generally speaking, to run the train fifteen miles?—It would take an hour.

778. In Auckland I know a great many workmen walk two or three miles to their work?—Yes. Perhaps you might get an increase of traffic from labouring-men. Of course, what many workmen look for is a bit of land, and the further they go out the cheaper it is; so they might put up with some inconvenience: but, as a rule, shopkeepers and clerks do not care to get up at, say, six o'clock in the morning.

779. How long would it take you to apply this system to our railways in the whole of New Zealand?—Perhaps about three months. If I had good assistance, and took one section in hand, I could set it going in about two months—say on a section like the Hurunui-Bluff.

780. It has been stated that season-tickets provide for all the regular travelling: is that so?—I do not understand. Of course, season-tickets bear a very small proportion to the total number sold.

781. Do you think it is possible under any system to do without single tickets?—No.

782. If cheap single tickets are issued, will it not induce a larger amount of travelling among the families and friends of season-ticket holders?—Undoubtedly. My experience of the Middle Island railways is that the season-ticket holders are extremely few. I tried to push them, but it would not do: the head of the family would hold the season-ticket, but the wife and children and friends would travel on ordinary tickets.

783. Then, cheap single fares would very much increase that class of travelling?—Undoubtedly it would.

784. Is there any difficulty in applying the season-ticket to the system I propose?—No; I do not think so. I think you would have to keep the season-ticket system in any case. I think it is an excellent system. In fact, I proposed some years ago to introduce what I am glad to see has been since introduced—the traveller's £50 ticket. It brings such an amount of business to the railways that I should almost let him travel free. I have noted the effect of these tickets very carefully.

785. It was stated in evidence that if we had sufficient passengers to separate our goods- from our passenger-traffic it would be a great deal more expensive to do so. Is that correct?—If you run more trains it will increase your working expenses.

786. Do you not think that if there was sufficient passenger-traffic to run your light weights at the high speeds, and heavy weights at low speeds, you would work your railway more economically?—Yes, if you run the passengers by day, and the heavy goods by night at a slow rate of speed, and supposing that the trains are full, it would give a better financial result. It would also prevent the present unsatisfactory delays to passengers through shunting. The Melbourne passengers from the Bluff complain of this, and compare our railways unfavourably with the other side.

787. Taking long distances, how many fares do you think we could take for one we take now?—I should think about seven or eight.

788. It has been stated that the express-trains between Dunedin and Invercargill are run in

both directions almost full?—Not on the Invercargill section. From Dunedin to Invercargill they are nothing like full.

Hon. Mr. Richardson : I think that question is misleading to Mr. Conyers. The statement was not that the trains were full all through, but that they were full at starting.

Mr. Conyers : Yes ; that is the case. We must also consider that in these trains the public will insist upon having a smoking-carriage for first- and also for second-class. Then, in my time, we ran a ladies' carriage, which might contain only three or four ladies. You cannot very well avoid these things. So that three or four carriages are devoted to only a few passengers.

The Chairman : Mr. Hannay made the statement, but I think he qualified it by saying that it was leaving the towns the trains were full.

Mr. Conyers : The greater part of the journey is performed with the carriages nearly empty ; but at each end, as Mr. Richardson has said, they are pretty full.

789. *Mr. Vaile*.] Am I not right in stating that differential rating, as generally understood by railway-men, means giving to the controllers of railways the power of altering the rates and charges as they may think best for the purposes of securing revenue?—Yes. My interpretation of differential rating is that it is simply to make money : that is, if you cannot get 6d. you must take 5d., but you must have it.

790. Then you would say that any system which did not confer that power could not be a differential-rating system?—No ; I do not think that it could. Differential rating allows the manager to make special rates for particular districts or for particular persons. He might charge 1s. to one person and 9d. to another for a similar service.

791. Supposing that under the present system a man was starting a brickyard, say, fifteen or twenty miles from a centre, and he applies for a special rate for his bricks, would it not be a stipulation with him that he should give a certain amount of freight in consideration for his special rate?—Undoubtedly. If he got a special rate he would have to give increased traffic.

792. Supposing a smaller man started, say, seven miles out, and could only produce half the quantity of bricks, he would not get a proportionate concession in his favour?—Perhaps not ; but that has nothing to do with your system—it has nothing to do with passengers.

793. That is true ; but a great deal has been said about differential rating?—It is very unjust, no doubt. If you want to see it in force go to England. They can ruin a man or a town if it suits them. I have read of instances of its being used to ruin a port, for instance.

794. We were simply dealing with the question as to whether differential rating ought to be allowed on colonial railways?—My opinion is that the railways in New Zealand were built for a very different purpose from those in England. Railways are built in England simply to make money—to pay good dividends to the shareholders. Our railways were built in order to develop the resources of the country and to induce settlement, and not with the idea of paying anything beyond working expenses. Of course, you must pay working expenses whatever you do. In the early days that was all I could get. I was told by the Provincial Government at that time that if I could make the railways pay working expenses they would be satisfied ; and I did it, though it was a hard job sometimes.

795. But in New Zealand we are practically adopting the English system?—I admit that I introduced special rating ; but I avoided it as far as I could. For instance, on the Port Chalmers line I ran the lighters off. I could not do otherwise.

796. You think that under the present system it cannot be avoided?—No ; not under the present system.

797. Then you agree with me in saying that differential rating is simply a system to bring revenue to railways, or to give a particular man or a particular town an advantage?—Yes. Of course, revenue is the first consideration, and, you may say, the first and only consideration here.

798. Do you know anything of the rates charged on the Napier lines?—No.

799. What is the feeling among the people in your district about the present system—are they satisfied with it?—No ; there is very great dissatisfaction, particularly with regard to the port rates on the Bluff line, as Mr. Richardson and Mr. Maxwell know.

800. I suppose that since you left the railway service you see the system very differently from what you did at the time when you were in the service?—I admit that I do. I have learnt a great deal that I did not know before. I have looked on quietly and have seen a great deal that my people would not let me see when I was in the service. I have had to go and beg for empty trucks since I left the railway.

801. My reason for asking is that I have noticed a marked difference of opinion between men in our service and out of it when I asked their opinions about this system?—I admit that I look at things very differently. There are economies that could be practised which the head of the department cannot see. His own people will not let him know about them.

802. There are a few points which I should more properly ask Mr. Maxwell about, but I will ask your opinion. The number of trains we ran last year, not including special or excursion trains, was 108,604. Each train averaged 27·8 miles—say twenty-eight miles. The passengers averaged thirty and a half per train ; but, as the average travelling is only thirteen miles, these thirty and a half fares must have consisted of more than two changes ; consequently we did not carry on the average more than fourteen in a whole train—in other words, we carried in passengers less than one ton per train. It is very important to establish this figure, as we are told that to carry another ton per train would require a very large additional outlay?—You would have plenty of room for two or three tons more passengers if that calculation is right, taking fifteen passengers to the ton. I think you are right in your calculation that there would be an average of about fourteen passengers to a train.

803. It is important to establish that figure, because we are told that to carry another ton of passengers would very greatly increase the cost of working?—It would with reference to the suburban traffic, but nothing else.

804. Taking it all through, could we carry it without increased cost?—I think we could.

805. Of course the increase in the suburban traffic would pay for itself?—Yes.

806. Then you could actually carry another ton of passengers without any extra charge at all?—Yes; but I never thought you would increase the suburban traffic. The benefits would chiefly be in long-distance travelling; and it would be necessary to satisfy people that the rates would be kept on before there would be much settlement. I have heard many complaints about alterations in rates.

807. We have a table here which gives the number of passengers travelling under three miles to be 197,000; over three miles and under five, 202,000; over five and under ten, 763,000—that is to say, that the total number of fares on the Hurunui-Bluff section for ten miles and under was 1,162,875. It appears to me that the impression was conveyed that it was all suburban traffic?—That would, of course, include what we call roadside traffic?

808. It includes short fares wherever they may be taken. I want to bring out clearly that this return is not a return of the suburban traffic, but a return of the three to ten miles distances taken anywhere and everywhere all along the line?—No doubt the bulk of it is suburban traffic; but not all.

809. *Mr. Hatch.*] Why do you say that a colonial railway should be conducted differently from a Home railway?—The Home railways are built with a view to making money; the colonial railways to open and develop the country. And, further, in the colony the people are all owners, as it were, and it would be very hard to crush a man with his own money.

810. I do not see how you make out that the average fare up to ten miles will not fall to 5½d.?—The first stage is charged for as 6d. and 4d.; the second is double that—1s. and 8d.; and I calculate that Mr. Vaile will get a far greater proportion of first-class fares than now. I do not think the average can sink so low.

811. You say that you travelled sixty or seventy miles with only one passenger. Was that a passenger-train or was it a mixed train?—They are all mixed trains on the Dunedin-Invercargill line.

812. Was it not an early train, starting at six o'clock in the morning?—It was.

813. You would hardly expect to have passengers in that train?—Yes; the train got into Dunedin in good time—about eleven o'clock—and I expected that it would pick up passengers on the way.

814. Was not there a train preceding that into Dunedin?—Yes; but still I was surprised that there were not more fares along the line.

815. During your seventeen years' experience did you suggest any plan like this?—No. What first struck me about the matter was the average. I thought at first that Mr. Vaile must be wrong; so I got one of the Public Works Statements, and found, much to my surprise, that he was right. Of course, all my calculations are based upon that average.

816. I remember on a special occasion the Government of the day insisted on a better result from the railways. You were Manager at the time. How did you get that result? I think you did make things better?—I think it was economy in the working. I could do more now.

817. Was there a reduction in wages?—That might be so. We were at one time paying better wages on the railways in the South than were being paid in private businesses.

818. By your calculations, now, do you think that Mr. Vaile's average would be maintained?—Yes, I do.

819. Do you think it would pay to carry a person a hundred miles for 2s.?—It is not one fare, but the average fare that I think would pay.

820. Do you consider the wages paid on the railways are too high?—I think they are quite high enough. Of course it is not a nice thing to advocate a reduction of wages, but I think our men are very well paid, considering the rate of living here. When I left Home wages were very low. At the shop where I served my apprenticeship some were earning 13s. a week for ten hours a day. I believe living was then nearly as high as it is here now. I understand wages are better there now, and the hours of work less.

821. *Mr. Gore.*] You have not gone into the goods-traffic at all?—Not at all.

822. Can you say of your own knowledge whether Mr. Vaile's system would affect the goods-traffic?—I consider the goods-traffic is a far more serious affair than the passenger-traffic. You cannot induce goods to travel two or three times, as you would people.

823. You think that lower rates on goods would not have the same effect as on passengers?—I believe in having very low grain-rates for export, to induce people to settle and cultivate the country. Of course we want population; but I do not think lower rates on imports would lead to an increase of traffic.

824. Then you think that lower rates for grain would induce people to produce more?—Yes; but it is a difficult matter, and requires very long consideration. I have not considered the goods-rates at all.

825. You stated that railways were built at Home for a different purpose from here. Do you not think that under certain circumstances differential rating is admissible?—It might be, perhaps, for forcing an industry; but I object to the principle, and think it very much better to make the rates sufficiently low not to want differential rating.

826. It has been stated that the average fare for New Zealand is 1s. 11½d.; do you think that under Mr. Vaile's system it would be as much, or more?—No; I estimate that he would average 1s.

827. That would be only half the present average?—Yes; but there would be a very much increased traffic.

828. If it was increased to three times the traffic, we should get 3s. where we now get 2s.?—Yes.

829. *Hon. Mr. Richardson.*] Have you ever taken out or got others to take out the inter-station traffic of any of the lines, to ascertain how the average is at present affected by the distance that the different passengers travel?—No; I could not, of course, get that.

830. *Mr. Maxwell.*] Do you agree in the amount of the fare which is proposed—6d. and 4d. a stage?—I do.

831. Do you think that is a sufficient fare for a fifty-mile stage?—I think it would come up in the average. I base my calculations on the average.

832. But you hardly consider that it would be sufficient if you were not looking at the average?—That is so.

833. Do you propose to retain season-tickets?—Yes.

834. Did you propose to retain them when you wrote that certificate to Mr. Vaile?—That does not refer to season-tickets at all; but I think it would not do to interfere with them.

835. Would you propose under the system to keep return-tickets?—I do not think so, unless for short distances. Personally, I have always opposed return-tickets; I think single tickets better.

836. The only data you had to go on at this time were those particulars which you stated that the average fare would be so much?—I had no other data.

837. Are you aware that the scheme now before the Committee differs to some extent from the scheme which was before you at the time you wrote that letter?—I am not aware of it.

838. That in the lecture which Mr. Vaile gave he had his stages fixed at four from each town of six thousand inhabitants and one stage from each town of two thousand?—I have always had the idea that there were to be two stages outside towns of four thousand inhabitants also.

Mr. Vaile: That was a newspaper error. I never made any such proposal.

Mr. Maxwell: In that case I withdraw my former statement and the question.

839. Are you aware that Mr. Vaile proposes to modify his stage-system to this extent: not to charge two stages from, say, Runciman's to Hunua?—I understand, if a man lives, say, a mile from one side of a stage and wants to travel to a point a mile on the other side of that stage, he would not be charged for two stages.

840. Would not that break into the principle of stages?—Yes, it would break into the principle; but you would have to do it.

841. How would you deal with that in practice in this rating business?—I should have special tickets for that.

842. What is the reason you maintain that these large numbers of people would travel?—The reduction from the present high rates. I have noticed that in excursion-trains if the rates are only a little lowered few people travel: you must make a big reduction.

843. What would you call a big reduction?—I should say Mr. Vaile's rates are.

844. And you think, if they were introduced they would attract enormous numbers?—I think so.

845. You think, for instance, that on a Queen's Birthday Mr. Vaile's fares would give large results?—Yes.

846. Do you think there would also be an increase in the revenue?—Yes, if you had the accommodation.

847. You say that the whole passenger-traffic might be expected to increase as 3 to 1?—Yes—mainly in the long distances; very little in the suburban traffic.

848. You see by that return which Mr. Vaile has referred to on page 3 that the traffic over ten miles brings £177,000: do you think that if the travellers are increased three to one you would get a larger revenue?—I think so. We should get the 1s. average.

849. You say there would not be a large increase in the suburban traffic?—Not under five miles; the increase would be beyond that distance.

850. *Hon. Mr. Richardson.*] Would there be much increase up to ten miles?—I think there would. People only travel now when they are obliged.

851. *Mr. Maxwell.*] Have you not in former years given very strong evidence in favour of keeping up the fares to what they were?—Probably I have. I always wanted to get as much money as possible.

852. In 1876, when you were in charge of the railways, you gave evidence before a Commission, and you were asked by Mr. Ormond (page 25): "With reference to passenger fares . . . do you think we should increase our business on the railways by reducing the present uniform rate?—I do not think the present rates could be bettered. I think they are very moderate, and will bear favourable comparison with the fares charged in the other colonies or in England. I may mention that they are just equivalent to the rate it is permitted by Parliament for the English companies to charge—namely, 3d. per mile first-class, and 2d. per mile second-class, return-tickets being half-price in addition to single fares. I think that is very fair and reasonable, in proportion to the working expenses. It must always be remembered that the working expenses in this colony are heavy. The difference between here and England may be rated as the proportion of twelve to five. Coal, which is here £1 10s. a ton, is in England 9s. or 10s.; labouring-men here get 6s. to 7s. a day, at Home they get 3s. per day: therefore it is only reasonable that the rates should be proportionately higher?"—Yes; I have no doubt that was my opinion at the time; but that is ten years ago.

853. Those were the views you held then as an officer in charge of the railway?—Yes.

854. Do you remember when you came from Southland to Dunedin?—In 1874.

855. Did not Mr. Grant come to you about the same time?—I engaged Mr. Grant in 1874.

856. And he was with you as traffic-manager all the time?—He did not start as traffic-manager, but I always kept him along with me—in fact, at that time he was about the only railway-man in the service.

857. You set some value on his opinion?—Yes. I found him generally of sound judgment, and an excellent office-man.

858. You say that, as a traffic-manager, you see no difficulty in putting this system into operation in a couple of months?—Yes—the passenger system only.

859. You take that quite apart from goods?—Yes, entirely; I have not considered the goods question at all.

860. You think the increase in numbers would be due to the reduction of fares?—Yes.

861. Can you see that it would affect the public in any way if you charged 1d. a mile instead of 6d. a stage?—I think there are advantages in the stage-system.

862. You think that, if the fares were the same, more people would travel under Mr. Vaile's system than under the present one?—I think so.

863. That, if the fare was computed by the mile instead of by the stage, less people would travel?—The money being the same in all cases, I do not suppose it would make much difference; still, stages are a part of Mr. Vaile's system, and I take them in with the plan generally.

864. What I want to bring out is whether the reduced fares may not be dealt with under the present system if it is thought desirable?—I think I should adhere to the stage-system as expressed by Mr. Vaile. I think it would assist in developing the settlement of the country. You see he fosters the sparsely-populated places. He wants to take the population away from the towns.

865. *Mr. Vaile.*] To show the better financial result you must get from the stages, on the Auckland line there are at present thirty-four stations, and the charge is for the whole or any part of a stage. On an even mileage-rate a seat can only earn the same money, no matter how many times it may be occupied—that is to say, a new man getting in at each station will make no difference. On the stage-system the seat can possibly earn 17s. There is an enormous financial advantage, and there is also an advantage to settlement.

866. *Mr. Maxwell.*] You told us of a case in which you travelled by an empty train the other day: what time did the train start?—It left Invercargill at a quarter-past four and got into Clinton at nine in the evening.

867. What time did you leave next morning?—I am only speaking of the carriage I travelled in. We started with five or six passengers; but it was soon reduced to two, and from Gore to Clinton, I think, I travelled alone. Next morning we started at ten minutes past six, and I was alone until I got to Caversham.

868. This is not one of the trains usually used by passengers—it is not an express?—No; it is not an express. I travelled by it to save time.

869. Have you been travelling between Dunedin and Invercargill of late years?—No; not at all.

870. Have you been travelling between Dunedin and Christchurch of late years?—No; not since I left.

871. Then your statement that you could work the lines as cheaply with double the traffic is based upon your former experience?—Yes; but I have seen the trains come from Dunedin. I go there occasionally, and travel frequently on the Bluff line.

872. Do you not agree with the statement that if we had double the number of passengers we should require a great many more trains?—No, except the suburban trains; because the trains are not half-full.

873. I was going to ask you that, seeing that you had expressed an opinion founded mainly on your own experience, and seeing that our train-mileage is enormously reduced as compared with what it was when you had charge, do you not think that would make a difference in your opinion? For instance, in 1879–80, when you were in charge, the following were results as compared with the working under the present management. The following is a comparison of traffic and train-mileage on the Hurunui–Bluff section for twelve months ending the 31st March, 1880, and 1886. The passenger-fares during 1879–80 were higher than during 1885–86:—

Year.	Miles open.	Train-mileage.	Train-mileage per Mile of Railway.	Percentage of Expenditure to Revenue.	Total Number of Passengers.	Total Number of Parcels.	Total Number of Live-stock.	Total Goods Tonnage.
1879–80 ...	755	1,867,305	2,473	76.44	*2,028,026	135,999	196,683	836,043
1885–86 ...	978	1,790,371	1,830	63.84	1,984,958	214,317	553,817	1,146,223
Increase ...	223	...	...	...	...	78,318	357,134	310,175
Decrease ...	...	77,034	643	12.60	43,068	...	...	...

* The statement of passengers given is somewhat in excess of the actual number carried, owing to the practice then prevailing of counting each Saturday and Sunday single ticket as two passengers, such tickets being available for return. The statement for 1885–86 gives the correct number of passengers carried.

Would you be able to carry as many passengers now as you would then?—No. With a greater mileage we could carry a larger number of passengers with more ease than you could now. I presume your business has fallen away somewhat.

874. The passenger-business appears to be a trifle less than it was; but there is some doubt about that, owing to the way in which the returns were prepared in 1879–80. Do you think, then, that we could, with our trains now, with the decreased train-mileage, and our trains doing so much more work than in 1879–80, carry three passengers for one?—Yes. That would make a difference; but I am satisfied that you could increase the number of fares enormously without increasing the number of trains, except, of course, the suburban trains.

875. Therefore it is necessary for passengers to travel long distances if you want to carry them without much increasing the expense?—I think so.

876. Regarding this way of looking at the average number of passengers carried, you will know that on a great number of occasions trains go one way empty. Taking excursion-traffic on race-days, many of the trains go out full, and return empty?—Yes, that is so.

877. And in collecting trains for excursions you are obliged to run empty carriages?—Yes—that is, in providing for races and regattas, &c.

878. Have you tried during your experience the effect of running excursions at such fares as Mr. Vaile proposes?—They would not let me.

879. Did you ever try to?—I think I have applied for authority, but was refused by the Audit Department. I have always believed in cheap excursions.

880. There has always been power under the Acts of 1876 and 1882 to run excursions?—So far as I can remember, it was the Audit Department that interfered.

881. At any rate, you have never run them?—I have never had the opportunity.

882. You have not had an opportunity of testing the results of running low fares in the colony?—Not here; but in England I have seen passengers carried four hundred miles for 5s., on the Great Northern. I have also seen low fares in India. I was on the East India Railway, and, speaking from memory, we ran five miles for an anna, equal to 1½d. That would be eighty miles for 2s. the fourth-class fare; and that paid well. We had a large traffic.

883. In that case did you pay the same rate of wages?—We paid very high wages to drivers, but less to maintenance-men.

884. What was the rate to maintenance-men?—About 6d. or 8d. a day. Then, you see, we carried two firemen to every engine, and they are a great deal better paid than they are here.

885. Do you think that, if we get two fares where we now get one, we should be able to do the work for the same money?—I think so.

886. And suppose we get four fares at 6d. for one we get now, should we be able to do it for the same money?—Yes.

887. And suppose we get eight at 3d.?—No; I would stop at four.

888. Why do you stop at four?—I estimate that we have accommodation to carry that number without increased cost.

889. You think we could carry that number with the present mileage and stock?—Yes; excepting always the suburban traffic. Of course it would not be possible to carry this large number over the short distances unless the services were extended. Speaking from what I have seen, the present suburban traffic averages about five miles—that is, the actual suburban traffic.

890. Then you do not consider the traffic between Port Chalmers and Dunedin as suburban traffic?—No; that is eight miles. Caversham and Ravensbourne, and places of that sort, I would consider suburban traffic.

891. Do those remarks apply to Lyttelton and Pitone?—They would apply to Lyttelton, of course.

892. Would you apply it to Onehunga?—I do not know about Onehunga.

893. You do not know the North Island railways?—No.

894. Would you think it a good plan to double Mr. Vaile's fares on holidays?—I have not thought about that.

895. You said just now that the principle of differential rating was bad: have you never advocated it before. I have been looking over the evidence you gave in former days?—Yes; I have under certain circumstances—on the Port Chalmers Railway. There was lighter-competition there, and when the provinces were abolished the Government said that the rates would not do. I was instructed to raise the rates, and the revenue fell off; although they were again lowered we never got the traffic back. The merchants said that they must keep the lighters, as, if they were removed, we might put on the rates again.

896. Have you not advocated differential rating as a principle? Have you not advocated that fares should be charged according to local circumstances; and your principle was to get traffic how you could?—Yes; I admit that was the principle on which I worked.

897. And have you altered the opinion which you expressed in former years?—I say that differential rating is a bad principle.

898. Did you ever say that when you were in charge?—I look at it now from a different point of view. No doubt, under certain circumstances I have advocated differential rating in the past; but it has always been to secure traffic or to throw out competition.

899. Would you not advocate it now if it would be of great local advantage?—I admit that the principle is not a good one; but if I had the thing in hand I might do it to get money.

900. I have drawn out a series of charges based on Mr. Vaile's memorandum to the Committee. For instance, from Gore to the Bluff is fifty-seven miles, and would be charged as seven stages; and from Gore to Dunedin is a hundred miles, and would be charged as only six stages: do not you consider that differential rating?—I should object to that if I were at the Bluff—it would ruin the port.

901. Would it not have the effect of sending the traffic to Dunedin?—Yes. I do not think Mr. Vaile means to do that.

902. I am merely asking you the question if you would object to that as a rule?—Yes. That would not do.

903. Outside a town of six thousand inhabitants there would be a certain number of ticket-stages, and also outside a town of four thousand. You will see that the interposition of these stages would interfere with traffic across them. From the north side of Timaru, for instance—why should you charge a man going to Washdyke Market from Fairlie Creek 1s., and 1s. 6d. for a less distance if he comes from the south of Timaru? and if a man came from the south of Oamaru to Washdyke Cattle-yard he would have to pay twice as much as if he came from the other direction for the same distance?—It would be so small a difference that it would not matter.

904. Then, taking goods-rates, would it be fair to charge a man those rates for cattle, for instance?—I can give no opinion on the goods-rates at all.

905. *Mr. Gore.*] I should like to ask you if Mr. Vaile's system was tried on all the railways, and found to be a failure, would it not result in a serious loss and a disorganization of the depart-

ment?—If I had my way I should try it first on one section—a section cut off from all the others. I would not try it on all the railways at first.

906. How long do you consider it would take to give it a fair trial?—A couple or three years. Of course, the object is the settlement of the country, and a man must be assured that the rates will not be increased. The present high rates are very hard on men who want work and cannot afford to look for it: they hang about the towns because they have not the means to go into the country.

908. Is it not a fact that many of them will not go to the country?—Yes; there may be some who will not go.

909. Is it not a fact that a great many men go from the country to Dunedin to get the unemployed wages?—I am not aware of that.

910. *The Chairman.*] You would not, then, recommend the adoption of the scheme throughout the whole country?—No. I would recommend it to be tried on an isolated section, such as the Auckland section.

911. You do not think it would receive a fair trial under three years?—I think it should have three years at least to watch the results properly. I am speaking of the passenger part of the system only.

912. *Mr. Hatch.*] You are aware that the goods-traffic yields about two-thirds of the whole revenue?—Is that so?

Present: The Chairman, Mr. Gore, Mr. Hatch, Mr. Macandrew, Mr. O'Connor, Mr. Walker, Mr. Whyte, and Hon. Mr. Richardson.

WEDNESDAY, 14TH JULY, 1886.

Mr. CONYERS further examined.

913. *Mr. O'Connor.*] Are you aware of the proportion of the short-distance traffic to that for long distances?—Yes; I have examined the table as printed in the evidence.

914. Have you also ascertained the proportion in the Home-country?—No; I have not.

915. How, then, can you compare the traffic or, as you call it, the number of removals in this country and the Home-country?—The Home tables do not distinguish between long- and short-distance traffic; they simply give the number of times the population is moved.

916. Do you think it is a safe basis to go upon, then? You compare the number of times that the population is moved in the Home-country to this country: Do you not consider that the suburban traffic bears the largest proportion in the removals at Home?—Yes.

917. And does it in this country?—In the tables submitted here the journeys over ten miles are double those under ten miles. I am quite sure that under the proposed low rates they would be four times as many.

918. Where do you think the increase of traffic would come from—would it come from extended suburban traffic?—I think it would induce the settlement of the country, and relieve the towns very considerably. Our towns are now over-populated in comparison to the country districts.

919. Are you aware whether there is land for settlement along the lines unappropriated?—Yes; I know that in Southland, at any rate, there is plenty of land.

920. Then you think that having very much cheaper fares would induce the settlement of the country by persons who would otherwise be crowding about the towns?—Yes; undoubtedly.

921. Do you think that the people could afford time to travel?—I think so. They would not travel every day, but perhaps only on market-days and Saturdays. If a man had business to do he would make time; it would pay him to do it. The people in the colonies also are naturally of a roving disposition.

922. The point I wished to get at is rather overlooked: I wanted to know if your comparison between the removals in the Home-country and this country is reliable, seeing that you have no data as to the distances of the removals in the Home-country?—My opinion is based a good deal on my experience; there are many opinions formed in that way, which cannot well be explained. I am thoroughly satisfied that, if these rates were adopted, the travelling would be enormously increased with the population we now have; and I think, further, it would tend to increase our population. I am sure it would do good in every way, independent of any comparison with the Home-country.

923. You think, then, that time would be no object?—It is not only the man who settles but his family who would travel.

924. I understand you to say that it would induce an extended area of settlement by persons earning their living in the towns?—Yes; and it would induce the settlement of people who would make their living from the land alone, without doing any work in towns.

925. You think it would encourage farming?—I think so; especially in a small way—market-gardening and so on.

926. *Hon. Mr. Richardson.*] Do you consider that the success of the proposal depends on Mr. Vaile's average working-out to what he expects?—Yes; I have based my calculations on the average entirely—first on the present average, and then on Mr. Vaile's average of 1s.

927. Have you had any opportunity of working out in detail the station-to-station traffic for the whole or any particular section of the lines?—No; I had not the means at my command.

928. Then I understand that you have based your calculations that the average would come out as Mr. Vaile has estimated?—I am satisfied that he is right—that he will get 1s average.

929. There is a return being prepared for this Committee showing exactly how these fares work out; and, supposing that it will show that it would require eight or nine times the number of long-distance journeys that are now travelled to bring the average up to 1s., do you consider that you can calculate on that number of additional fares?—I should not be surprised that there would be that increase, considering the facilities offered—you would get four or five times the number, certainly.

930. What would the people be travelling for?—You never know what people are travelling for. Take, for instance, the coasting steamers, they are always crowded.

931. With regard to the goods traffic you do not think that the system would apply?—I do not care to express an opinion as to the goods traffic.

932. How do you arrive at the conclusion that under Mr. Vaile's system the average fare would not sink below 1s.?—By taking the present average, and estimating the increased number of passengers which might be expected for the longer distances—for over ten miles—than there are now.

933. How have you arrived at it, when you do not know the number of passengers carried from station to station?—We know how many passengers are carried now, and I compare what we do here with what is done in other countries—America, England, and India; I see what cheap rates do there. I am satisfied that these low fares would lead to increased travelling. I hear a good deal of complaints in the district where I live about the passenger-fares. Of course I should oppose any excursion-fares under the new system; in fact, I should rather be inclined to raise the fares than lower them on holidays.

934. In Sydney the tram-fare to Randwick is on ordinary days 3d., but on race-days it is 1s?—Yes; and they cannot carry the number of people they get at that price.

935. *Mr. Whyte.*] Do you think that any system of low fare would have the same effect as the stage system?—I approve of the stage system.

936. *Mr. Macandrew.*] Would the adoption of Mr. Vaile's system simplify or render more complicated the station accounts?—It would tend to simplify them, but not to any great extent—it would reduce the number of rates: the stations within the stage would have the same rates, now each one has its own—if anything, it would tend to a reduction in the clerical work.

937. *Hon. Mr. Richardson.*] Supposing that the stage system were adopted for passengers and the mileage system retained for goods—do you not think that would complicate matters?—I do not think so—each station would be provided with a diagram for passengers. At present the passenger- and goods-rates are worked quite distinctly.

938. How would you deal with parcels-rates under this system—they give a very large revenue to the railways now?—The parcels are part of the coaching-traffic, and must go in stages, as the passengers do. I think Mr. Vaile's proposed rates are somewhat too low; but still, I would reduce them, because parcels bring an immense revenue when properly handled.

939. *Mr. Whyte.*] As regards the settlement of the country, does not the goods-freight effect that to a greater extent than the passenger-fares?—Yes; but we are not considering the freight on goods now. No doubt the freight on exports is a very important point, and I should feel inclined to reduce that as low as possible.

940. I suppose you are aware that nine-tenths of the discontent is owing to the goods-rates?—I am not aware of that. I think if we could induce people to travel it would help to settle the matter.

941. *Hon. Mr. Richardson.*] In saying just now that parcels would have to be carried on the stage system, you did not seem to think there would be any confusion between the parcels-rates and the minimum goods-rates—you know that the parcels-rates work up very close to the minimum goods-rates?—I was speaking of parcels proper—that we treat as coaching business; light goods would have to be treated as goods business.

942. *Mr. Hatch.*] You have said that you consider yourself an expert in railway matters—do I understand that includes the three heads of traffic, permanent-way, and the locomotive department?—Yes; by training I am a locomotive engineer—in fact I have never been off that since my boyhood; in permanent-way I have had seventeen years' experience here and two in India—that is, in the construction and maintenance of permanent-way.

943. Where have you gained your experience of traffic-management?—In New Zealand. I have filled every position on the railways in the early days. I had to, because I had no one else to do the work—the business was small, but I think I managed it successfully.

944. Do you think, then, that this system would meet the complaints, and give satisfaction in the future?—It will give greater satisfaction to the public, undoubtedly.

945. And increase the revenue too?—I think so.

946. Have you made yourself acquainted with the fares suggested, say, between Auckland and Te Awamutu?—I have not dealt with distances; I know what the stages are, and the rate per stage.

947. From Auckland to Te Awamutu is a hundred miles, and the fare would be 3s.—could you run at that price?—Yes, on the average; you must fall back on the average.

948. Is the system now at work the system you initiated on the New Zealand lines?—Yes; there is very little difference.

949. Did it never occur to you during your seventeen years' experience that the system was wrong?—No, it never did.

950. How long is it since you heard of Mr. Vaile's system?—About two years.

951. Have you worked it out during that time, or since you signed that certificate?—I have been working at it ever since I saw it.

952. You are satisfied that you were wrong for seventeen years?—It would not have struck me unless I had seen the average as brought out by Mr. Vaile. I then felt that something could be done.

953. You stated that if you got four passengers at the long distance for one now that you would get the average Mr. Vaile expects?—The present average is 1s. 11½d. I feel sure that Mr. Vaile's average would not sink below 1s., so that if we get three passengers for one we get now we have more than the average.

954. That will not give you the 1s. average. You would require at least seven passengers on these long stages to make up the present average, instead of four?—You mean the average for the long stage. You are not looking at it properly.

955. You will admit that it takes a large number of people now to make up the present average on long stages?—Yes; which clearly shows that the bulk of the traffic is suburban.

956. Then, if you admit that the bulk of the traffic is suburban, how will you get the average over 6d.?—Because we would induce longer journeys to be taken.

957. You have complained that the train you travelled by to Dunedin had only one passenger, and you stated since that it would be on Saturdays and market-days that people would still chiefly travel?—That is for the settler himself. Of course his journeys would be mainly on market-days; but I think his family would travel on other days.

958. Do you think that, with these low fares, the railways should still be saddled with any loss occasioned by accident?—No; I do not think so. I hold that every one should insure, as you do against fire.

959. Did you initiate that during your term of office?—Yes; I think we did provide for insurance.

Mr. Maxwell: There is a clause relating to insurance of goods, but no general system of insurance. All passengers were carried subject to the law of carriers.

Mr. Conyers: The public, knowing that we worked under the law of carriers, never did insure. If they knew that they must insure or get nothing, of course they would.

960. *Mr. Hatch.*] You would consider it necessary, in connection with the system, to relieve the Government of the responsibility?—Yes, I would have the insurance clause.

961. *Mr. O'Connor.*] In the case of a line such as is now proposed to be constructed between Canterbury and Westland—over a large portion of country that is not settled—would you carry passengers at the same low fares?—I could not give any opinion about that line.

962. According to Mr. Vaile's stages the fare would be about 3s.?—I do not think it would pay.

963. Can you settle the country by cheap fares whether the proprietors are willing to sell, or to settle their land?—They are always willing to settle it. My experience is that you can always buy land at a fair price.

964. You are aware that on the introduction of railways into this country, or into any other country, the cost of travelling has been greatly reduced. Has settlement followed the reduction of the cost of travelling in this country?—I think it has, to a great extent.

965. Can you point to any large settlements consequent on the introduction of railways?—Yes, in Canterbury, all along the line of railway.

966. But there was settlement there before the railway was made?—The country was occupied by sheep-runs; but I do not call a sheep-run a farm. It is now held by farmers, growing stock, and grain, and root crops.

967. Do you say, then, of your own knowledge that since the introduction of railways the lands have been subdivided and disposed of for agricultural purposes?—Undoubtedly. There was very little settlement there previously.

968. How is it, then, that people are going back to pasture now, notwithstanding the railway?—Lately, frozen sheep have been paying very well, and grain has been very low; but that is a question of farming.

969. You have answered, I think, that the system would not apply to a tract of country like that on the West Coast Railway?—That is an exceptional line.

970. *The Chairman.*] Take the same distance on the Auckland line?—If the country is suitable for settlement, I do not object to it at all.

971. But supposing it is not suitable for settlement?—I suppose, if the system was introduced, we should have to treat all places alike; but it would not pay. It would, in the case of the West Coast Railway, help the West Coast very much—you would get a thousand visitors there for one you have now; and it would help to open the mines also.

972. *Hon. Mr. Richardson.*] Did I understand you to say that during your seventeen years' experience it never struck you to ascertain the amount of the average fare?—Never; and I have heard several old railway-men express great surprise at it, and say that it never struck them to do so.

973. You have heard railway-men wonder at the average?—Yes; some of your own officers have expressed great surprise at it.

974. You are aware that there are works published that give the average fares. Mulhall's work, for instance, gives the average for all countries?—I have never seen ours brought out before.

975. *Mr. Whyte.*] Taking the Rotorua Railway as a fair example, it goes for 180 miles through fairly suitable country for settlement up to about the last twenty miles; but there is little likelihood of a town of two thousand people being established on the route for some years; so the fare would be 2s. 4d. second-class: do you think that fare could be charged for this distance, and still keep up the average?—Yes, taking the whole of the country. And that low fare would induce people to go and look at the country and settle there. That is what the low fare is really for.

976. *Mr. Vaile.*] If my contention is right, that we get three fares for one, at an average of 1s., would it not give us some £200,000 extra revenue, which we could apply to the reduction of freights on goods if we thought proper?—Yes. I understand that is your intention with regard to goods—the profit you make on the passenger-traffic you would apply to reducing the rates on goods.

977. And if we could apply £200,000 to the reduction of freight on goods, would not that tend to largely increase the traffic?—Yes. And, further, if you induce settlement, that itself brings goods-traffic to the lines; because the more people you settle the greater is the production.

978. With reference to the question asked you about carrying passengers for a hundred miles at a through-fare of 2s. 6d., remember that the Government moves a ton of passengers for 2½d., covering all expenses; so that on the through-fare you can carry passengers a hundred miles for 2s. 6d., and make a large profit by the transaction?—Yes, if your trains are full you could.

979. We find by the return on page 3 that the number of passengers not exceeding five miles

is 399,459 out of a total number of 1,946,097. That represents the bulk of the suburban traffic. Over five miles you get near to the seven-mile stage, which clearly establishes the fact that by far the largest proportion must pass the first stage; and consequently my fare cannot sink so low as has been stated?—No; it cannot sink below 1s.

980. I wish to say, with reference to the West Coast Railway, that I never proposed that fare of 3s. I know nothing about the stages, and am not responsible for that statement at all. Referring again to the table: it includes the passengers up to three miles, five miles, ten miles, and so on. Now, all that traffic is not suburban traffic. I mean, that it includes all the roadside or station-to-station traffic?—Yes, it does.

981. Can you give any idea as to how much that traffic would be?—I could not say.

982. The Hurunui-Bluff section is about a thousand miles. On a thousand miles of railway there must be a large quantity of short-distance fares which are not suburban fares, and do not come under the suburban tariff?—That is so.

983. In working out this question these passengers have been included in the suburban tariff; in working the scheme they would come as one, or perhaps two stages?—They are not suburban traffic.

984. It has been stated that for the three-mile distance the present fares are cheaper than mine, and also that over three miles and under five there is practically no difference. Now, my fares, as compared with the present, for the five-mile distance would give a reduction of 8d. and 5d.; the seven-mile fare would give a reduction of 1s. and 8d.; and the ten-mile fare would give a reduction of 1s. 1d. and 9d.?—Yes, that is right.

985. You agree with me that it would be a good plan to apply the insurance system to the railways, and relieve the Government of its responsibility?—I do—exactly as it is applied to ships carrying cargoes to sea.

986. It has been stated in evidence that in fixing the present rates and fares allowance has been made for this question of insurance?—That is so.

987. My object in doing away with insurance is not from any assumption that the system will not pay, but because I consider it is better policy to bring down the charges as low as we possibly can, and in consideration we should relieve the Government of their responsibility as carriers?—Yes, I think that is right. Let the Government be relieved of their responsibility. The moneys which would be realized from insurance—the pennies collected—would more than meet the claims made.

988. *Hon. Mr. Richardson.*] Do I understand you to say that every passenger is to pay an extra penny?—Not unless they think fit; but I should let them know that if they did not they would get nothing in case of accident.

989. *Mr. Whyte.*] I understand you to say that you do not approve of differential rating?—I do not as a principle.

990. In other words, you would not consider competition or the varying nature of different parts of our railways?—Well, that is dealing with goods again. I would say in reference to goods-rates that your railways were built to open up the country, and the rates should be so as to defy competition.

991. *Mr. Walker.*] Therefore you say that you do not consider differential rating in this scheme at all?—No; but if the railways were held by a company and I was manager, I would go in for everything to make money.

992. *Hon. Mr. Richardson.*] Do you not consider it a differential rate to take a man over the same line at 6d. for either seven miles or fifty miles?—It is a class of differential rating, no doubt. Railway-men would call it so.

993. *Mr. Whyte.*] Then you have expressed an opinion that, if you were running a private railway, you would have differential rating?—My instructions would be to make money, and I should adopt differential rating to do so.

994. Then you must admit that differential rating is the way to make money?—Yes; but our railways were not built for that purpose.

995. *Mr. Vaile.*] When I spoke just now about applying the insurance department to the railways here, of course I did not propose it on account of the reduction in fares. My main object is to get as much profit as possible; but there is no more need for it under one system than another?—That is so.

Mr. T. D. EDMONDS examined.

996. *The Chairman.*] What is your position now?—I am secretary of the Mutual Life Assurance Society of Victoria in Auckland.

997. Have you had any experience in railway-management?—Fourteen years—nine years in this colony and four and a half years at Home.

998. In what position were you employed?—I started on the Great Western line as goods clerk, was eighteen months in the goods office and three years in a traffic-manager's office. I came to the colony in 1875, and started as audit clerk; afterwards I held the positions of accountant and cashier, chief clerk of the Christchurch and Dunedin sections, and was latterly three years chief clerk to the Superintendent at Dunedin, Mr. Hannay.

999. Will you give the Committee your opinion of Mr. Vaile's scheme?—My idea is this: that the introduction of Mr. Vaile's system will lead to an increase in the passenger-traffic of at least 200 per cent.—that is, three passengers for one that is carried now; that the average fare will not sink below 1s.; and that the expenses will not be increased to any great extent. Those are the principal points; and if we get three passengers for one, and the average fare does not sink below 1s., it means increasing the present revenue by £200,000.

1000. Have you considered the question of goods at all?—No, I have not gone particularly into that; my time has been devoted principally to the question of passenger-fares. If you get passengers the goods will follow.

1001. How did you arrive at the conclusion that the average fare would not sink below 1s.?—The present average fare is 2s., and the average mileage is thirteen miles. I think it is only reasonable to suppose that by the introduction of the low fares proposed by Mr. Vaile the mileage will be increased to sixteen miles. Mr. Vaile's fares for that distance are 1s. and 1s. 6d. I assume that we shall get as many first-class fares as second, because the difference is so small that many people who now travel second-class will, under the new system, go first. Divide 2s. 6d. by two, and you get 1s. 3d. as the average; but we shall be quite content to take 1s.

1002. Do you recognize the importance of the goods-traffic in considering a scheme of this sort?—I recognize the importance of the goods-traffic undoubtedly; but I do not see why, if the passenger-fares were introduced, that would interfere with the goods: in fact, I think it would increase the goods-traffic. If you get three times the number of passengers it follows that there would be a large increase in the parcels- and goods-traffic.

1003. Would you apply the same system to the carriage of goods?—I have not gone into that—there is nothing tangible to work on. The carriage of goods depends upon the value and other circumstances.

1004. *Mr. Vaile.*] With reference to goods, I have never submitted, either to you, or to Mr. Moody, or Mr. Conyers, any scheme about goods; and you will remember that I told you that it was for the reason that I had no data on which a correct estimate could be made of the rates for goods?—Yes, that is so.

1005. Do you remember that I stated to you that the intention was to apply the profit from the passenger-traffic to the reduction of goods-rates; and by that means we should be enabled to reduce them very largely?—Yes, that is so.

1006. You and I and Mr. Moody have had many conferences about the scheme, and the opinions that we have arrived at and expressed have not been hastily formed?—Yes; we were something like three months at it. In fact, I opposed you very strongly in the first instance.

1007. Do you think, from the study you have given the question, that the system I propose will help very largely in settling the country?—I do: I am quite clear on that point.

1008. Would it not have the effect of preventing the depopulation of the country towns and districts?—Yes; it would prevent people massing in the large towns.

1009. It is a pretty well-established fact that settlement does not increase at all in the same proportion in the country as it does in the towns. Do you think that the proposed system would tend to mitigate that evil?—I do.

1010. An attempt has been made to show that the country would be injured by my proposals. You know something about the Waikato people: can you tell us what their idea is?—I do not know much about the Waikato; but, judging from the enthusiasm they display about it, I should say they are quite willing to have the change.

1011. As a traffic-manager, do you see any difficulty in working the proposed system?—I have not gone into details; but, generally, I do not see any difficulty.

1012. On the Auckland main line there are 1,156 stations—that is to say, changes. If there is no need for station rate-books for those stations, can there possibly be any need for station rate-books under the new system for thirty-six changes?—No, I do not think so.

1013. Do you consider the proposed plan is simpler than the one now in use?—Well, I think the systems would be much the same. There would be less booking, perhaps—less clerical work; but I do not think it would affect the expenses very much.

1014. Would the public not understand it better?—I do not know. I do not think there is much in that point.

1015. Anyhow the public would be pleased with the change?—Undoubtedly they would.

1016. A statement has been made that the average fare for half the people travelling on the railways now under my system would not be more than 5d: do you think that is possible?—No, I cannot see that. I do not think it is possible.

1017. It has, again, been stated that the present average fare for ten miles is 9d.?—I think it is 1s. 6d.: it cannot be 9d.

1018. In this table in the evidence it is shown that on the Hurunui-Bluff line 1,162,875 people were carried distances of ten miles and under: does that total not include all the station-to-station traffic all along the line?—Yes.

1019. Then these figures for five miles and under do not represent the true amount of the suburban traffic?—No; a large number of journeys under ten miles, of course, may be local traffic.

1020. Can you give any idea of what that would be?—No; but it would be a very considerable amount, speaking from what I know of the Hurunui-Bluff section.

1021. Then all these fares which are taken for distances up to ten miles would be largely affected by the reductions I propose to make?—Yes; that is clearly so.

1022. As we have seen, the proportion of second-class fares to first is at present as 3½ to 1: do you not think that under the proposed system that position is likely to be reversed, or, at least, that we should get 1 for 1?—Yes.

1023. For the year 1884-85 Return No. 5 shows that there were 1,709,442 return-fares issued—that means that only 854,721 return-tickets were sold; and 1,523,444 single tickets were issued: in other words, out of every three people who presented themselves for tickets two were applicants for single tickets and only one for return-tickets. I want to be particular about this, because the department has stated that the number of single tickets issued is so small that my reductions cannot be influenced by them?—I should say your single ticket would affect it very much.

The Chairman: Mr. Vaile, will you say where that statement appears?

Mr. Vaile: It appears in the evidence, in a conversation between the Minister and myself, between paragraphs 453 and 454, and also in questions and answers 152, 158, 168, 211, 450, 452, 335, 491A, and in paragraph 17 of Mr. Maxwell's written report. In all these places it is either

stated directly or implied; so that it is important that we should establish that the proportion of single to return tickets is as 2 to 1.

1024. *Mr. Vaile* (to witness).] Bearing in mind that we get two single fares for one return-ticket sold, are we not absolutely safe in considering that under my system the average fare will not sink below 1s.?—Yes, I think so.

1025. Do you think the inducements offered are sufficient to insure three fares being taken where one is taken now?—I think so.

1026. And you would expect a very large proportion of that increase would be for distances over five miles?—Over ten miles.

1027. Would you not expect it between five and ten miles?—Yes; but the greater proportion would be over ten miles.

1028. That would give us a very large profit to the revenue, would it not?—Yes.

1029. Would there be any increased cost in carrying this increase of passengers?—Yes. You might have to run extra carriages and trains on the suburban lines.

1030. But, taking the whole traffic, do you not think we could carry three passengers where we now get one, without any appreciable increase of cost? Are our carriages one-third full now?—No; I do not think they are.

1031. How long do you think it would take you to put this system in force?—About three months.

1032. All through the lines?—Yes.

1033. If these cheap fares were introduced, would it not largely induce travelling in the families of season-ticket holders?—Yes, I think it would.

1034. That would, of course, influence the travelling on suburban lines?—Yes.

1035. From three miles up to ten?—From three miles up to five. There are not many season-tickets issued for over five miles.

1036. *Mr. Maxwell* has stated that my average fare for ten miles and under would be only 4½d.: is such a result possible?—I should say not.

1037. It has been stated in evidence that if we had sufficient passengers to separate our goods from our passenger-traffic it would be a greater expense to do so: is that correct?—If you had sufficient passengers it would pay you to do so; but I think it will be some time before they can be separated in New Zealand.

1038. Under my system is there any difference in the charge going to and coming from the ports?—I should say not.

1039. I suppose you are aware that we could carry three or four times the long-distance fares without any increase of cost?—Yes.

1040. Can you tell me if it is a fact that the express-trains between Christchurch and Invercargill, going in both directions, are almost always full?—They are pretty full in starting from and arriving at the large towns; not through the whole journey.

1041. Am I right in this: My idea of differential rating is this: that it gives to the controllers of the railways the power to alter the rates as they think best for the purpose of raising revenue?—The maximum rates at Home are governed by the company's parliamentary tolls.

1042. But, as a matter of fact, they exceed the tolls?—Yes—by putting on terminals.

1043. Does not differential rating confer that power on the controllers of the railways?—Yes; that is so.

1044. If they want to bring a certain traffic to the lines they raise or reduce the rate accordingly?—Yes.

1045. Under the system I propose there is no such power as that?—I have not gone into the goods-rates.

1046. But would you consider a system that did not confer that power on the controllers of the railway a differential-rating system?—No.

1047. Supposing, under the present system, a man starts a brick-yard, and you give him a differential rate, is it not usual to stipulate that he is to furnish a certain tonnage of freight during the year?—I do not think so.

1048. Is there not some stipulation?—The rule is that full wagon-loads must be furnished.

1049. How many trucks are stipulated for at a time?—I do not think we stipulated for a certain number of trucks.

1050. *Mr. Maxwell*.] In the capacities in which you served you have been almost exclusively in the Traffic Manager's office, with Mr. Grant, Mr. Back, and subsequently with Mr. Hannay?—Yes; but previous to that I was in the Audit—that is to say, the Traffic Audit.

1051. You have had no experience of the work in a general manager's office?—Yes; I have been in a traffic-manager's office at Home. We had to deal with passengers, goods, and parcels.

1052. But you had no knowledge of the general control? You know that two-thirds of the expenditure is under the heads of locomotive and maintenance: you had no experience in this department?—No; but I was in the traffic-manager's office, and, in a sense, he controls the expenditure of both the locomotive and maintenance departments.

1053. He has no supervision over it?—No.

1054. You had experience with Mr. Hannay for three years?—Yes.

1055. Your work was entirely indoor work there?—Yes.

1056. You left in October, 1883?—Yes. In Christchurch and Dunedin my work was out of doors.

1057. Do you consider that Lyttelton comes within the range of suburban traffic?—Yes.

1058. Would you say that Port Chalmers did?—Yes.

1059. And Mosgiel?—Perhaps it would.

1060. The suburban train-services all go to these places?—Yes.

1061. Have you any idea what proportion of the suburban traffic around Christchurch travels exclusively between Lyttelton and Christchurch?—I suppose about half?

Mr. Maxwell: It is 75 per cent.

1062. *Mr. Maxwell.]* I think you said that the number of fares under Mr. Vaile's system, you expected, would be three to one under the present system?—Yes.

1063. And that the increase would be for long distances?—Yes; and between five and ten miles. Your season-tickets provide for about up to five miles. I do not think there are many issued for over that distance. I think there would be a larger increase from ten to twenty-five miles than in the long distances.

Mr. Maxwell: There are about four thousand season-tickets up to five miles and about two thousand seven hundred over five miles for Hurunui-Bluff.

1064. *Mr. Maxwell.]* Do you think if these fares were introduced a much larger number of people would travel on Saturdays and holidays?—No, I do not. I think that traffic would be distributed throughout the week. When you run excursions now you run them on certain days: with the proposed cheap fares people would go on the days that suited them best.

1065. How do you explain that the average fare will not sink below 1s.?—Mr. Vaile's first stage is seven miles, and the fares are 4d. and 6d.; the second-stage fares are 8d. and 1s.; the third stage, 1s. and 1s. 6d. Then, we assume that passengers, instead of travelling an average distance of thirteen miles, will be induced by the cheap rates to increase the average to sixteen miles, which will bring it to the fare for three stages, 1s. 6d. and 1s. Assuming that you get as many first-class as second-class fares, you have 2s. 6d. divided by two. That is the way we arrive at it.

1067. How would that work out on a line like the Greymouth line, which is only seven miles?—That is a very insignificant line. I should call it a coal-line.

1068. The passenger-traffic is worth over £3,000?—That is not much as compared with the whole system. The miners, no doubt, would travel more frequently.

1069. Do you know anything of the Whangarei line or the Picton line?—No, I do not.

1070. *Mr. Whyte.]* Do you consider this system of stages, as shown in any of these diagrams, is differential rating?—Of course it is. The object of the scheme is the settlement of the country.

1071. But is it differential rating?—Certainly it is, so far as a man travelling a long distance is charged the same fare as a man travelling a short distance; but it treats all districts alike.

1072. *The Chairman.]* Mr. Vaile proposes to abolish differential rating by the introduction of his system: would you consider that differential rating?—Yes, I would.

1073. *Mr. Hatch.]* You say that the average mileage would be increased to sixteen miles: do you expect that the system will actually transfer the present passengers to a longer distance into the country, so as to maintain the new average?—No; I think your long-distance fares would increase the average. You would get more passengers between the large towns—from centre to centre.

1074. I think you said the system of excursion-fares has been a great success: have they been cheap enough to give people an opportunity of travelling?—Yes; but only at a certain time.

1075. Seeing that the fares for long distances are so low—only 3s. from Auckland to Te Awa-mutu—do you notice that it will take seven passengers, instead of four, as you suggest, to make up the average?—Yes; but you will also get a considerable increase in the distances from ten to twenty-five miles.

1076. You said in reply to Mr. Vaile that the rates were the same going to as coming from a port?—Yes. He wanted to know if the fare was the same for the up as the down journey to port.

1077. *Mr. Maxwell.]* Do you see any reason why a man should be charged 3s. or 4s. from Pukekohe to Waitakerei, both being country places, and only 6d. from Pukekohe to Ngaruawahia, about the same distance?—It is because he passes several stages.

1078. But do you see any reason for charging him more?—There is no reason except to promote the settlement of the country.

1079. Do you think that would assist the settlement of the country?—I think it would assist settlement in the other direction—from Pukekohe to Ngaruawahia.

1080. But you can see no reason for such a difference?—I think on national railways it is quite right.

1081. It is quite right to charge three or four times as much from Pukekohe to Waitakerei as from Pukekohe to Ngaruawahia?—I think that, as the fares between both places would be a very great reduction on the present charges, the people interested would welcome the change.

1082. Do you consider this a railway scheme or a land scheme?—I think it is both: it will settle the country, and will also be a financial success.

1083. Admitting that it is both, and that you get the country settled, you will have to keep making fresh stages, and so raise the fares: will that satisfy the people?—I believe Mr. Vaile's object is gradually to fill up the stages until he can make a uniform rate all over the New Zealand railways.

Present: The Chairman, Mr. Hatch, Mr. Macandrew, Mr. Walker, Mr. Whyte, and Hon. Mr. Richardson.

THURSDAY, 15TH JULY, 1886.

Mr. T. D. EDMONDS further examined.

1084. *Mr. Hatch.]* Do you say that you were brought up from the first in the railway business?—Yes—from the time I left school.

1085. In suggesting the adoption of this scheme, do you ignore the necessity of uniformity in rates, distances, and fares chargeable on all railways?—Yes, undoubtedly.

1086. Does not a man who travels one hundred and fifty miles generally consider himself entitled to pay more than the man who only travels fifty miles?—The man who goes fifty miles can also go one hundred and fifty miles if he likes. Every one can avail himself of the same privilege.

1087. Considering the cost of construction, is it not reasonable he should pay more?—I understand this system is to promote the settlement of the country.

1088. Does not the length of the line over which a person travels necessitate expenditure in wear and tear, and maintenance of the line, and therefore necessitate increased contribution to the expenditure—that is, it costs more to carry a man fifty miles than it does to carry him seven; therefore, should he not pay more?—You overlook the fact that in that fifty miles there may be ten or twelve stations; and, if a man travels three miles, he pays the same fare as for fifty.

1089. Under these cheap fares would you not get a rush in the first instance?—I dare say there would be a rush at first.

1090. And then there would be a reaction?—No; I think it would continue steadily afterwards.

1091. What class of people would continue steadily?—People who are settled in various parts of the country.

1092. Is it not a fact that a large proportion of the travelling public are engaged in commercial business?—Yes.

1093. Would the community at large derive any benefit from the fact of these people travelling cheaper?—No, I should say not.

1094. Then, if the railway suffered in revenue, would not the community as a whole have to pay other taxation to make up the loss?—I should say there would not be any loss.

1095. Is ours a working population?—It is.

1096. And, being a working population, people have no extra time to travel about?—They could travel occasionally.

1097. Do you believe in classification of goods at all?—Yes, I do.

1098. You would not carry a ton of salt for the same rate as a ton of drapery?—There is no comparison between salt and drapery.

1099. You wish to remove the population from the towns?—No; I wish to settle people in the country. The people would come from the towns, no doubt.

1100. Then, you would ignore the vested interests and large amounts of money spent in organizing towns?—I think the towns are overpopulated now. We have seen the effect of that in the distress alluded to in the Auckland telegrams during the last few days.

1101. *The Chairman.*] Do you think the adoption of Mr. Vaile's system would affect what you refer to in Auckland?—Yes: I believe people in the country now cannot get a living, and flock into the towns. People would go into the country if they got land cheap, and if they got cheaper conveyance for themselves and their produce.

1102. Do you think there is too much management on the railways now?—No, I do not think so.

1103. Is there not opportunity for reducing expenditure in the way of high salaries?—No, I think not.

1104. *Hon. Mr. Richardson.*] I was in Auckland in January of this year. Had you gone into the details of this scheme of Mr. Vaile's before that time?—Yes.

1105. *Mr. Whyte.*] In arriving at your opinion that the average fare would not sink below 1s., had you considered that, roughly speaking, £4 out of every £5 of the railway-passenger revenue received is derived from distances over ten miles?—I did not know that before; but, at the same time, I do not think that will affect the financial result. By the reduction of fares we estimate three people will travel for one that travels now, and the average will not sink below 1s.

1106. You may add greatly to the gross number of journeys, and yet you may not get an average of 1s.?—The return published shows that out of 1,946,097 passengers, 1,546,638 go over the second stage, or that the bulk of the passengers will average 10d.: all we have to do is to carry a very small proportion of the remainder over the second or third stages.

1107. Following that out, the present average fare is 2s.; so that there must be something wrong?—The return shows the average fare for over ten miles is 4s. 6d.—that would mean a distance of about twenty-seven miles; so that long-distance fares are confined to a distance of twenty-seven miles.

Mr. Whyte: I merely wanted to know whether, after considering the table, you were of the same opinion as you were yesterday, before you considered it.

1108. *Mr. Vaile.*] A reference has been made to long-distance stages: can you say from your experience if the portions of the lines which run through thinly-populated districts pay under the present system?—I could not say: there are no statistics to show that.

1109. With reference to this table that has been put in the evidence, am I in any way concerned to reconcile these figures with what I state?—I do not think so.

Mr. R. W. MOODY examined.

1110. *The Chairman.*] I understand you are a civil engineer by profession, Mr. Moody?—Yes, I know something about it.

1111. Have you had any experience in the management of railways?—Yes; I was employed on the English railways for eighteen years. That was twenty-seven years ago.

1112. Have you had any experience since you arrived in this colony?—No.

1113. Or in the Australian Colonies?—We had a private railway in New South Wales, about ten miles long, on which there were three locomotives and a number of wagons employed in the coal-traffic; and sometimes a passenger-train was run: of all of which I had the general management.

1114. Are you acquainted with the scheme propounded by Mr. Vaile?—Yes; it has been explained to me.

1115. Are you thoroughly conversant with it?—I have not gone into figures much myself about it, but it has been explained to me several times by Mr. Vaile.

1116. Will you kindly give the Committee your opinion as to the practicability of carrying it out. Do you think, by its adoption better financial results will be obtained?—I am satisfied that not only will it lead to the settlement of the land, but it must also result in increasing the traffic, and as a consequence increase the revenue, if properly carried out.

1117. Even with these low fares?—Yes.

1118. *Mr. Vaile.*] The question of the success of this scheme, of course, hinges mainly on the question of the average fare. Now, remembering that at the present time the average travelling on the New Zealand railways is thirteen miles, and considering the large inducements which are proposed to be offered under this system, is it not reasonable to expect that the average distance would be extended to, at any rate, twenty miles?—Yes: I believe it would be more.

1119. If it was extended to twenty miles, seeing that that brings us past the second stage, and that the average fare for that stage will not be less than 10d., are we not safe in assuming that the average fare under the proposed system will not sink below 1s.?—I believe it will be more—I made it out to be 1s. 3d.

1120. But we are quite safe in taking it at 1s.?—Yes.

1121. Considering the inducement offered, do you think we are quite safe in calculating on getting three passengers for one we get now?—I believe so. I have no doubt about it, from the experience I have had in cheap fares on the English railways.

1122. Do you see, from your knowledge of railway-traffic, any difficulty in applying this system to the New Zealand railways?—Not the least.

1123. Do you see that under this system there is any more need for station rate-books than under the present system?—I do not think so. I think that a sheet or one of the diagrams, with the distances and fares marked upon it, would be quite sufficient for the stationmasters to work upon.

1124. Do you think that, considering the present traffic, it would cost more to carry three fares under the proposed system than one under the present?—I cannot see that it would, because the carriages now are very often nearly empty.

1125. Do you think that the system proposed would help to settle the country?—Yes, most assuredly.

1126. You have no doubt about that?—Not the slightest.

1127. Do you think that the plan I propose would be more simple in working than the present plan?—I dare say it might appear a little difficult at first, but in the course of a little time I think it would be as simple as the present plan.

1128. *Mr. Maxwell.*] You said, I think, that it was twenty-seven years since you were in England?—No: it is twenty-three years since I left England.

1129. What railways were you engaged upon in England?—I commenced my railway career on the South-Western, under Brassey and Locke.

1130. In what capacity?—I first commenced as inspector of permanent-way, and afterwards was four years under Brassey, in charge of carrying out the construction of the line.

1131. Is that all the railway experience you had in England?—No: I was seven years on the North-Eastern line as stationmaster, and seven years on the Great Northern, travelling backwards and forwards in the goods and mineral traffic.

1132. What was your official position?—I was called mineral surveyor. I was also a good deal of time in the rate department, travelling about the lines.

1133. Where were you stationmaster?—At Morpeth, about eleven miles north of Newcastle.

1134. You have not considered the goods question at all?—No.

1135. You said just now that the average fare would not fall below 1s. 3d.: what calculations have you made to arrive at that?—The present average travelled is thirteen miles; and we find that the present average fare is 2s. I believe, under Mr. Vaile's scheme, according to the calculations, the average will not be less than 1s. 3d.

1136. What were the calculations?—We calculated that the cheaper fares would produce three fares for one we get now.

1137. That does not explain how you get the average to 1s. 3d. What is the calculation to arrive at that?—I do not understand what you mean.

1138. You said you expected to get at least three fares for one now?—Yes.

1139. Where do you expect to get these?—On the whole of the lines.

1140. Including the suburban traffic?—Including everything, more especially in the intermediate traffic.

1141. Do you consider that you can carry three as cheaply as you can carry one?—I do not say as cheaply; but I think if there were three times the number of passengers put into the trains there is plenty of room for them. I think an extra carriage or two will not make any difference to a locomotive engine.

1142. Where have you travelled on the lines lately?—I have travelled on the Waikato line, and down South.

1143. How long is it since you travelled in the South?—I think it is about three years since.

1144. You have not been down there for three years?—No.

1145. Did you very often travel from Christchurch to the Bluff?—No; I have never travelled there at all.

1146. Do you know anything about the South Island lines?—Only the Springfield Branch.

1147. Do you know the North Island lines?—I have never been up to Helensville. I have been up the Waikato line, to Hamilton and Cambridge.

1148. Have you been there very often?—Not very often. I may have been fifty times altogether, I suppose.

1149. During the last three years?—I have not travelled much during the last three years.

1150. You say that Mr. Vaile's system of rates and fares would be as simple as the present plan?—I think so.

1151. Do you know anything of the working of the present plan?—I expect it is something the same as there is in England.

1152. But have you any knowledge of the present working here?—Well, I said that I had not been officially in connection with the New Zealand railways.

1153. Then you have no knowledge?—Not more than I have seen at the stations.

1154. *Mr. Walker.*] You mentioned the Springfield line: are you acquainted with that?—Yes.

1155. Are you in a position to judge of the average amount of traffic on that line?—You mean the passenger-traffic? I have travelled on that line very often, and have often had a first-class carriage to myself, and have seen in some trains very few second-class passengers.

1156. Do you know if the fares on that branch were higher than on the main line?—I do not know that.

1157. If the fares were cheaper, do you think more would travel on that line?—I believe so.

1158. Do you know of people staying at home because they could not afford to travel?—Yes: I had charge of a good many workmen, and their excuse was that they could not afford to travel, as the fares were excessive.

1159. You are persuaded that traffic would be greatly increased if the fares were reduced?—I am satisfied that the increase of traffic would not only astonish Mr. Richardson, but the General Manager also. I have seen so much done in England by low fares.

1160. Were they tried in England with good results?—Yes. During the time I was on the Great Northern the London Exhibition was opened, and the fares from York to London—191 miles—were 5s. and 10s., and it paid well. It was doubted whether it would pay; but it did—the trains were always full. I have seen as many as six hundred passengers in one train.

1161. *Mr. Hatch.*] Do you think we have the population to do that?—Not to the same extent, perhaps.

1162. You know what the population of the colony is, I suppose?—About half a million, I think.

1163. How would these fares of 5s. and 10s. for 191 miles compare with Mr. Vaile's fares?—I have not gone into that.

1164. It is rather important, I think; because Mr. Vaile's fares for that distance would be about half the money?—If you will allow me: I once attended a lecture given by Robert Stevenson at Birmingham; and he stated that he had made considerable experiments to ascertain the cost at which passengers could be carried, and he said he was satisfied there was no class of traffic more profitable than passenger-trains, and that he had ascertained beyond all doubt that trains conveying two hundred passengers could be run at a cost of 1s. 3d. per mile for the whole train.

1165. *Mr. Maxwell.*] What would be the rate of wages paid in England at that time?—Labourers, I believe, had 16s. a week; and locomotive-men, some of them, £2; firemen, £1.

1166. Do you know what we are paying here?—I have seen it stated, I think, but I really do not know what it is.

1167. Of course you must admit that whether a certain traffic will pay or not must depend entirely upon the rate of wages paid?—A great deal depends upon that, of course.

1168. And if you happen to be paying double the rate of wages here it will make a considerable difference?—Yes, it would.

1169. *Mr. Vaile.*] I think you hardly understood Mr. Maxwell's question as to how you arrived at the average fare of 1s.?—I did not exactly understand it.

1170. You will remember that, in working out this calculation, we ascertained that the average travelling now is thirteen miles; and our calculation was that we should, under the proposed system, get an average travelling of twenty-five miles; but, not wishing to take any undue advantage, and wishing to place it at the most moderate point possible, we estimated it at sixteen miles, which would carry our travellers over two stages; and then the average fare could not sink below 1s. 3d.?—Yes, that was it. I have not gone into these calculations lately; but I went into the thing thoroughly at the time of writing the letter which I sent you.

1171. Regarding the cost of working the railways here and in England, I believe I am right in stating that the average cost of the English railways is about £52,000 per mile, and that consequently they require at least six and a half times as much interest as we do, which greatly outweighs the extra cost of labour?—I know I once went into the cost of working with Mr. Seymour Clark, of the Great Northern Railway, and we found it to be about 2s. 3d. per train-mile. That included maintenance of way, locomotive department, rolling-stock, and general management.

1172. *Mr. Maxwell.*] When was this?—I think it was about 1856 or 1857.

1173. Have you looked at any railway statistics lately?—No.

1174. Of course you are aware the information is published yearly?—I am quite aware of it; and had I known that I was coming here I would have posted myself up.

1175. *Mr. Vaile.*] Do you know what the cost of the train-mileage in England is at present?—No.

—MR. VAILE.

1176. *Hon. Mr. Richardson.*] In the pamphlet which is before the Committee there are one or two statements to which I should like to call attention. The first throws a doubt on a public document, and is as follows: "Mr. Richardson, in his Statement for 1885, puts the cost at £11,810,194, or £53,382 less than the expenditure and liability on the 31st March, 1883. His figure is arrived at by the very convenient process of cutting out the entire cost of the provincial railways, £1,104,281 (see Table No. 2). No interest is reckoned on this amount; but credit is taken for all these lines produce." I should like to ask Mr. Vaile if he was in earnest in putting that in?—I have not got the Statement for that year with me; but I believe I was led into an error with respect to that.

1177. Do you not think that if you were led into an error it was worth your while to correct it?—I believed I was right when I wrote it.

1178. But when you found out your error did you take steps to correct it?—It was only in consultation with Mr. Mitchelson about two days ago that I had reason to see that I was in error. I believe I am in error, and, if so, I shall take the most ample means I can of pointing it out.

1179. Perhaps you will do the same thing about these distances which you comment on on page 42?—I have already done that in print.

1180. I do not know where?—It was published extensively in the papers. I did not intend those pamphlets to be handed in as evidence.

1181. It was distributed to the members of the Committee. In several parts it is extremely libellous. I am not going to touch upon those parts; but these are points of public interest, and affecting documents laid upon the table of the House—that is why I take this opportunity of mentioning them?—If any errors or misstatements can be pointed out in this book, I shall certainly do the best I can to repair any mischief done; but it was all written in good faith at the time.

1182. I should like to know if these misstatements in connection with the officers of the public service are not made intentionally; and where you got such information with regard to myself as appears on page 13?—That has been very freely stated. Whether it is correct or not I do not know.

1183. At the foot of page 25 there is another statement?—I would like to say, since you have brought up the question of this pamphlet, that I did not distribute it to the Committee. I was asked for it.

The Chairman: I think it is only fair to Mr. Vaile that Mr. Richardson and Mr. Maxwell should draw attention to any of these paragraphs that are wrong.

1184. *Mr. Maxwell.]* The other statement is on page 42, with reference to the distances which coal is carried: Mr. Vaile says, "I have only lately found out the true solution of this matter. This is it: When I wrote my letter *re* the coal-rates, following the only maps and other data obtainable here, I worked out these distances as explained in my letter of the 22nd July last. I was aware that the Sheffield-Oxford branch was in course of construction, but several gentlemen who know the Canterbury lines intimately assured me that it had not been opened; and it now appears as a matter of fact it was not opened until the middle of September, or two months after my letter was written." Mr. Vaile gives that explanation, but he omits to mention that five of the six distances which he refers to were not affected by the Oxford line in any way, because the Oxford line lies quite out of the range of the distances in dispute. That was the point Mr. Richardson referred to. And, moreover, the Oxford line was open, and had been for nearly a year, although it was only for goods-traffic?—If the line was open, I could get no information that it was. I telegraphed specially to people in Christchurch about it.

1185. If you had inquired at the traffic office, you would have found that it was open?—It is not mentioned in the *Bradshaw* of that year.

1186. *Bradshaw* is not an authoritative publication by Government. You should have asked the department?—I think I might safely infer that if it was not mentioned in *Bradshaw*, it was not open.

1187. *Mr. Hatch.]* I would like to ask Mr. Vaile if he himself is an expert in railway matters?—No. I have already stated in print that I never spent a day of my life on the railways in any other capacity than as a passenger; but the question I have dealt with is purely a question of commercial and financial policy, and that I am thoroughly competent to deal with.

FINAL STATEMENT BY MR. VAILE.

IN reviewing the evidence taken before this Committee it is important to bear in mind that not one of the officers of the department has ever spent ten minutes with me in investigating my proposals, in endeavouring to understand my aims and objects, and how I propose to accomplish them. Without this personal intercourse it is impossible for any inventor to convey a correct idea of what he proposes: he alone is the depository of the secret, and, no matter how clearly he may write, he labours under great disadvantages—printers' ink has no emphasis, and everything depends on how he is read. For a proof of the truth of this statement we need not go further than the General Manager of our railways. He appears to have got the idea into his head that my principal if not my sole object is to "develop towns"—exactly the reverse of my principal aim, which I have stated, as clearly as it is possible to state anything in writing, is to settle people in the country. On the side of the department you have four men who, in my opinion, give unmistakable proof that they have never really studied the subject, who are personally deeply interested in maintaining the existing system, and have had little or no experience outside official life. These witnesses say that not only will the proposed scheme fail to settle the country, but that it will also entail a serious financial loss. On the other side you also have four. My three witnesses are all trained railway men, of certainly not less than equal professional position with the departmental officers, and they have this further advantage—that they are retired from the active pursuit of their profession, and have since had very considerable outside commercial and financial experience. Their testimony is clear, distinct, and unanimous that the proposed scheme would very largely aid in the settlement of the country, that it would prevent many of the social evils we now suffer from, and that, in addition to these advantages, it will give most astonishing financial results. This opinion has not been arrived at by merely perusing newspaper reports and correspondence, but Messrs. Moody, Edmonds, and myself have had many long conferences; while Mr. Conyers corresponded most carefully, and since his arrival in Wellington has spent nearly three whole days with me, carefully examining every detail. As to my own qualifications, seeing that we are dealing with a question of commercial and financial policy, I think I may claim that my lengthened and varied business

experience entitles me to speak on such a point with some authority. I may also mention that during the years 1862 to 1869, inclusive, I was in business in London as a merchant, and that while there I was elected a member of the Royal Society of Arts, Science, and Commerce, a member of the Inventors' Institute, and other kindred societies. These positions gave me many opportunities of meeting and conversing with leading scientific, financial, and commercial men, as also of hearing the great questions of the day discussed. I am not vain enough to imagine that the proposed scheme is perfect—modifications will no doubt have to be made in actual working, and its success will largely depend on the skill with which these details are worked out.

Mr. Grant's Evidence.

(173.) This is a distinct statement that up to three miles the present fares are less than those proposed by me, and that up to five miles there is very little difference. He informs us that if we had passengers enough to separate them from the goods-traffic it would nearly double the cost (189), that the people have not time to travel, says he is certain the present rates do not injure trade (192), and thinks the people are satisfied with the existing rates and arrangements (197–200). He also acknowledges that on a portion of the lines he has charge of reductions have secured an increased amount of trade, and that the revenue has not suffered (209, 210). He further admits that low fares have increased the travelling done (218).

Memorandum.—The proposed reductions for a three-mile distance vary from 1d. for the return journey to 1s. for the single ticket; for five miles, from 2d. for the return journey to 1s. 6d. for a single ticket; for seven miles, from 6d. return to 1s. 3d. single.; for ten miles, from 4d. return to 1s. 6d. single. (See 743 and table attached.)

Mr. Hudson's Evidence.

The evidence of this witness does not require much investigation. He repeats the assertion that for a three-mile distance the proposed fares "would be somewhat more than they are now" (335), assumes that the journey between Auckland and Otahuhu is the only nine-mile distance in the colony (462), and gives us the following extraordinary information with regard to single tickets: "The view I take of it is, that if a man goes to settle in the country he makes one journey to the place he proposes to live at, and then the railway has done with him, that is, as far as long distances are concerned" (422). At 453 he says, "I think the principal number of single short-distance fares are issued to people who travel to the ports in order to go away by sea." The very singular ideas here expressed may be accounted for by the fact that Mr. Hudson's position on the English railways appears to have been that of a pay-clerk (369A), which would not give him many opportunities for acquiring information.

Mr. Hannay's Evidence.

This gentleman being the principal witness on behalf of the department, it is necessary that I should examine his evidence a little more carefully.

(491A.) The statement is here made, without any qualification, that fares for "five miles and under are not reduced;" whereas the reductions for three miles are from $\frac{1}{2}$ d. to 1s., and for five miles from 1d. to 1s. 6d. He also states (491A, a few lines from bottom of page), "If seven miles is fixed as the stage, Onehunga, Port Chalmers, and Hutt will pay us now, and the number of passengers cannot be increased. The following will show how far this statement is to be relied on:—

	First Single.		Second Single.		Half of First Return.		Half of Second Return.	
	s.	d.	s.	d.	s.	d.	s.	d.
<i>Auckland-Onehunga—</i>								
Present fares	...	1 0	...	0 9	...	0 9	...	0 7
Proposed fares	...	0 6	...	0 4	...	0 6	...	0 4
Reductions	...	0 6	...	0 5	...	0 3	...	0 3
<i>Dunedin-Port Chalmers—</i>								
Present fares	...	1 6	...	1 0	...	1 0	...	0 7
Proposed fares	...	0 6	...	0 4	...	0 6	...	0 4
Reductions	...	1 0	...	0 8	...	0 6	...	0 3
<i>Wellington-Hutt—</i>								
Present fares	...	1 6	...	1 0	...	1 0	...	0 7
Proposed fares	...	0 6	...	0 4	...	0 6	...	0 4
Reductions	...	1 0	...	0 8	...	0 6	...	0 3

These are the reductions which Mr. Hannay states are no reductions at all, and every officer examined has supported him in that statement, or has said they were so small that they could not have any appreciable effect. Seeing that the tables of the department prove that there are nearly as many single tickets issued as there are halves of a return journey, I think I have a right to complain of such a serious misrepresentation on the part of a superior officer. As the whole argument of the department is based on this false assumption, it must of necessity fall to the ground. As to my remarks about moving the population being misleading, it seems to me that—seeing we have, in proportion to our numbers, more than five and a half times as much railway accommodation as they have in Great Britain—we ought at any rate to shift our population as often as they do theirs.

I will ask the Committee to be good enough to read the whole of Question No. 528, and Mr. Hannay's reply. Mr. Maxwell asks a series of carefully-worded leading questions, and Mr. Hannay, in his reply, says, "and the effect of Mr. Vaile's proposals is to make the rate to the port higher

than it is a similar distance to the country. Buckland being a country district, goods from there cannot be said to be sent to the country. Sheep coming from South Canterbury must in any case pass Rolleston Junction. From that point to Belfast *via* Addington there are but three stages, while going round *via* Sheffield and Oxford there would be six."

That the Committee were misled by these questions and answers is manifest from Mr. Whyte's remarks (after 557).

(623.) It is very hard to see how New Plymouth would be "handicapped" by having its produce carried at the same price as Patea. If Patea has the "natural advantage," according to English law you have no right to deprive it of it for the benefit of New Plymouth. My object is not to give a differential rate to any centre, but to leave and preserve to each their "natural advantage." This, I maintain, my system secures. The present system secures nothing but the certainty of being taxed to the utmost, at the will of the controllers of the railways.

(676, 677.) These replies of Mr. Hannay's show that he has failed to perceive the financial advantage of reckoning by stages. It is absolutely impossible to get the same results by any system of even mileage rating.

In considering the table of stages as fixed by Mr. Hannay, I wish to call attention to the memorandum on my paper of the 9th June last. It will be apparent that fixing a station a mile this way or two miles that might have a large influence on the through fares. I am not acquainted with the southern lines, and could not definitely fix the stages without a careful personal inspection. I can see that many of these stages fixed by Mr. Hannay are wrong, very wrong. I have not the least confidence in them, but, not having the requisite information to make an accurate table, I decline for the present to commit myself to a correction. The only stages that I am responsible for are those on the Auckland trunk line.

I give a few of the distances and stages as fixed by Mr. Hannay, for the purpose of comparing the present and proposed fares; but I wish it to be distinctly understood that I do not allow that the stages are properly fixed. The example I have given as to Belfast shows how little the department knows of the system they profess to criticise.

	Miles.	Present Second-class Fare.			Proposed Second-class Fare.		
		£	s.	d.	£	s.	d.
Gore to Bluff ...	57	0	11	11	3	6	
Gore to Dunedin ...	100	1	0	10	3	0	
Kingston to Dunedin ...	175	1	16	6	3	6	
Kingston to Bluff ...	104	1	1	8	3	6	
Palmerston to Oamaru ...	38	0	7	11	1	6	
Palmerston to Port Chalmers ...	35	0	7	4	2	0	
Palmerston to Dunedin ...	41	0	8	7	2	6	
Ashburton to Timaru ...	48	0	10	0	1	6	
Ashburton to Lyttelton ...	59	0	12	4	3	0	
Waikouaiti to Burnside ...	35	0	7	4	3	0	

If, for the sake of argument, we allow that this table is correct, it will be seen that Gore would have two markets open to it for a difference of only 6d. in the fare, while at present the difference is 8s. 11d. Kingston would have two at the same price, the present difference being 14s. 10d. Palmerston would have three for a difference of 6d. and 1s., the present difference being 1s. 3d.; and Ashburton, two for a difference of 1s. 6d., instead of 2s. 4d. As all the towns mentioned would have the same advantage of access to different portions of the country, it is not easy to see how any one could be injured by having two or three markets open to them instead of one, at nearly equal cost as regards transit, and at such a vastly-reduced cost too.

Whenever I charge a less price for a long distance than I do for a short one it is a certain indication that that distance must pass through a sparsely-populated district; and the whole object of my system of rating is to induce settlement in these blank spaces. *That railway system will approach nearest to perfection which, from any given point, will give command over the greatest number of towns and country districts at practically the same price as regards the cost of transit. It is for this reason that the universal fare is so earnestly sought for.*

While seeking to make out a case against me, Mr. Hannay has unintentionally shown what a vast stride I have made towards attaining this very desirable end. I think I have proved that Mr. Hannay's evidence—as also the evidence of the other officers of the department—is utterly unreliable and misleading; and that I am quite justified in saying that it is not creditable to the Railway Department to resort to such means in order to prove their case.

Differential Rating.

What I have always understood as a differential-rating system is a system which gives to the controllers of railways the power to alter and vary rates, fares, and charges practically as they please. This is what I propose to abolish, and to have in its place a fixed definite system of rating.

If the officers of the department are to retain the power of altering rates at their pleasure, how can we expect our industries, more especially manufacturing industries, to prosper? What man will lay out thousands of pounds in starting a manufactory when he knows it is in the power of a railway official to ruin him at any time. Suppose the traffic manager at any of our principal stations wished to shut up any particular manufactory situated along his line—he might hold shares in a rival concern—all he would have to do would be to represent to his chief that, "for the purpose of securing revenue," it was necessary to impose a differential rate against his rival's district. The rate would be put on, and not only would the particular industry aimed at be ruined, but all the surrounding locality would suffer with it. Such power as this ought never to be intrusted to any department.

In defending differential rating the officers of the department first stated that it was "necessary to insure equality of treatment to the public [paragraph 1, Mr. Maxwell's statement], and for fostering industries." Driven from that point they then said "that it allows of equality of treatment" (444 and 446, and, after, 695); then, that "you can get it" (606); and, finally, it was fairly wrung out of Mr. Maxwell (682, 689, 690) that its sole object was to get revenue, quite irrespective of the cost of service or any other consideration. I have written and said many hard and bitter things about this system, but for cold, biting irony no words of mine equal the plea of its defenders—that, under conditions which practically render it impossible to do anything else, "it allows of" or "you can get" fair and honest dealing.

Competition.

It has been argued in favour of differential rating that it is necessary to meet competition. The ready answer is—if the department is able to carry at these low rates to meet competition, they can also carry at them where competition does not come in. If the reply is that the rates charged do not pay, then this takes place. The whole community is made to suffer in order that certain individual members of it may be utterly ruined by means of the railways in which they are shareholders, and by the expenditure of revenue to which they contribute. In other words, the Government take the money of certain traders, as also of their fellow-citizens, and expend it in an effort to crush the industries they are engaged in. It is scarcely possible to conceive of a more immoral act.

I invite the attention of the Committee to the unfair share of the burden of taxation imposed upon the country population (see my written reply to Mr. Maxwell, 28 to 30, and also 381). When we remember that the same rule applies to goods-freight we require nothing more than the return referred to to account for the depression that exists all over the colony. Our wealth comes from the produce of the land: how, then, can we expect to prosper if we crush down our producers under a load they are unable to bear?

I very much regret that the inquiry has turned so much upon the financial aspect of the question, and more especially upon the directly-paying results. The great social questions involved have scarcely been touched, and the vast indirect commercial benefits appear altogether to have escaped notice. For this result I am probably to blame myself; but, as a rule, I have been obliged to follow the direction indicated by the question asked.

It is not necessary that I should call the attention of the Committee to the vast social evils, the political turmoil, the depression, discontent, anxiety, the poverty, misery, and crime that have been brought into existence by the massing up of the people in a few large centres. My chief aim has been to do away with this great evil, and my contention is that the proposed system of levying fares and rates will have the effect of spreading out the population into the country districts, and so relieving the congestion of the great cities.

I would earnestly impress this fact upon the Committee: that no adaptation of the present system can ever remove the evil complained of. It cannot be accomplished by merely reducing the rates. If they were taken down to $\frac{1}{4}$ d. per ton per mile, and passenger-fares were also reduced to $\frac{1}{4}$ d. per mile, the evil would still exist; for, if people could save seven-eighths of every penny payable for freight or fares by placing themselves only one mile from a large centre instead of eight miles, it is manifest that, in these days of competition, they must crush in on the centre. The only possible remedy is to reckon by stages, *and those stages must not be even-stages*. An advantage must be given to the thinly-populated districts, in order to induce others to settle there. I would also impress upon the Committee that you cannot give low rates on an even-mileage system and secure a good financial result. The stage-system, while giving great advantages to individual users of the railway, also gives a good paying return on the whole business done.

In England the railway companies virtually control the commerce of the country, and they habitually defy the Government. The same system is now actively at work here, and it will be well for us to at once deal with the question and master our railways before they master us. In a country where the railroads belong to the people it is an open question whether every citizen has not a right to be taken to his home at the same price. For my part, I believe that to bring about such a state of things suddenly would also bring about many and great evils; but I believe that if such an end can be obtained by working up to it gradually it would be the greatest blessing that could be conferred upon any country.

Since the above was written my attention has been called to an article in the June number of the *Fortnightly Review*, written by Mr. Waring. It will be seen that he also advocates one universal fare, but like myself believes that it cannot be attained at once, and for the present he advocates reckoning by stages of fifty, one hundred, and two hundred miles. So you see he has arrived at the same conclusion as myself, that no system of reckoning by an even-mileage rate will ever cure the evils complained of. Mr. Maxwell says, "It would be unwise to ignore the experience of fifty years of railway working in other parts of the world." I do not ignore it; I understand it well, and my wish is to profit by it. The intense dissatisfaction exhibited by users of railways, not only in New Zealand, but also in England and America, proves that, after fifty years' trial, the present system has turned out an absolute failure, and that some great reform is imperatively needed. If we were bold enough to at once adopt such a system as I propose as the policy of the country, and make up our minds to stand the direct loss, if loss there should be, I feel certain that the expansion of trade and commerce would be so great that there would be such a vast development of our various industries that we should at once enter upon an era of solid lasting prosperity such as we have never seen before.

[Extracts from article in the *Fortnightly Review*, June, 1886, by CHARLES WARING, Esquire, on "State Purchase of Railways": Put in by Mr. S. VAILE as supporting evidence.]

"It is necessary to find some ground upon which this question of rates can rest. The State must have some uniform system, or a basis of uniformity and equal treatment. The State basis

must also be one which will stimulate instead of checking enterprise. Putting aside the mercantile system as inapplicable, two alternatives have been suggested—(1) an equal mileage charge; (2) a graduated mileage charge or distance scale. There is another, however, which has not been considered—viz., an equal gross rate, varied by a simple classification, but irrespective of distance.

A graduated mileage rate or sliding-scale, varied by distance—that is, one rate for fifty miles and others for a hundred miles, two hundred miles, and so forth—would have some advantages over an equal mileage rate; but it rests on the same principle, and would operate, though in a less degree, in the same manner. It would establish the principle of geographical protection, which in a country of short distances is unnecessary and injurious. Still, if arranged liberally, with slight variations of rates over long distances, it offers a possible solution, though not, as I think, the best solution of the difficulty; though as an introduction to the system of one gross rate it might be found useful. The question then arises, Is it possible, out of Utopia, to eliminate distance as an element of charge in conveyance by railway? Can a gross charge be made according to a fixed standard for separate classes of goods whether they travel ten, a hundred, or a thousand miles? The proposition may seem a startling one; but it is to be remembered that the postage system was derided at first by men of business and by political economists. A single railway rate for all distances is but a larger application of the same principle, and it has some attractions as well as merits which will gain it a hearing. That there are obstacles of some magnitude is obvious; but the advantages offered are of a kind which, when they are understood, will stimulate a vigorous attack upon the difficulties. I do not imagine that a paper plan can be produced which can be applied all round and at once. It is a matter in which it would be necessary to hasten slowly. It would be advisable to experiment on goods-traffic at first, and to begin with one class of goods—say, coal and minerals. The scheme might afterwards be extended to merchandise, and eventually to passengers, though the reform of passenger-fares is not so urgent as that of the goods-rates. It would probably be necessary, in the introduction of the system, to have two or three rates—one for short distances and another for long distances: so much for every distance not exceeding a hundred miles, so much for every distance between one hundred and three hundred miles, and so much for all distances exceeding three hundred miles, keeping the one rate for all distances in view as the ultimate object, and adapting it to the needs and circumstances of commerce by degrees.

The certainty and simplicity of the plan would have a magical effect upon trade. Traders are now prevented from extending the range of their dealings because they do not know the rates, and cannot estimate the profits they might make. Their profits are really decided by the companies, and this acts in restraint of exchange. It is impossible to forecast the growth of commerce if traders knew generally the cost of carriage on each transaction, but it could not fail to be both rapid and large. Assuming that the rate can be put low enough to give a new impetus to trade, it would find employment for labour and relieve the depression in important industries. . . . What is required in order to give free scope to trade is a settlement on principles which are certain, simple, intelligible, and likely to be permanent. . . . Taking the parcel-traffic, which may be assumed to represent the goods-traffic generally, 80 per cent. of the whole does not travel beyond two hundred miles, and of that 80 per cent. one-half travels under fifty miles. This should settle the practicability of the single tariff, and secure its adoption; for, if short distances are advantageous, the practical annihilation of distance must be still more advantageous. . . . The result of the working of the parcels-traffic by the railways since the introduction, only three years ago, of the parcels-post office system—which lowered the rates of parcels, and compelled the railway to follow them in this reduction—puts this beyond question. Notwithstanding the reductions made, the parcels-traffic of the railway companies in 1885 had increased in volume over that of 1881 by from 25 to 30 per cent.; whilst the earnings increased by 8 per cent. . . . The practical point is, Would low and certain and equal rates operate in the increase of trade? Mr. Grierson admits the enormous advantage to the public of carrying at low rates for long distances; nor does it indeed require the knowledge of a railway expert to judge on such a subject. . . . It will be seen that in this scheme the idea of the purchase of the railways by the State, with the view of earning profit by working them, is not contemplated. The contrary idea is proposed—viz., to use this national instrument in the way most calculated to benefit trade, and by that means to contribute to and increase national wealth and welfare, regardless of the remuneration of the instrument itself. It is believed that by giving the nation the use of the instrument at cost price or something less the State would sow a seed which would produce a national harvest of wealth, compared with which the 1 or 2 per cent. extra interest on its capital, to be earned by an additional tax on industry for the use of the railway, would be a bagatelle. The unearned increment of trade will go into the pockets of the people instead of into the pockets of one class of capitalists. . . . The past is irrevocable, and the nation must pay in revenue or in equivalent capital for the engagements it has entered into; but the future, subject to the claims of justice, belongs to the people, and experience teaches that they should no longer delay to enter into its possession. . . . It is a common thing to run goods-trains with loads under one hundred tons which might just as well carry three hundred tons, and at the same cost. . . . In France the Government spends eight and a half million francs on the canals, while the income derived from them is only three and a half million francs. It is a significant sign of the times that the English public are now turning their attention to enlarged and important water transit as a means of escape from the control and exactions of the railway companies."

I have now to reply to the Hon. Mr. Richardson's objections to portions of my pamphlet of February last.

As to the coal rates: I find that I have not the information with me which will enable me to now say how I worked out the distances, as given in my letter of the 22nd July, 1885. I may, however, state that, before publishing this my second letter on the subject, I took it to two gentlemen who are intimately acquainted with the Canterbury lines. They carefully checked them over with me, and said they were correct—that is, if the Sheffield-Oxford branch was not open—and that it certainly was not open, so far as they could find out.

On again investigating the expenditure on our railways for the year ending the 31st March, 1885, I find that the statement in my pamphlet is correct. A reference to Table No. 2 will show that it is there stated that the "total expenditure by General Government to the 31st March, 1885," was £11,616,754, and the valuation of works constructed by provinces is set down at £1,104,281. These together make £12,721,035. The Hon. Mr. Richardson states the cost at and reckons the interest on only £11,810,194, or £910,841 less than the actual cost. It is therefore clear that my statement is substantially correct; as, without doubt, a sum of about £1,000,000 has been slipped out of the account. When speaking to Mr. Mitchelson the other day we had the Statement for this year before us, and I believe the interest is there taken properly; but I have not yet had time to investigate the Statement for the year 1885-86 with anything like care.

REMARKS by Mr. MAXWELL.

BEFORE commenting on the evidence, it is as well to refer to some of the results said to be anticipated from Mr. Vaile's scheme in his proposals of the 9th June last.

It is by no means clear that it is necessarily a great evil to mass large numbers of persons in a few large centres. There may be circumstances under which it is desirable and advantageous. It would have been as well had the Committee been told what large centres are referred to, and to what extent it is proposed to curtail their growth. In the absence of specific proposals, it does not seem necessary to consider this point. The more even distribution of population and wealth, and the equitable adjustment of taxation, are subjects it is unnecessary for me to touch on, except to remark that there has been no evidence taken which shows that the expectations expressed are likely to be realized. Regarding the settlement of the country, and creation of towns, and the anticipated increase of revenue I will speak further on.

There is, as far as I am aware, no difference of opinion about the fact that low goods-rates and passenger-fares are desirable and beneficial. This point needs no further discussion; but it is essential to note that the more important subject—the goods-rate—is practically withdrawn from consideration by Mr. Vaile, and his witnesses declined to express any opinion thereon; and, notwithstanding the fact that Mr. Vaile has created a public impression that he has propounded a complete scheme of reform for dealing with goods-rates and traffic, it is found that he confesses his inability to deal with the subject, and fails to bring any evidence about it. With such admissions of want of knowledge of the subject, and with the admission that he is practically unacquainted with nine-tenths of the railway system and the districts traversed, Mr. Vaile's assertions of the benefits and advantages of his system can scarcely be regarded as reliable.

If a reduction of rates and fares is desired it can be made independently of Mr. Vaile's system, and every advantage which can be got from reduced rates and fares may be got without Mr. Vaile's system, which is false in principle, and would prove pernicious and injurious in operation. But it is quite unlikely, if such reductions as are advocated are carried out, that such good financial results in working will occur as are now obtained. Whether it is desirable to be satisfied with less profits in working, and to lower rates and fares largely, it is not necessary for me to discuss, as this is really a matter for the Legislature to settle, and there is no need for expert opinions on the point.

On examining the evidence it is found that it is not explained why the computation of fares and rates by the mile should be abolished. The mere assertions that it ought to be abolished are of no value. That there seems to be much confusion in Mr. Vaile's mind about the present system in operation in New Zealand is shown in paragraph of memorandum, page 7, when he falls into the error of confusing it with the English practice. Mr. Vaile says (17, 99, 122, 545, 1004) that his knowledge of the goods-traffic is not enough for him to found proper charges or proper classification on, that he has not considered a great many details of rates and regulations, that he is not prepared to discuss railway-rates generally, that he has confined himself to placing only a few points before the public; his witnesses declined to discuss the application of Mr. Vaile's scheme to goods-rates (859, 1000).

There seems to be nothing before the Committee to enable it to judge why it should abolish computing rates and fares by the mile, and there is nothing but the most flimsy outline of what might be supposed to take its place if it were abolished.

It is very clear that Mr. Vaile's scheme does not, as he proposes, "abolish all differential rating;" his scheme is a system of differential rating of a most pernicious kind; it will prejudicially affect existing interests and trade, and tend to divert the ordinary and proper course of traffic, and to prevent rather than facilitate intercourse between different districts. Ticket-stages located as he indicates in his memorandum to the Committee will act most objectionably in numerous cases. Mr. Vaile expects his system to develop the country. This proposition seems to have been accepted, but not proved. Take for example, Buckland. The settler there will want to send his goods and travel to Auckland rather than Frankton. He will be charged, for thirty-three miles to Auckland, five times as much as he would be if he sent them, or travelled, fifty-two miles to Frankton. It is not at all clear how this can materially help the Buckland settler. It cannot be to the interest of the State to carry the Buckland settler and his goods fifty-two miles to Frankton for one-fifth the charge to the nearer market at Auckland. It cannot be satisfactorily explained why the Buckland settler should pay only 6d. to Frankton, fifty-two miles, and 2s. 6d. to go to Auckland, thirty-three miles, or 3s. 6d. to Kumeu, fifty-three miles. It is merely the defect of Mr. Vaile's system that such anomalies are created. If the interests of Buckland were to be considered, the cheaper fare and rate should be given to the place the people want to go to and to the markets they want to sell in. The settler at Nukumarū, equidistant between Wanganui and Patea, must pay three times the fares and rates to Wanganui that he would do to Patea—this, while injuring Wanganui, cannot really benefit the country.

In applying this system elsewhere—as in the case of the Bluff, and of New Plymouth, Burnside, Washdyke, Addington, and Lyttelton—it is seen that the operation of the system would be most

injurious to the localities named, and to the country now served by them. Numerous other cases might be cited. Such capricious charges are quite indefensible, and do not tend to develop the settlement of the country.

As to the development of towns, the following extract from Mr. Vaile's circular of the 5th April, 1883, explains more fully than he has elsewhere done what his views are: "The ticket-stations would be in a sense terminal stations. Travellers whose destination was a station, say, three miles beyond a ticket-station, would often leave the train at the ticket-station rather than pay the full-distance fare for the three miles only. Soon a car or omnibus proprietor would see his opportunity, and start to carry these passengers the odd distance at a less fare. Goods, also, would be brought to these stations from a considerable distance round, which would develop a carrying trade. One want creates many, and soon the smithy, the butchers' and baker's shops, the church, and the school would follow; and thus a town would soon arise, which would go on increasing. If cheap fares were adopted it would also often be more advantageous to carry on some manufactories in these inland towns than in the capitals, as, for instance, the manufacture of soap, tallow, manures, leather, &c. I look upon this question of developing inland towns as a very important one, both from a commercial and social point of view; and, as I depend on the uniform-fare system to accomplish this object, I am totally opposed to calculating fares on the mileage. The plan proposed would greatly encourage the tramway system, the trams acting as feeders for the ticket-stations." If we take a practical view of the country districts we shall see how visionary such statements are. Take the ticket-stations—Henderson, Kumeu, and Waimauku—lying between Auckland and Helensville, for example: it is quite unlikely that such results as Mr. Vaile depicts could follow.

The errors in Mr. Vaile's calculations and deductions are too numerous for me to notice all. In his memorandum of the 30th June he says that Mr. Maxwell "pointed out that there were 1,156 different station-rates chargeable." I did not do this. I mentioned that there were 1,156 different journeys which might be taken. There would be just the same number under Mr. Vaile's system. He makes remarks in the same memorandum about workmen's trains and fourth-class tickets. I put in among the papers before the Committee the time-tables from which the fares I gave were extracted. There is no mention in them of either workmen's fares or fourth-class fares. But, in any case, neither the London workmen's fares nor the Indian fourth-class fares are so low as Mr. Vaile's proposed fare of 4d. for fifty miles. The calculations in the same memorandum about the cost of conveyance per ton are erroneous, and should be placed on a level with his demonstration (734) that we have fifty-six million tons of rolling-stock.

Some remarks have been made about establishing a uniform fare or rate for all distances, and reference has been made to the English parcel-postage system as bearing on this view. Where the articles carried are very small and the rate per ton very high the proportion of charge due to mere conveyance is trifling, the terminal charges due to office-work, receipt, and delivery forming the greater proportion of expense. Under the English parcels-post a 11b. parcel is carried any distance for 3d.=£29 a ton, and the maximum parcel—11lb.—is carried any distance for 1s. 6d.=£15 6s. per ton. This is not uniform rating, but differential. When, however, we come to goods of large weight, or to passengers, we should no longer be able to carry at a remunerative charge for any distance, because the expense of conveyance largely exceeds the terminal portion of the cost for office-work and other charges, and we could not fix an average charge which, at the same time, would allow of carriage of goods and passengers for short distances and pay for the cost of doing the work for longer distances.

As regards the cost of carrying additional passengers, being closely conversant with the daily working of the traffic I am satisfied that if the passenger-traffic were doubled there must be a large increase in expenses. Mr. Hannay has, in my opinion, put the estimate for the Hurunui-Bluff very low at £55,000 a year for such a contingency.

Mr. Conyers was the only one of Mr. Vaile's witnesses whose former position would entitle us to expect from him any reliable information on this point. He gave his opinion that it could be done without extra cost, but he said his opinion was based upon his former experience (869, 871), and that he had not been travelling at all of late years on the railways. Mr. Conyers, in 1879-80, was in charge of the Hurunui-Bluff: the results of the working of that section as compared with results under the present management are indicated in the evidence (873). During 1879-80 the profit on the Hurunui-Bluff was £135,519; during 1885-86, with lower rates and fares, it was £239,000. If we were now to run a train-mileage proportionate to the excessive train-mileage which was run by Mr. Conyers in 1879-80 it would cost probably £90,000 per annum more than our present services are costing. I think this is a sufficient answer to Mr. Conyers. His evidence shows that he is not acquainted with what is now being done on the railways generally.

We cannot expect that increased traffic will come between those precise points and at those particular times, when it could be easily accommodated without much increase of expense.

Mr. Conyers's remarks (801) are unjust to the subordinate officers. That they are unjustifiable is shown by the reductions made in expenses on the Hurunui-Bluff. In 1879-80, under Mr. Conyers's management, expenses were £439,717. Two years afterwards, with an increased traffic and mileage, they were £363,964, or £75,753 less; and this reduction was mainly due to the active and zealous co-operation of the subordinate officers with me in carrying out economical reforms and improvements.

Mr. Vaile's witnesses agree that nothing is to be gained in simplicity by adopting his system (756, 1013). They admit only that, so far as passengers are concerned, it might be as simple as the present system. Mr. Conyers never, during his railway career, tried the effect of running cheap excursions at such low fares as Mr. Vaile proposes. He explains, "I think I have applied for authority, but was refused by the Audit Department." In this statement he expresses uncertainty, but it is evident that he has forgotten. The Audit Department has never exercised the power to authorize excursion-fares. Power to make excursion-fares is provided in "The Public Works Act, 1876," and also in "The Public Works Act, 1882." It has been a practice to give special fares on special

occasions ever since 1876, and the records in the office show that Mr. Conyers sometimes did this when he was in charge; but he does not appear to have ever tried low fares on a large scale. He thinks (845, 846) that such fares as Mr. Vaile proposes on general holidays would lead to much increase both in numbers and revenue. We have tried cheap excursions during the past four years largely. The fares charged were as low or, in some cases, lower than Mr. Vaile's. I give the results of a trial on an extensive scale during last Queen's Birthday in Canterbury. The year before this the ordinary Saturday return-fares were used. We got but a moderate increase in passengers, and less revenue, with the lower fares:—

					Number of Bookings.			Amount. £
1886	...	...	...	...	4,610	...	...	650
1885	...	...	...	...	3,810	...	...	664

Mr. Vaile's witnesses disagree among themselves and with him in some material points. They do not look for much increase under ten miles (847, 1026). Mr. Vaile looks for it all over. They only expect an increase of about three to one for the longer distances. Mr. Vaile talks of five to one and ten to one. Mr. Vaile says, "On Thursday and Saturday half-holidays what crowds of people would travel who never travel now" (35). Mr. Edmonds thinks there will not be many travellers on such holidays (1064). Mr. Conyers considered that the suburban traffic on the Hurunui-Bluff extended to only five miles from the cities. Mr. Edmonds, who is acquainted with Dunedin and Christchurch, considers (1057) it to extend to Lyttelton, and to Port Chalmers and Mosgiel, which are the limits of the suburban train-services,—the fact being that it does extend to Lyttelton, Port Chalmers, and Mosgiel; and that the principal traffic is to the suburban places beyond five miles, as Onehunga, Petone, Hutt, Lyttelton, Port Chalmers, Mosgiel.

The witnesses called by Mr. Vaile are unanimous on one point—that they had no data upon which to base their opinions, and that they formed them upon speculations as to what the average *would be if* passengers travelled in *sufficient* numbers over a *sufficient* number of stages (836, 829, 927, 1001, 1105). From Mr. Moody's evidence it is clear that he has never occupied any position on the railways he was on which would qualify him to speak with authority on the subject of general management, and he admits that his knowledge of the New Zealand railways is most limited.

The fallacy of Mr. Vaile's system lies in his taking average fares and totals to deal with. The return of the Auckland traffic is of little value when the totals are regarded. It is only when the return is analyzed that we can see how fallacious the general average is. It is on the general average that the opinion of Mr. Vaile and his witnesses is based. Their evidence discloses that they have never intimately studied the subject with the proper information before them.

It remains for me to remark on Mr. Vaile's comments preceding. I do not concur that the testimony of his witnesses is at all conclusive in favour of his scheme. At the best they have only expressed opinions in favour of a portion of his scheme, and the opinions are based on assumptions and not on facts. Mr. Grant's practical knowledge, long experience, and daily dealing with an extensive traffic is such as to make his evidence of much greater value than the speculations of the witnesses called by Mr. Vaile; and the same may be said of Mr. Hudson's evidence. With regard to Mr. Hannay's evidence, he is intimately acquainted with every part of the railway system, and has personally engaged in conducting the traffic locally in different districts of the Hurunui-Bluff; as a traffic officer he has had a much more intimate and extensive knowledge of the business than either of Mr. Vaile's witnesses, as well as of the general business of management. His evidence is therefore of greater value.

The remarks about population in relation to miles of railway seem to lead to an erroneous conclusion. There are a hundred thousand inhabitants to every fifty-two miles of railway in Great Britain. There are only about eighteen thousand to every fifty-two miles in New Zealand. We cannot, therefore, expect to get equal results.

The questions I have asked with regard to the objectionable operations of the stage system on the various markets and ports are such as are necessary to expose those evils in Mr. Vaile's system which he seems to have overlooked, and which his witnesses prudently decline to discuss. Mr. Hannay's statements are correct (page 49), and the stages are correctly placed, according to the exposition given by Mr. Vaile on the 9th of June. If that exposition is worthless and insufficient further discussion is idle.

Mr. Vaile has quoted from Mr. Hannay's evidence that, "if seven miles is fixed as the stage, Onehunga, Port Chalmers, and Hutt will pay as now, and number of passengers cannot be increased" (491A). He then proceeds to show what existing fares are, and what they would be as proposed by him; but he quotes only a portion of Mr. Hannay's evidence, and hence creates an entirely erroneous impression.

I dissent entirely from the statement that the departmental witnesses are personally deeply interested in maintaining the existing system. They are, as servants of the colony, interested only in faithfully carrying out the intentions of the colony conveyed to them through the proper channels. If it is determined that great reductions in rates and fares should be made, the officers have merely to obey their orders and carry out their instructions. It is, however, their duty to expose to the utmost the fallacies and errors in Mr. Vaile's system if they are conscientiously of opinion that he is wrong.

Regarding the transference of passengers from second- to first-class, which Mr. Vaile anticipates, I would point out that, if so many of the short-distance passengers are going to travel first- instead of second-class, it will have the effect of making Mr. Vaile's fares approximate more nearly to the present fares; and, I think it would show that he is fixing his fares too low. Another point is, that the first-class traffic is more expensive to carry than the second, owing to the extra cost of maintenance of the first-class accommodation. And a third point is, supposing such a change did occur, which is most unlikely, it would entail a complete modification of the present rolling-stock.

The explanation now given of what Mr. Vaile understands to be "differential rating" is quite at variance with his definition given in evidence (101). The results he describes are quite imaginary. The rating is under the control of a responsible Government, and alterations in rates proposed by local officers are fully considered, and such abuses as Mr. Vaile imagines are not possible. The remark that the officers of the department first stated that differential rating was necessary to insure equality is incorrect. Mr. Vaile fails to understand the point at issue. He is evidently capable of writing and saying hard and bitter things about imaginary evils. Mr. Vaile's insinuation that the errors he has made in the distances of the Springfield coal-mine to Riccarton, Selwyn, Rakaia, Chertsey, and Ashburton are owing to the omission in *Bradshaw* to show that the line to Oxford was open is most remarkable. The members of the Committee are doubtless all aware that Oxford is not on the Springfield Branch, and that the route *via* Rolleston has been open for the last ten years. The deduction in Mr. Vaile's pamphlet that the Minister has omitted to include the valuation of the provincial lines in the cost of opened railways for the 31st March, 1885, is untrue.

I will now proceed to remark on the return for the Auckland section got out by the instructions of the Committee.

The return of passengers for the Auckland section for the year ending the 31st March, 1886, showing the journeys between all stations, has been compiled for the line between Helensville, Auckland, and Morrinsville, to show a complete year's traffic; the portion from Te Aroha to Morrinsville and Oxford is omitted by arrangement with Mr. Vaile, as it was only open for a few weeks before the close of the year. Onehunga has been treated as one stage from Auckland, although outside the Penrose ticket-station, it being understood that such was Mr. Vaile's intention. The number of passengers at Mr. Vaile's fares is arrived at by dividing the revenue from the first-class passengers in each case by 6d., and the revenue from the second class by 4d. In the course of evidence Mr. Vaile has said he considers that he will get at least as many first- as second-class passengers. This would affect the numbers shown as passengers at Mr. Vaile's fares, making them somewhat less: the average stage-fare being 5d. instead of about 4½d. It will be observed that the summary shows much the same results as that for the Hurunui-Bluff section.

The greater proportion of passengers travel ten miles and under; but the revenue they bring is less than one-fourth of the total revenue. It is to be noted that more than one-third of the revenue is derived from passengers travelling distances over fifty miles. If the anticipation of the witnesses is realized, that but little increase in numbers can be expected under ten miles, and if, as Mr. Vaile's witnesses surmise, the numbers beyond ten miles increase to three to one, it is clear that no increase in revenue can result, and that the average fare must fall below 1s., while, if Mr. Vaile's anticipations are realized, and much increase occurs below ten miles, the average fare will sink still lower.

According to the views expressed by Mr. Edmonds (No. 999), the proportionate increase of passenger-revenue due to the Auckland section should be about £23,000, that is, from £39,903 to about £63,000. This witness states he was unaware of the proportions of revenue derived from the different distances travelled. In the absence of such information it is not surprising that he should have fallen into the error of adopting the calculation described by him (No. 1001), giving an average of fare of 1s. 3d. The actual average is about 10½d.

It is certainly quite clear from the summary now presented that three passengers to one over the longer distances (1026, 1062) are most unlikely to produce as much revenue as now, instead of an increase of £23,000 which he anticipates, and with the increased expense of carrying such numbers the profits arising will fall far below the present profits.

Mr. Vaile's views as to the increase in numbers are so varied and seem so visionary (35, 50) that it is no use commenting upon them. Those who are acquainted with the district will, by examining the details leading up to the summary, be able to judge whether it is at all probable that the number of travellers will be likely, in any moderate period of time, to increase to the extent necessary to bring the same gross revenue as is at present obtained.

The following table will show approximately the increases in passengers required in many cases:—

Auckland—Frankton—Number required about 6 times.

" Te Awamutu	"	6	"
" Cambridge	"	6	"
Pukekohe—Frankton	"	20	"
Mercer—Te Awamutu	"	11	"
Hmnty—Frankton	"	8	"
Ngaruawahia—Cambridge	"	5	"
Frankton—Te Awamutu	"	6	"
Te Awamutu—Frankton	"	6	"
" Ngaruawahia	"	5	"
Hamilton—Cambridge	"	6	"
" Morrinsville	"	7	"
Cambridge—Auckland	"	6	"
" Hamilton	"	6	"
Morrinsville—Auckland	"	6	"
" Cambridge	"	10	"
" Tuakau	"	12	"
Cambridge—Pukekohe	"	14	"
Te Awamutu—Pukekohe	"	14	"
Frankton—Mercer	"	16	"
Ngaruawahia—Mercer	"	12	"
Tuakau—Cambridge	"	13	"
Pukekohe—Te Awamutu	"	14	"

APPENDIX.

NEW ZEALAND RAILWAYS.

SUMMARY of PASSENGERS carried on the Auckland Section, under different Stages (Helsensville to Morrinsville), for the Twelve Months ending 31st March, 1886.

Distances.	Number of Passengers Carried.			Revenue.		Number of Passengers Carried.			Revenue.		Computed Number of Passengers to give same Revenue at Mr. Valle's Fares.		Total Number of Passengers at	
	First-class.			Second-class.		First-class.			Second-class.		First-class.	Second-class.	Government Fares Carried.	Mr. Valle's Fares Computed.
	Single.	Return.		Single.	Return.	Single.	Return.		Single.	Return.				
Not exceeding 3 miles	7,142½	3,565	£ s. d. 302 0 2	28,782	16,029	£ s. d. 913 11 11	12,084	54,796	55,518½	66,880				
Over 3 and not exceeding 5 miles	3,151	7,894	447 16 2	16,088½	67,647½	2,354 1 3	17,663	137,772	94,781	155,435				
Over 5 and not exceeding 7 miles	8,603½	17,682	1,118 18 5	22,856	47,458	2,316 3 7	43,541	131,234	96,604½	174,775				
Over 7 and not exceeding 10 miles.. ..	1,946½	4,357	359 9 0	14,854	24,988	1,784 15 3	7,939	63,091	46,045½	71,030				
Total	20,748½	33,498	2,238 3 9	82,580½	136,122½	7,363 12 0	81,227	386,898	292,949½	468,120				
Over 10 and not exceeding 30 miles	5,639½	2,723	1,351 19 8	38,962½	28,243½	6,972 11 2	27,490	201,721	75,562½	220,211				
Over 30 and not exceeding 50 miles	3,511	2,155	1,626 16 0	16,359	9,615	5,623 1 6	14,804	79,954	31,640	94,758				
Over 50 miles	4,843½	2,377	5,676 17 10	12,231½	5,250	8,988 15 3	40,999	106,309	24,762	147,307				
Gross total	34,738½	40,753	10,953 17 3	150,193½	199,231	22,955 19 11	164,519	774,877	424,914	539,396				

Accountant's Office, Wellington. A. C. FIFE, Accountant.

Mr. MAXWELL to the CHAIRMAN, Vaile's Committee.

SIR,—

24th July, 1886.

With reference to the recalculation of passengers return ordered by the Committee, I have the honour to point out that, upon commencing it, the following points present themselves, on which I should be glad to be instructed: Of the fares up to the ten miles, a very large proportion are as follows, per journey (half return-ticket): 4½d., first; 3d., second: 6d., first; 4½d., second: 9d., first; 7d., second. The enclosed return is a condensed form of the summary with the Committee. It will be seen how many times the second-class passengers exceed the first-class, with fares a large number of which are lower than Mr. Vaile's, even with only the slight difference between the fares of 1½d. per journey first and second. The second-class passengers many times outnumber the first.

There are two absurdities involved in the new computation, I think: First, we have to make use of 6d. and 4d. fares against 4½d. and 3d., and we are going to assume that there will be equal numbers of each class; while, as a matter of experience, we know that there are four to seven times as many second as first, and we also know that raising the fares to 6d. and 4d. will divert a large proportion of travellers from the lines of railway altogether. Second, we are going to assume that, where two fares are given, the one higher than the other, equal numbers will travel by each class, when we know from experience—not only in New Zealand, but throughout the world—that, where there are two fares, the great bulk of passengers travel by the lower, even if the fares differ only a penny or two.

Referring to Metropolitan Railway fares (page 23 of the evidence), you will observe the minute differences between second- and third-class. The third-class passengers outnumber the first- and second-class together five times. The Midland Company, a few years back, abolished its second-class, because they found that nearly all their passengers went at the lowest fares. The numbers carried now are: third-class, thirty millions; first-class, under two millions. We may assume that, however much we lower fares within reasonable limits, the increase in traffic will be greater in the second-class than in the first-class. It seems to me, on closely looking into the subject, that we shall be getting out a table which is at once misleading, and can have no bearing on what occurs or is likely to occur in practice.

The evidence of the witnesses is that no gain in numbers of any practical extent can be anticipated for short distances (271, 348, 491A, 849, 1026). If the attached table is referred to, and the present number of first-class passengers is compared with the computed number over the long distances, it will be seen that the increase is very great even by that process of calculation—far more, it seems to me, than there is any hope of attaining within any moderate period. If we are calculating on what is to happen three or four years hence, there are little or no data on which to ground our speculations; and we should also have to calculate what the increase might be expected to be at the present fares.

The calculations, I find, will occupy a large staff about a week. Under the circumstances narrated, I should like to know if the calculation should be proceeded with, or modified in any way.

The Chairman, Vaile's Committee.

J. P. MAXWELL.

SUMMARY of PASSENGERS carried on the Auckland Section of the New Zealand Railways, between Helensville and Morrinsville, under different Stages, for the Twelve Months ending 31st March, 1886.

Distances.	Number of Passengers.	Number of Passengers.	Number of Passengers to give same Revenue at Mr. Vaile's Fares.	
			First-class.	Sec.-class.
Not exceeding three miles	10,707½	44,811	12,084	64,796
Over three and not exceeding five miles...	11,045	83,736	17,663	137,772
Over five and not exceeding seven miles...	26,290½	70,314	43,541	131,234
Over seven and not exceeding ten miles...	6,203½	39,842	7,939	63,091
Total	54,246½	238,703	81,227	386,893
Over ten and not exceeding thirty miles...	8,356½	67,206	27,490	201,721
Over thirty and not exceeding fifty miles	5,666	25,974	14,804	79,954
Over fifty miles	7,220½	17,541½	40,998	106,309
Grand total	75,489½	349,424½	164,519	774,877

Memorandum from Mr. Vaile.

On considering the table of station-to-station bookings it is necessary to bear in mind that it is based on the assumption that all the conditions of travelling will remain under the new system precisely as they are at present, that is to say, that the relative proportion of first- to second-class fares will remain as now, and that there will be no increase in the average distance travelled by each passenger.

The return as it stands proves that, in order to obtain the same revenue that we get now, the number of fares need only be increased as follows: For all distances not exceeding ten miles, one and a half fares where one is taken now. For all distances not exceeding fifty miles, three fares for one that is taken now. For all distances over fifty miles, six fares for one taken now. On the total, I require but two and a quarter fares for one taken now.

Bearing in mind that, as already stated in this return, no allowance has been made for any increase in first-class fares, nor for increase in distance travelled, I beg to submit that it conclusively proves the soundness of my calculation that an average of two fares for one taken now will maintain the present revenue, and that any increase after that will all be to the good. I think this return also proves that the requisite number of fares can be carried without additional cost.

What I have in effect been asked to do is to show how many trips it is necessary to make to some given point on the lines in order to bring out my general average of 1s. each. I reply by asking the defenders of the present system to indicate to what point they have to travel now to get the present average fare of 1s. 11½d. They will find that it is thirteen miles, and if my fares travel sixteen miles I must get my average of 1s. The average distance travelled is the only true basis for calculating the average fare.

As regards goods-rates, this return also shows me that I could regulate a goods-tariff on the stage-system at greatly reduced rates, and give a satisfactory financial result without requiring any great increase of tonnage to be hauled; for the same law will apply to goods as to passengers; and it will be seen that the increased number of passengers required is as nothing compared with the decrease in the price charged. But the regulation of this goods-tariff will require great care and thought, in order to avoid loss and at the same time give facilities to the users of our railways.

21st July, 1886.

SAMUEL VAILE.

FRIDAY, 23RD JULY, 1886.

Mr. W. A. THOMAS, Accountant, Public Works Department, examined.

1188. *The Chairman.*] You are Accountant in the Public Works Department?—Yes.

1189. The Minister for Public Works in his statement for the 31st March, 1885, said: "I have already stated that on the 31st March last there were 1,477 miles of railway open for traffic, and that the total cost of those lines was £11,810,194." Will you say if that sum—£11,810,194—included the sum of £1,104,281, valuation of work constructed by the provinces?—Yes; certainly.

1190. Then, the statement made in Mr. Vaile's pamphlet of the 21st September, 1885, that "Mr. Richardson, in his statement for 1885, puts the cost at £11,810,194. . . . His figure is arrived at by the very convenient process of cutting out the entire cost of the provincial railways, £1,104,281 (see table No. 2); no interest is reckoned on this amount, but credit is taken for all these lines produce." Is that statement untrue?—It is untrue; the provincial expenditure has been included.

1191. Then, interest has been reckoned on the total cost?—Yes; certainly.

1192. *Hon. Major Atkinson.*] I would like to ask if return No. 6 is compiled by you?—The capital has been prepared in my office, and the percentage has been worked out by the Accountant to the Railway Department. I have checked the percentage, and it is quite correct.

1193. Do you prepare Table No. 2 in the Public Works Statement?—Yes; that is prepared by us.

1194. *The Chairman.*] In which of the items of Return No. 6 is the cost of the provincial lines included?—It would be included in the cost of the Hurunui-Bluff system, £6,890,118.

1195. *Mr. Vaile.*] Does the mileage given in the Public Works Statement—1,477 miles—include the mileage of the railways taken over from the Provincial Governments?—I think so; but that is a question for the Engineers to answer.

1196. *The Chairman* (to Mr. Maxwell).] Can you answer that question?—Yes; it does include the mileage taken over.

1197. *Mr. Vaile* (to witness).] Mr. Richardson, in his Statement, gives the total cost of this 1,477 miles of railway open for traffic at £11,810,194. If we turn to Table No. 2 we find the total cost by the General Government to the 31st March, 1885, put down as £11,616,754: How does that discrepancy come in?—You have to add on to the latter amount the cost of the works constructed by the provinces, and then to deduct the amount which has been expended on lines not open for traffic.

[It was arranged that Mr. Thomas should prepare a statement, showing the items forming the difference between the table and the return.]

STATEMENT showing the DIFFERENCES between TABLE No. 2 and RETURN No. 6, Appendix K, attached to the Public Works Statement, 1885, as regards EXPENDITURE.

Expenditure on railways as shown in Table No. 2, including £5,009 12s. 6d. for Gisborne Tramways and survey at Huntly—	£	s.	d.	Approximate cost of construction of opened lines as per Return No. 6, column 2—	£	s.	d.
Loan	11,616,754	8	1	Loan	10,705,913	0	0
Provincial	1,104,281	2	5	Provincial	1,104,281	0	0
	12,721,035	10	6		11,810,194	0	0
Expenditure on harbour works at Greymouth and Westport connected with the railways, included in Return No. 6	140,611	1	9	Expenditure on unopened portions, &c., as shown in same return, column 1	1,046,433	0	0
				Expenditure on Gisborne Tramway, &c., not forming part of the railway-system, but included in Table No. 2	5,009	12	6
				Discrepancy*	9	19	9
	£12,861,646	12	3		£12,861,646	12	3

* This discrepancy arises from the Return No. 6 being approximate, and showing only pounds, the shillings and pence being omitted. The liability (£497,524 19s. 10d.) shown in Table No. 2 is not shown in Return No. 6.

Public Works Department,
Wellington, 24th July, 1886.

W. A. THOMAS,
Accountant.

SIR,—

Railway Department, Head Office, Wellington, 26th July, 1886.

With reference to Mr. Vaile's remark in his review of the evidence submitted to the Committee, that Mr. Hudson's previous railway experience is apparently that of a pay clerk only, I have been requested by Mr. Hudson to ask you to be good enough to allow the attached statement of the various positions held by him on English railways, prior to his coming to New Zealand, to be given the same publicity as the statement made by Mr. Vaile.

I should be glad if you could see your way to have this statement included in the printed appendix.

The Chairman, Vaile's Railway Committee,
Wellington.

I have, &c.,

J. P. MAXWELL,
General Manager.

"I joined Great Western Railway in 1870, in manager's office, Chester; afterwards made goods clerk at Ruabon, North Wales; transferred in 1872 to manager's office, Chester, where I was respectively, at various intervals, statistical clerk, pay clerk, and relieving stationmaster; appointed in 1874 passenger stationmaster at Birkenhead; and in 1878 stationmaster at Ledbury, with jurisdiction over combined single and double roads there, with three block signal-boxes; consequently, my experience extends over goods, parcels, and passenger expenditure, and train-running, and, in fact, every branch of the traffic.

"I hold testimonials from James Grierson, General Manager, Great Western Railway; G. N. Tyrrell, General Passenger Superintendent, Paddington; James Kelly, District Superintendent; P. C. Clensby, Goods Manager; G. C. Grover, District Passenger Superintendent; and from J. Wilkinson, Goods Rates Department, Paddington."

Mr. MAXWELL to the CHAIRMAN, Railway Charges Committee.

THE further remarks by Mr. Vaile, made on the 21st July, speak of the soundness of his calculations, and his average fare of 1s. each passenger. His calculations and those of his witnesses seem to be of the loosest description (see Mr. Vaile and Mr. Conyers, 976, and Mr. Edmonds, 999). It is laid down that to get three times the number of passengers at 1s. will give an additional revenue of £200,000. The numbers and revenue in 1883-84 were 3,272,644 passengers and £321,615, and in 1885-86 they were 3,362,266 passengers and £346,895. Trebling the numbers of passengers in each case and computing them at an average fare of 1s. would give £169,282 and £157,445 more revenue respectively, and not £200,000. These discrepancies are very serious and show that the deductions are very unsound.

As regards the remarks about goods-rates, it is desirable to point out that the passenger-return rendered has no bearing on the goods-traffic, and it gives no information of any kind which could enable Mr. Vaile to regulate a goods tariff. He must, therefore, labour under some very serious misapprehension as to the meaning of the statistical information given on the return. His former statements of his inability to deal with the goods-rates, *vide* 17, 99, 122, 545, could not be regarded as affected by these later remarks, as it must be evident that the return can be of no assistance to any one for such a purpose as he states.

29th July, 1886.

J. P. MAXWELL.

Mr. VAILE to the CHAIRMAN, Railway Charges Committee.

SIR,—

Wellington, 29th July, 1886.

I wish to call your attention to Mr. Maxwell's letter of the 26th instant, as put in evidence for publication, in which, as usual, he seeks to make me say that which I did not say, and to make it appear that I have done Mr. Hudson an injury. The only knowledge I have of Mr. Hudson's previous position was the information he himself gave to the Committee in question and answer 369A.

I must ask you to be good enough to request Mr. Maxwell to amend his letter, and to quote what I did say and the reference I gave, namely, "The very singular ideas here expressed may be accounted for by the fact that Mr. Hudson's position on the English railways appears to have been that of a pay-clerk (369A)." I am very glad that Mr. Hudson has been afforded an opportunity of setting himself right.

I have, &c.,

E. Mitchelson, Esq., Chairman, Railway Charges Committee.

SAMUEL VAILE.

NEW ZEALAND RAILWAYS.

SUMMARY of PASSENGERS carried on the Auckland Section, under different Stages (Helensville to Morrinsville), for the Twelve Months ended 31st March, 1886.

Distances.	Total Number of Passengers carried at Govern- ment Fares.	Total Revenue.	Number of Passengers computed to give same Revenue at Mr. Vaile's Fares.	
			Equal Numbers of each Class.	Two First-class to one Second.
Not exceeding 3 miles	55,518½	£ s. d. 1,215 12 1	59,588	55,860
Over 3 and not exceeding 5 miles	94,781	2,801 17 5	130,100	121,975
Over 5 and not exceeding 7 miles	96,604½	3,435 2 0	157,176	147,356
Over 7 and not exceeding 10 miles	46,045½	2,144 4 3	60,012	56,259
Total	292,949½	9,596 15 9	406,876	381,450
Over 10 and not exceeding 30 miles	75,562½	8,324 10 10	194,445	182,292
Over 30 and not exceeding 50 miles	31,640	7,322 17 6	81,842	76,731
Over 50 miles	24,762	14,665 13 1	134,291	125,900
Gross total	424,914	39,909 17 2	817,454	766,373

Accountant's Office, Wellington.

A. C. FIFE,
Accountant.

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