the heading of "passengers," and that worked out 2s. 6½d. But I found out afterwards the ordinary passenger-fare averaged 1s. 11½d. Since then things have altered a good deal. The charge for the year ending 31st March, 1900, was 1s. 9d., and on the Auckland Section 1s. 7½d. That was the average charge, and during the last eighteen years the lowest average charge has been 1s. 8½d., and the highest 2s. So, you see, last year's average would be a pretty safe one to work on. In 1882 the average distance travelled by passengers in New Zealand was thirteen miles, and it has not increased since then for some reason. The last time I worked it out it was a little under thirteen miles. It is obvious that, whether the charge is by the mile or by the stage, the longer distances people or goods travel the greater must be the charge. It is also obvious that as goods follow men, the longer distances men travel the longer the distance for goods also. Now, I calculate that, with these enormous reductions in fares—when you could go to Rotorua for 3s. 6d. first class, or 2s. 4d. second class; to Te Aroha for 3s. first class, or 2s. second class; from New Plymouth to Wellington for 9s. 6d. first, 6s. 4d. second; Napier to Wellington, 8s. 6d. first, 5s. 8d. second; or Culverden to the Bluff, 18s. 6d. first, 12s. 8d. second—there would certainly be a great deal of development in the travelling, and my own impression is that the average distance travelled under this system will be very little short of fifty miles instead of thirty. The effect in Hungary was to raise the average distance travelled from 71 kilometres, which equals nearly forty-four miles, to 130 kilometres equalling eighty-one miles, or, say, an increase of 83 per cent. Now, if we did the same here, we should get a very remarkable financial result. You will remember I claimed to have made the average fare 1s. I only calculated on an extension of from thirteen to fifteen miles, and claimed that that would give me an average of 1s. That was disputed, but Mr. Fife's table proves I was right. If you work out that figure (the total amount paid), which does not involve any additional travelling whatever, you will find it comes to 11¾d., so that it was quite clear the average of 1s. was secured on that calculation. Of course, I had no actual experience of any kind, or in any part of the world to guide me; and although I thought the average would be very much more, I only calculated on the two miles in order to make quite safe. I think there is no doubt that we should secure a much better result than they do in Hungary, for the simple reason that the Hungarians are notoriously the worst travellers in Europe. Prior to the introduction of the zone system they only shifted their population once in three years, and the last time I worked it out they only shifted them once in that particular year. We shift ours from six to seven times in the year, showing that our people have a much greater desire or necessity for travelling, and therefore we should get a much better financial result from the system itself. I have always contended that this is a far better financial system than the Hungarian or Russian adaptation of it. In Hungary or Russia, if the passenger wanted to go the distance, say, from Auckland to Rotorua, he would have to take his ticket at the station for the whole distance through; consequently, it does not afford the same facilities for travelling as this system does. Under the present system it does not matter how many changes you get, the through fare is the only fare that can be earned by any one seat in a carriage, because the charge is by the mile, no matter where you start from. Supposing we only got an extension to twenty-five miles, that twenty-five miles, I calculate, would give us an average fare of 1s. 8d. It would land you, going from Auckland, into the Pukekohe stage, which pays 1s. 8d. average, and I feel certain that we should get that extension, and I believe that we would get a great deal more. If so, we would get a very much larger profit. Now, assuming that we got only a half the extension they get in Hungary in the distance travelled, and the same multiplication of passengers— they managed to get four where they used to get one—assuming we get four, taking the whole of our lines, it would work out thus, assuming the average fare to be 1s. 8d., and that we get four times the number of passengers: The ordinary passenger revenue only would reach £1,899,172, instead of £474,793, which we actually received for the year ending the 31st March, 1900. Now, those figures seem so outrageous and so startling that I do not wonder they are received with incredulity, but it does not seem to me the least bit impossible. The whole thing depends on the average distance the people will travel. I do not think anybody can doubt that there will be probably a dozen people who will go to Rotorua for one that goes now—that is, under my system. For my own part, I have never seen Rotorua, and for the simple reason that the transit charge for the time I could spend there has debarred me from going, and there must be tens of thousands of people in a worse position than I am. If we assume, for the purpose of being absolutely safe, that our average fare would only be 1s. 3d.—you see that for thirteen miles it is 1s., that is the department's statement. Now, under the facilities offered here, I think it would be perfectly unreasonable to expect that extension to be less than to 25 per cent. That would give us 1s. 3d. at the least, and probably 1s. 8d. I think that is absolutely safe, and if that is so the finance would work out thus : The number of ordinary fares taken during the year 1900 were 5,468,284. Now, these at 1s. 3d. would have realised £341,767, and four times this would mean £1,367,068, or £892,275 more for ordinary passenger-fares than we received that year.

1. *The Chairman.*] Is that on the Auckland section ?—No, Sir, on the whole of the sections. Now, that is the lowest result I should expect, and I feel perfectly certain that we can get that result. I may mention, in passing, that as regards my figures, whether quoted as regards this country or other countries, they have always been verified by results. It is always necessary to bear in mind that the whole thing depends on the average fare, and that the average fare depends on the average distance travelled. Now, I believe that it will be nearer fifty than twenty-five miles, and, if so, the figures I have given you will be enormously exceeded. We should also remember this : the present average trip is thirteen miles, but every trip taken from Auckland to Rotorua is equal to thirteen of the ordinary trips, and every trip taken from New Plymouth to Wellington would be equal to nineteen of the ordinary trips, and every trip from Napier to Wellington would be equal to sixteen trips, and every trip from Christchurch to Dunedin would be equal to seventeen and three-quarter trips, and every trip