

from Dunedin to Invercargill would be equal to ten and three-quarter trips. Now, I do not think any one can doubt that, under the reduced fares, named, the travelling between these points must be enormously extended, and, if so, you will see from these figures I am giving you how much the average distance travelled must be increased. The first pamphlet I issued on this subject was in February, 1886, and in that I made this statement, and put it in italics in order to emphasize my then opinion, and to have it on record. It was written fifteen years ago. I said: "This,"—the alteration in the system—"with the enormous expansion of general traffic that must follow, would give us at least another £1,000,000 per annum of net railway revenue. It would not surprise me in the least to see this result obtained in less than two years." That was my opinion fifteen or more years ago, and it is mine now. I was careful to put it in print, but, after having put it in print, from that time until the last year or two I never claimed more than £200,000 per annum. I believed it then, and believe it fully now, that it is an easy matter to take another £1,000,000 per annum out of the railways, and I need hardly say if we could it would be an enormous benefit to the country. There would be no need of further borrowing, and we could go on expanding our railways out of revenue. Of course, this is one reason why I have always asked that I might be personally connected with the trial, as a very great deal of the success of a system like this must depend on the way the trial is carried out. I do not wish to imply that the department would do anything wrong, but the inventor is the only man in the world who has got an idea of the thing he is working at until he has brought it to a certain stage, and I am the only individual that has got all the details of this system, and I could not very well put it on paper; therefore I should know how to meet any little difficulties that might crop up. You, gentlemen, will remember that I have never asked for any permanent position or post, but simply to have the guidance and direction of the trial of this system in order to guard against mistakes. I hold it is a perfectly ridiculous thing to believe that a monopoly of the inland carrying-trade of a country can only be made to pay 3 per cent. I think Sir Joseph Ward will bear me out in this that there is something wrong in a system that will only give that result. Here is a monopoly, and only with the greatest difficulty 3 per cent. can be extracted out of it. Take the railways all round, that is the average rate they are supposed to pay. Now, it has been asked before, and probably will be asked again, how is it that under the stage system you can make so much more than under the mileage system? It is for this reason: As I said before, the through fare is all that any one seat in a railway carriage can earn under the mileage system. But under this system of mine there are perhaps five stations on a seven mile stage, and you could earn the through fare five times over; while the through fare is only 4d., you can make a seat in a carriage worth 1s. 8d. It is by that process, of course, that the penny omnibuses in London, the penny tramcars in Sydney and in other places, make their money. If they could only get their through fare they would go into liquidation and the bankruptcy Courts immediately. Here is a long stage of eighty-five miles from Pukekohe to Frankton, and the through fare would be only 4d. or 6d. But here are sixteen stopping-stations between the two towns, and you can earn the through fare sixteen times over under my system. By the charging from one stage to the other it is always piling up the profit, and that is the real reason why the stage system makes so much more money than the other system. The fact of the average fare now being only 1s. 8d. will show you how very few through fares there are at the present time for any of the longer distances. If there were many travellers through on any of the long lines, why, then, of course, the average fare must be greatly more than 1s. 8d. You take from Auckland through to Frankton Junction: There are thirty-one stopping stations, so that under my system you could get, where your through second-class fare is now 7s. 1d., 10s. 4d., if you keep the carriages employed. And then, what is true of Auckland is also true to a far larger extent of the Hurunui-Bluff Section. Now, as I have asked to have this system tried first on the Auckland Section, it is as well to deal with the finance as it will come out there. The reason why I ask for it to be tried on the Auckland Section is that that line will put the system to the severest test that can be applied to it anywhere. The reason of that is, that on the Auckland Section there is a town called the Thames, of four thousand inhabitants, and then the only other town containing as many as 1,250 inhabitants is Hamilton. Those are the only two towns mentioned in the census of any importance on that line. Now, you will see on the Hurunui-Bluff Section or the Wellington-Napier-Hawke's Bay Section there are many towns of over two thousand inhabitants, and consequently these large sections mean giving a much larger trade, and consequently a better financial result. The 1900 returns show that the number of fares taken on the Auckland section was 745,982. That produced a revenue of £60,816, giving an average fare of 1s. 7½d. Taking my lowest calculation of 1s. 3d. per fare, that would give £46,626, and four times that would give £186,504, or a gain on this line alone of £125,688. Now, if you make the very ridiculous assumption that we should only gain two fares for one carried now, we should still make a profit of £32,436 from ordinary passenger-fares only—that is, assuming the average fare to be only 1s. 3d. Now, I say it is impossible that so small a result could be obtained; but, even if it were so, we would still profit to the extent of £32,500, in round figures. Then, again, the question was asked me the other day, supposing the thing were an utter failure and you neither got an increase in the average distance travelled nor in the number of passengers carried, what would be the loss? The loss would be £23,517. Now, gentlemen, it is a question of staking £23,517 against a possible £1,500,000, and I ask if it is not worth the trial? I do not think that the figures I have given you are in the least degree extravagant. They may appear extraordinary, but when you come to examine them I think you will find the basis is sound. At any rate, my calculation has been borne out in every country where the system, even in a spoilt form, has been tried.

2. *Mr. Napier.*] Would you state whether those figures that you have worked out are calculated on the same basis as on the results achieved in Hungary?—They are calculated this way: on the supposition that we get an increase of four times the number of fares; the same as they have done in Hungary.