

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.