

courage settlement in the country, and thus shorten the average distance travelled, and consequently decrease the revenue.

In this connection it may be well, gentlemen, to draw your attention to the fact that during the last four months—from 1st April to 21st July—our net railway revenue, as compared with the corresponding period of last year, *decreased* £7,473; working-expenses *increased* £37,806, and the percentage of working-expenses to revenue *increased* £3 12s. per cent. There is also a *decrease* of 86,300 in the number of livestock carried. The “new policy” does not appear to be very successful. There is surely need of a change.

The department claims that they have a large increase of passenger traffic and revenue in consequence of the paltry reductions made in fares; yet these same gentlemen have given strong evidence that the sweeping reductions proposed under the stage system would not perceptibly increase the number of people travelling. At any rate, the general results of their “new policy” are most unsatisfactory.

Long ago I came to the conclusion that our railway-controllers have utterly failed to master the first principles of railway finance. There can be no permanent improvement in railway traffic and revenue except by extending the distance travelled over by men and goods. It is obvious that the longer the distance the greater must be the payment. Our experts work for the shorter distance, hence their want of success. I do not believe they see what must be the ultimate effect of their workers’ weekly tickets. Under the stage system these workers would obtain far greater advantages than these 2s. tickets give them, while the country districts would be largely benefited, and the railway revenue and trade of the cities greatly increased.

The whole aim and object of the stage system is to encourage long-distance travelling, and settlement in the country—the producing districts. Goods follow men; hence if the distance passengers travel can be extended the distance goods travel must follow, and thus railway traffic and revenue must increase, and bring greater prosperity not only to our country districts but, through them, to our chief cities.

The effect of the introduction of the zone system in Hungary has been to increase the average distance people travel by 83 per cent. and to quadruple their number. I should expect to do much better than this under the stage system, but if we only did as well, then this would be the result:—

Calculated on the basis of the returns for the year 1898–99, the finance would work out as follows—that is, if the average fare paid by each passenger, which must depend on the distance they travel, should prove to be, as I expect, 1s. 8d.:—

Actual Revenue under old System in 1898–99.				New System.			
		£				£	
“Ordinary passengers” (the average fare actually paid during this year was 1s. 9d.)	...	...	438,367	Four passengers instead of one ...	...	1,651,848	
All other items	...	...	1,031,298	All other items	...	1,031,298	
				Add 10 per cent. for increase in goods traffic	...	103,129	
Gross revenue	...	...	£1,469,665	Gross revenue	...	£2,786,275	
Working-expenses last year	...	...	...		...	929,737	
Add 25 per cent. for increased traffic	...	...	...		...	232,434	
						1,162,171	
Net revenue	...	...	...		...	£1,624,104	

This would enable us to do this:—

Carry passengers at the rate I propose, say an average of one-fifth of the present charge.

Reduce every item of goods traffic to one-half the present charge, say

a reduction amounting to ... 441,038

Pay same amount of interest as in 1899 ... 539,928

Leaving for railway-construction or other purposes ... 643,138

£1,624,104

If, however, we calculate on the low and certainly safe basis of 1s. 3d. only (the Railway Accountant has proved that without any extension in distance it would be 1s.), we still have this result:—

		£	
Ordinary passenger revenue	...	1,238,896	
Other items as above	...	1,031,298	
Add 10 per cent. as before	...	103,129	
Gross revenue	...	2,373,323	
Less expenses as above	...	1,162,171	
Net revenue	...	£1,211,152	
Less reduction on goods traffic	...	441,038	
Less interest as in 1899	...	539,928	
For railway extension and other purposes	...	230,186	
		£1,211,152	