

effect was to increase the cost of travelling. It will be seen the result was to raise the cost of working to 57·95 per cent., or 3·18 per cent. more than during the period of cheaper fares.

			Per Cent.				Per Cent.
1896	...	...	58·77	1898	...	...	58·93
1897	...	...	60·31				

On the 1st March, 1896, further alterations were made, and the fares again raised, with the result that the percentage of working-expenses rose to 59·34 per cent., or a further increase of 1·39 per cent., and being 4·57 per cent. more than they were when the lowest fares were charged.

These figures are all taken from the reports of the British Consul-General at Buda-Pesth, and are reliable. They prove that a very great reduction of fares gave a very profitable result, and that the profit decreased as the fares were again raised.

In conclusion, sir, I can only express my regret that the promise made to Parliament that a trial would be given to the new system has been fenced round with such conditions as render a fair trial impossible. Under these circumstances I must decline being made a party to destroying my own work.

I have earnestly striven to render this country a great service, but the selfishness of your officials has defeated me. I can only hope that Parliament will soon insist on our railways being controlled by more able and truthful men.

I trust, sir, that in anything I have said you will not think that I wish to reflect on you or the Government. All who have any knowledge of such matters know that Ministers must rely on their chief officials for detail information, and it is those officials, and them alone, that I blame for the position in which all parties concerned have been placed.

Hon. J. G. Ward, Minister for Railways, Wellington.

I have, &c.,

SAMUEL VAILE.

No. 16.

Hon. J. G. WARD, Wellington, to Mr. VAILE, Auckland.

New Zealand Government Railways,

SIR,—

Head Office, Wellington, 4th December, 1900.

With reference to your letter of the 5th ultimo, in regard to trial of your system of railway charges, I have the honour to inform you that the *Hansard* reports of session 1900, dealing with this question, together with the correspondence which has passed between you and myself, will be printed and laid on the table of the House of Representatives early next session.

I have, &c.,

J. G. WARD,

Mr. Samuel Vaile, "The Avenue," Auckland.

Minister for Railways.

No. 17.

Mr. VAILE, Auckland, to Hon. J. G. WARD, Wellington.

DEAR SIR,—

"The Avenue," Auckland, 18th March, 1901.

From some of your reported utterances, I infer that you are inclined to make a change in the system of administering our railways, and that the change you favour is in the direction of making a certain charge for a certain distance, and then a further charge irrespective of distance—in fact, something like the Hungarian and Russian adaption of the stage system. There is little doubt that, for a time, at any rate, such a system would give better financial results than the present one, but there are serious objections to it.

My only object in writing is to place at your disposal the result of my study of this intricate problem, with a view to rendering the country a service. Unfortunately, up to the present time, railways have concentrated population; their real mission should be to distribute it, and the reason why they have never paid the return they ought to have done on the capital invested is, that the question of population has never been properly considered, and no system of rating will ever give permanently good results, financially or otherwise, so long as this is the case.

You will often have noticed how the railway men have clamoured to have lines constructed to what they are pleased to term "paying points," in other words, until the towns already formed are connected, and they have the trade between these two. They can see the advantage of this, but they cannot see the advantage of so using the railways as to create intermediate towns.

Suppose the line opened between Auckland and Wellington: your officials would at once proceed to give through rates between the two cities. This would immediately begin to concentrate population and trade into them, and so prevent the development of the smaller towns along the line. You, no doubt, know that this has been the effect in Great Britain, America, and elsewhere. The smaller towns have been absorbed, and the larger ones unduly inflated. This is the evil that, in the interests of the social condition of the people, and of the railway revenue, we want to get rid of, and I do not think the plan I imagine you favour will do it—indeed, I think it will do no permanent good.

Had the Hungarians taken population into their basis of rating they would have been more successful, and would not have had to flounder about as they now appear to be doing. In their system there is no real scientific basis of rating; too much is still left to the will of the traffic managers. You may remember that, before they commenced operations, I stated in print, that their adaption of our stage system would ultimately work itself out. What I wish to do is to prevent New Zealand falling into the same error.

You will, I am sure, see that if we could make our railways assist in the creation of inland towns that this must largely increase the railway revenue and also promote production. You may ask, How will the stage system accomplish this? I reply, Because each stage-station will, in a sense, be a terminal station—a smaller or greater receiving and distributing centre. You will understand this better by the following diagram:—