

pared to prove the truth of my statement. I appeal to you, sir, as an honourable gentleman and as a Crown Minister, to say if it is reasonable or right to ask me to put myself in such a false position?

This brings me to condition (c) in your letter of the 3rd ultimo—"That the experiment be carried out under the control of the officers of the New Zealand Government Railways Department." On the 10th ultimo I wrote asking you to explain what was the precise meaning of this, and also to state what would be my position and powers during the trial. You reply on the 19th that "Beyond fixing the fares and rates to be charged you will have neither position nor powers in connection with the carrying out of the trial."

As from what appears above it is clear that the present railway officials are determined that no trial of the new system shall take place, except under such conditions as will insure its failure, it is quite impossible for me, as an honest man, to ask my friends and supporters to give any money guarantee, as it would certainly mean loss to them, and produce no good result for the country. For my own part, if any faithful trial was intended I should have been quite prepared to stake another £500 to £1,000 on the result, but under the conditions imposed I would not risk one single penny.

It remains to be seen how long the citizens of New Zealand will put up with the obstructive tactics of your officials. The principles of railway administration, for which I have so long contended, are rapidly spreading over the world. They have conferred vast benefits in other countries, but New Zealand, instead of being the first to reap them, is likely to be the last; and for this deplorable result your chief officials are alone responsible.

As you have been good enough to send me the copy of *Hansard* containing your speech in reply to Mr. Napier's question, I infer that you wish me to deal with the statements therein made with reference to the working of the zone system in Hungary. I gladly avail myself of the opportunity, and in replying shall give you further indisputable proof that your officials are either incapable of dealing with this subject, or they have again wilfully deceived you and Parliament.

First, let me remark that the changes made in that country are the result of errors made in arrangement and working of the zones, and in the method of issuing and collecting the tickets. These errors I pointed out before they started work.

You mention that they have found it necessary to add to the number of zones. This ought to have been done at first. Their then fourteenth zone covered any distance up to 317 miles. Under the stage system there would be no stage or zone longer than fifty miles. The zones they have added have therefore brought their system more into line with mine.

In Hungary they have two systems at work—local traffic and distance traffic. These two systems have been found to overlap, and give opportunities for defrauding the department. This disadvantage does not, and cannot, exist under the stage system, as under it there is only the one class of traffic throughout.

In Hungary the Government has been defrauded by long-distance travellers taking a portion of a journey, and then handing or selling their ticket to another traveller, the two together travelling a much longer distance than was paid for. This, again, could not occur under the stage system, as there would be no such tickets, and there would be neither the necessity nor the right to break a journey, for as a rule passengers would pay at each stage.

Every one conversant with railway working knows that the true test of successful or unsuccessful working is the percentage of gross revenue consumed in working expenses. The larger the percentage spent in working, of course the less the net profit.

The figures given below conclusively prove that your officials have misled you in stating that raising the fares in Hungary has led to better financial results. On the contrary, it has largely decreased the profit.

In the five years preceding the change working-expenses averaged 60·40 of revenue. During the first four years of the new system, when the fares were at the lowest, they fell to 54·77 per cent. Then the first increase was made, and working-expenses rose to 57·95 per cent.; then, again, the second increase in charges was made, and they rose to 59·34 per cent. This, sir, is conclusive evidence that raising the fares has not increased the profit earned.

The following are the details:—

	Per Cent.		Per Cent.
1884	67·25	1887	56·12
1885	66·88	1888	53·51
1886	58·24	1889	53·46

During this period the old system was at work, and great efforts were made to reduce working-expenses, but it will be seen they averaged 60·40 per cent. per annum. The zone system was introduced on the 1st August in this year. It will be seen that, notwithstanding the cost of changing the system and the fact that the zone system was at work only five months, yet it reduced the working-expenses over the whole year 6·94 per cent. as compared with the average of the previous four years.

	Per Cent.		Per Cent.
1890	51·75	1892	54·76
1891	57·31	1893	55·26

During this period the zone system was running as it was at first introduced, and with the fares reduced—just as I had proposed six years previously to do here—to as near as could be an average of one-fifth of the old charge. The average percentage of working-expenses fell to 54·77 per cent., showing a reduction of 5·63 per cent. as compared with the old system.

	Per Cent.		Per Cent.
1894	54·97	1895	60·94

On the 1st January, 1894, the first alteration in arranging the zones and fares was made. The