

1901.

NEW ZEALAND.

THE VAILE STAGE RAILWAY SYSTEM

(COPIES OF CORRESPONDENCE, ETC., RELATING TO).

Laid on the Table by Leave of the House.

No. 1.

QUESTION ASKED IN HOUSE OF REPRESENTATIVES BY MR. NAPIER, 29TH AUGUST, 1900, AND
REPLY THERETO BY HON. J. G. WARD (MINISTER FOR RAILWAYS).

“MR. NAPIER (Auckland City) asked the Minister for Railways, Whether he will take steps to test the value and utility of the Vaile stage system on railways by adopting the system for a period of one year on the Auckland-Waikato and Auckland-Helensville lines? He would like to point out that this system had been before the country for eighteen years. In 1886, he found from the Journals of the House that a Select Committee recommended that a trial be given to the system; and in 1890 another Committee was set up to inquire into the system. During the intervening years and since the latter year petitions in favour of the system had been presented to the House from, he thought, every local governing body in the colony, and from many thousands of private colonists. It was admitted generally that the present mileage system had not been so great a success as we had a right to expect. During the last twelve years the average interest earned by the railways was £2 18s. per cent., and that rate had only been obtained by making very large grants from the Consolidated Fund to pay for items which should have been paid out of the railway revenue. The increase of work on the railways during the last twelve years had been comparatively insignificant, being rather less than one trip *per capita* per annum, and half a ton freight *per capita* per annum. Considering that we had 363 additional miles of railway opened during these years, and that the population had increased by 153,000, he thought honourable members would admit that railway progress had not been as rapid as they were entitled to expect it would have been. It was a curious thing also that the charge for carrying and delivering each ton of goods was now 3d. more than it was ten years ago. One of the principal railway officials, a gentleman, he believed, of very high repute in his department—Mr. Fife, the Railway Accountant—said,—

“Travellers who make journeys not exceeding ten miles in length were 68·8 per cent. of the whole number, and yet they only contributed 24·1 per cent. of the revenue. Those who travel ten miles and not exceeding fifty miles are 25·3 per cent. of the total number, but they have to pay 39·2 per cent. of the revenue; whereas those who travel over fifty miles are only 5·9 per cent. of the total number, and yet they pay no less than 36·7 per cent. of the revenue.”

“Since the time this system was first promulgated in this country it had been tried in several countries. It had been tried in Russia, in Europe, Siberia, and Hungary, and in each of those countries it had been an unqualified success. The cost to make a trial such as he asked for would not be very great. The possible loss was estimated at from £10,000 to £15,000 for a year's trial. That, however, was the estimate of the enemies of the system, and was disputed by those who favoured the system, who said that there would be no loss, but, on the contrary, an enormous profit and a large increase in traffic. But, even if they took the estimate of the enemies of the system and gave the system a trial, it would only involve a possible loss of from £10,000 to £15,000. The honourable gentleman's predecessor was thoroughly in favour of a trial of this system. Mr. Cadman said, on the 15th August, 1890:—

“I hope the result of this action will be that, at all events, we shall have at least one line, to give this system a fair trial. We can very easily take the Auckland-Waikato line, the New Plymouth-Wanganui line, or the Napier-Woodville line, and give the matter a fair trial; and that will perhaps end the whole question. We all know that no great reforms are made without being well fought out. This question the Auckland people are determined to fight for, and I hope they will continue to agitate until it has had a fair trial.”

“The Right Hon. Mr. Seddon was also in favour of it, judging by his speech on the Public Works Statement of 1892. He said then,—

“The returns from the working of the railways do not show at all a satisfactory condition of affairs, and the representations of Mr. Samuel Vaile, of Auckland, as to the working of the zone system, indicate that at no distant date—possibly on the expiry of the Commissioners' term of office—it might be as well that a trial of this system should be made on our railways.”

“ Seeing, therefore, there was a very large body of expert opinion, and of those who were recently responsible for the working of the railways, in favour of this system; that the possible loss would certainly not be very great; and that a large section of the population—in fact, the inhabitants of the whole Provincial District of Auckland—had set their hearts on having a trial of the system, he trusted the Minister would seriously consider whether the time had not arrived when the question should be put at rest for ever, by having it definitely determined by a full, fair, and adequate test whether the system would fulfil what was claimed for it by its inventor, Mr. Samuel Vaile.

“ Mr. WARD (Minister for Railways) said the honourable gentleman had given them what he believed to be strong recommendations in favour of the adoption of the Vaile system, and in the course of those remarks he had referred to the fact that the late Minister for Railways, Mr. Cadman, was favourable to the system. He read from a report of that gentleman's views as expressed in 1890, and he would like to point out to the member for Auckland City that Mr. Cadman was Minister for Railways after that date—from 1893 or 1894, for five or six years—and during the whole of that time he had the opportunity of putting into practice the views the honourable member said he had expressed in 1890. They could depend upon it, that with a progressive man at the head of the railway administration, such as the Hon. Mr. Cadman, he must have had very sound reasons indeed for not carrying out the views the honourable gentleman had stated he entertained of the Vaile system, or of not giving the opportunity for a trial of the system during the time he had controlled the railways of the colony. Of course, it was all very well to give them the reference to Hungary, but his impression was that the zone system in Austria and Hungary was found, after one or two years' trial, not to be nearly so good or so perfect as had been predicted by its advocates. His impression was that it brought about a heavy loss, and necessitated either a change in rates or some modification of the system. If the information he had was correct, it would appear that where the zone system had been tried it had not, on the whole, proved to be so wonderfully successful as its promoters contemplated. He wished to point out to the honourable gentleman the responsibility that devolved upon the Minister for Railways of this colony when he was asked to give effect to such a proposal as this. For instance, it was not by any means equitable that for twelve months any section of the railways of this colony should be treated differently from all others—that was, that the people in any district in this colony should have exceptionally low rates given to them, while the remainder of the colony was to be denied such concessions. They had to recognise that their railways were owned by the people, and it would be a very unfair thing indeed to select any provincial district, or any portion of the colony—whether it be Otago, Southland, Canterbury, Wellington, Wanganui, or Auckland—for preferential treatment. It appeared to him to be very undesirable for the colony, by way of experiment, to select any one of those districts in order to give a trial to a system which would give exceptionally low rates to the people in the district selected. It might turn out at the end of the twelve months that the experiment would not prove anything like as successful in its results as Mr. Vaile, who had so zealously advocated the system, anticipated. It might result in a heavy financial loss. He would like every member of the House, and all those outside who believed that this system was one that should be adopted by the colony, to recognise that the Government of a great department of the State, was intrusted with a grave responsibility, and had necessarily to be cautious in dealing with the largest State asset of the people. They could not expect him to agree to the trial of anything in the shape of an experimental system which might involve a very heavy loss upon the colony. If the people in any district who thought this system was a better one than we now had were prepared to deposit the amount of loss estimated by the department, unconditionally, excepting for the purpose of meeting any loss that might be incurred for the trial of this system on one section of the railways for twelve months, he was quite prepared to give it a trial on that section—

“ An Hon. MEMBER.—They made the offer once.

“ Mr. WARD said he did not know anything about that. There may have been conditions that he would not agree to; but if they were prepared now to deposit the estimated loss to the department for a twelvemonths' trial, he was quite prepared to give the system a fair trial. But there must be no mistake about it. He repeated, that if the amount of loss estimated by the department were deposited and placed at the disposal of the Railway Department unconditionally, to be appropriated by the department at the end of the year for whatever the loss might be, and that the experiment was to be carried out under the control of his officers, he would be quite prepared to give the system a fair trial. The honourable member for Auckland City had given them a good deal of debatable matter in the course of his speech—as to the working of the railways for a period of twelve years. He could not agree with many of his arguments, nor could he accept the conclusions he arrived at as at all correct. He might say that for last year alone they had had an enormous increase of passenger traffic on the railways of the colony, close on half a million—he thought four hundred and eighty thousand—and the returns for the current year showed that there was an increase going on at the rate of over half a million; so that the present conditions were quite different from what they were in 1890 and in the years preceding. They had now the lowest passenger-fares of any of the Australian Colonies, and they compared more than favourably with the English railways. He wished to point out that there was therefore a very material difference between the conditions existing at the present time and those existing in 1890, or prior to that period, and if they were to have an innovation, such as was proposed, adopted, those who wanted to have it adopted should be prepared to put their hands into their pockets, or get their friends to put their hands into their pockets, and deposit money with the Treasury, in order to prevent the colony suffering should there be a loss incurred. The honourable gentleman had also referred to the fact that the revenue earned between the ten miles and twenty-five miles

stages was 39 per cent. of the whole of the passenger-fares. Under the Vaile system it was proposed to reduce the fare, he thought, to sixpence a stage. The honourable gentleman said 39 per cent. of the whole of the revenue was obtained between ten miles and twenty-five miles. If that were so, it was at least very difficult to say in this young country, which was sparsely populated, that if they abolished the ordinary rates now existing—namely, 1d. per mile for second-class fares—it was certain we would make up 39 per cent. between ten miles and twenty-five miles by adopting the zone system. Personally, he admired the persistence and indomitable pluck of Mr. Vaile in steadfastly advocating a system which he conscientiously believed to be better than the system that now existed; but with all due respect to him, after looking at the matter quite impartially and with a thoroughly unbiassed mind, his opinion regarding the proposed system was that Mr. Vaile was over sanguine as to the financial results anticipated from the adoption of it, and he was strongly of opinion that the great reform Mr. Vaile advocated could only be achieved by the colony agreeing to accept a very large loss over the whole of the railways of New Zealand. This he was not prepared to recommend, especially when he was making enormous reductions in the passenger-fares himself, and basing all his calculations on a 3-per-cent. earning basis. He had recently given away £75,000 per annum in reductions, and before he could agree to make an experimental change, as was now asked, the colony required to be protected against loss, so that the honourable gentleman who had put the proposal before the House, and those who were anxious to have the zone system tried, would recognise it was a fair proposal he had made to them, and if they would do what he suggested he was quite prepared, on those conditions, to give it a trial."

No. 2.

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

(Telegram.)

30th August, 1900.

KINDLY let me know what amount you require deposited *re* trial stage system.

Hon. J. G. Ward, Wellington.

SAMUEL VAILE, Auckland.

No. 3.

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

(Telegram.)

31st August, 1900.

MISINFORMED. Hungary zone system working fully June, 1899.

Hon. Ward, Wellington.

SAMUEL VAILE.

No. 4.

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

(Telegram.)

1st September, 1900.

BEFORE I can reply to your question you will require to inform me, first, on what section of the railways it is desired to try the scheme; and, second, is it intended to apply it to passengers, coaching, and goods?

S. Vaile, Esq., Auckland.

J. G. WARD, Wellington.

No. 5.

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

(Telegram.)

4th September, 1900.

WHOLE of Auckland section. All classes of traffic.

Hon. Ward, Wellington.

SAMUEL VAILE, Auckland.

No. 6.

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

(Telegram.)

4th September, 1900.

PLEASE furnish me with particulars of parcels and goods rates for the whole or portion of a stage. This is necessary to enable the department to prepare estimates of revenue.

S. Vaile, Esq., Auckland.

J. G. WARD, Wellington.

No. 7.

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

(Telegram.)

6th September, 1900.

WILL reply by letter.

Hon. Ward, Wellington.

SAMUEL VAILE, Auckland.

No. 8.

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

"The Avenue," Karangahape Road, Auckland,

7th September, 1900.

DEAR SIR,—

I have the honour to enclose herewith the first rough proof of a postscript I have added to a paper I now have in the Press, and which I intend for distribution. You will see that the said postscript contains my reply to your request *re* furnishing particulars of parcels and goods rates. I shall forward you the full paper as soon as it is printed, and will then write again.

I have, &c.,

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

SAMUEL VAILE.

[For postscript see attachment to No. 9.]

No. 9.

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

DEAR SIR,—

"The Avenue," Auckland, 8th September, 1900.

I have the honour to forward herewith, per commercial papers post, copies of a paper I have prepared for distribution to the members of the Legislature in reply to the statement made by you to the House on the 29th ultimo, and to the demand of your officials that I should furnish them with a tariff of charges for goods and parcels. A proof of the postscript to this paper I have already posted to you.

Your officials know as well as I do that not only is their demand unnecessary, but that, if complied with, it certainly would create great confusion and possibly great loss. Their sole object in making it is to create delay, and if possible to ruin the new system.

For my part I have lost all confidence in their ability and honesty of purpose, and I must decline to place myself and my invention in their hands. The way they have dealt with me from the first more than justifies me in saying this.

I trust, Sir, that with the assistance of Parliament you will be able to see your way to order a trial without their interference, of which there is not the least need.

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

I have, &c.,

SAMUEL VAILE.

P.S.—I trust you will be good enough to let me know what amount of guarantee you require—if that must be given—as soon as possible, in order that I may see what can be done.—S. V.

The Attempt to Deceive Parliament.

To the Members of the Upper and Lower Houses of the Parliament of New Zealand.

GENTLEMEN,—Telegrams published here on the 30th ult. state that when Mr Napier asked the Hon. the Minister for Railways if he would try the Vaile stage system on the Auckland section of railways the Hon. Mr. Ward, in reply, among other things, said that: "It [the stage system] had been found after a trial of the system in Hungary and elsewhere that it was not a success, and the old system was reverted to." There is, of course, no doubt that the Minister made this statement on the authority of his chief officials. I may say at once that there is not a shadow of truth in it. It will be remembered they have made this statement more than once before.

The statement that "the existing rates would compare in cheapness to those of any country in the world" is also as absolutely contrary to fact as it is possible for any statement to be. There are many countries in which the regular daily charge to passengers is less than $\frac{1}{4}$ d. per mile, or less than one-fourth of our charge. As regards goods traffic, the statement is, if possible, still more incorrect. It is amazing that any set of officials should have the audacity to so attempt to deceive their Minister and Parliament.

I have to thank the Hon. Minister for his very kindly reference to myself, and for his promise to try the system on the deposit of a certain amount for guarantee. I will deal with this later on, and in the meantime have wired to know what amount is required.

As I write I have before me two reports from the British Consul for Austria-Hungary—No. 513 (received at the Foreign Office 1st June, 1899) and No. 515 (received 18th September, 1899). This, I believe, is the latest official information from Hungary, and they give the results up to 31st December, 1898. The Hungarian reports are usually two years in arrear.

At that date the zone system was in full work, and giving the most satisfactory results, both as regards convenience to the public and finance. Passenger revenue for the last year showed an increase of 687,800 florins over the previous year, and the total revenue an increase of 4,128,750 florins, while working expenses increased only 1,191,260 florins, giving a net increase of 2,937,490 florins for the year—a rather different result than we obtain from our perfect no-system.

In Hungary during the last three years they were working the old "abominable no-system of railway" both traffic and revenue steadily declined. It is, therefore, impossible to believe that under these circumstances "the old system was reverted to."

The only alterations so far made by Hungary in the zone system are some rearrangements of the zones, and fares have been raised, but are still considerably less than $\frac{1}{4}$ d. per mile. These alterations have brought their system more into line with our stage system. I pointed out, in the columns of the *New Zealand Herald*, nearly a month before they commenced work—eleven years ago—that this would have to be done, and I will ask you, sir, to be good enough to remember that I have always asserted that the zone system is a very faulty adaptation of the stage system, and not likely to give nearly so good social and financial results. I claim that the alterations made in Hungary prove that the stage system has been laid down on a far sounder financial basis.

Unfortunately, from the very first, our chief railway officials offered the most determined opposition to the stage system, and in their efforts to crush it have not hesitated to make the most untruthful statements. For instance, in 1885, the Minister was asked if he had considered my proposals. The reply was that "Mr. Vaile had proposed so many schemes that it was impossible to say if they had all been considered." I have never proposed but the one scheme.

It is well that I should again point out that there is a great difference between our stage system and the Hungarian adaptation of it. It is easy to see that the railway men had a large say in arranging this, and that they strove hard to retain all they could of the old system. As a matter of fact, almost the only thing the two have in common is that they are both stage systems, as opposed to mileage systems.

It appears to me that the principle underlying the zone system is wrong. They have been arranged to "encourage people to visit the capital." Too much attention is paid to what they call "local traffic"—that is, short distance traffic. This, I know, is the practice of railway men. It is of ours, as witness the recent issue of "workers' tickets." The effect of this issue must be to dis-

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

Should this result be obtained—and I say with confidence that it will—then we shall have no need to borrow for railway construction; we can do this out of revenue, and to a much greater extent than we can now.

This is the prospect held out by the new system, and I ask you, sirs, why it should not be tried. Whose opinion and judgment should be relied on in this important matter—mine, or the railway officials' ? I can at any rate claim that time and the course of events have proved that all my main contentions are sound and right. I can also claim that, as regards certain operations on our own, and on railways in other countries, I have correctly foretold what the results would be long before the events took place. On the other hand, what have the officials done? Their predictions and statements have constantly been falsified, and I need not remind you of the unenviable position they have been placed in by the reading of my petition in Parliament last session.

That the stage system would confer enormous social benefits on the community has never been disputed. Finance has been the only question at issue. That may now be considered as disposed of. There is little doubt that a large majority of the citizens of New Zealand wish the stage system to be tried; probably a majority of the Parliament of the country wish the same thing; the officials alone block the way. Why should men in their position be allowed to do so?

There is another point in favour of the stage system, and that is that it can be worked so much more cheaply than the existing one. I estimate that we could do the present amount of work for two-thirds, and probably one-half, the present expenditure.

I say it is not unreasonable to expect the result mentioned. The chief officials say it will mean loss. I ask, What do they know about it? Have not events always belied their predictions? Have they not persistently resorted to every mean expedient, preferring even to lie under what is tantamount to a charge of perjury, in order to prevent the new system being tried? Can it be pretended that they have acted in the public interest?

Gentlemen, I ask you is it not deplorable to think that through the obstruction of these officials the benefits of a system invented in this country, and for this country, should go to our great rivals the Russians? Sirs, I appeal to you to exercise your power, to thrust these obstructionists aside, and to order an unconditional trial of the stage system.

The Hon. Mr. Ward is also reported to have said that "the existing rates would compare in cheapness to those of any country in the world, and were even less than on the English lines." I am aware that the department has several times made this statement, but there must be many gentlemen in Parliament who know that it is preposterously untrue. There are many countries where passengers are carried for less than $\frac{1}{4}$ d. per mile, as compared with our 1d., and there is even a greater difference in goods rates.

Now, as regards the asked-for guarantee. In the first place, I say, there could not possibly be any loss in trying the new system, unless that loss was created wilfully. There was no loss either in Hungary or Siberia, but a very large profit right from the first. Why, then, should there be a loss here? There will be none. It suits the officials to say there will be a great loss; but, I ask, have they not thoroughly proved their incompetence to deal with this matter? Why, then, should we be guided by their statements?

But, assuming there should be a loss, why should I and my friends be called upon to pay it? Have I not done more than my share of expenditure and work? When the experiment is made, it will be for the benefit of the whole colony, not for the benefit of myself and friends, or for Auckland; therefore, the whole colony should take the risk, if there is any, which I deny.

As to the objection that Auckland would enjoy special advantages for a year, I reply: (1.) That the advantages would be so apparent during the first three months that the rest of the colony would at once demand its application to their lines. (2.) That if the officials had dealt with this question in a fair and impartial manner it would have been simultaneously placed on all our lines, before the Hungarians deprived us of the honour and advantage of the start. It is solely due to their grossly untruthful statements with reference to it that any doubt has arisen as to its success. (3.) That as matters stand now a commencement must be made somewhere on one section only. (4.) That the Auckland section is the only completely isolated section in the colony on which it could be tried. If it were tried on any other section it would derive certain advantages from those portions of the section worked under the old system. This would give its opponents an opportunity to say that the new system had been helped. (5.) That the Auckland section would give the severest test the stage system can be put to. There is no other section of sufficient extent in New Zealand that presents so many difficulties. My wish is to know the worst and have done with it. Therefore I ask for the Auckland section, and not for the purpose of conferring any particular benefit on this district.

In anything I have said about the railway officials, I wish it to be distinctly understood that I have only referred to those officers who have exerted themselves to block the path of reform. For our railway workers generally I have the greatest esteem. I know the difficulties and responsibilities they labour under, and, taking these into account, I consider many of them—as, for instance, the district traffic-managers and their immediate subordinates—are most miserably underpaid.

Perhaps, gentlemen, I may now be allowed to say a very few words as to my own part in this matter.

Years ago I saw the vast possibilities for good contained in railways, if only a system could be discovered of administering them on sound social and financial principles. To me, it appeared an absolute absurdity to suppose that a virtual monopoly of the inland carrying trade of a great country could only be made to give a miserable return of from 2 to 3 per cent., and that the result of their working should be to destroy the country towns and districts. As a business-man, I know that there must be something wrong in the system pursued. I set to work to find a remedy, and claim that the progress of events has proved that I have done so.

For now over eighteen years I have carried on this work amid many and great difficulties. It has been a most weary and very costly task. I have done all the work, paid nearly all the cost, and have never asked for any reward, but have earnestly striven to perform a duty that somehow or other has fallen upon me.

I know that sooner or later this system must and will be tried; but, if the public is to derive the full benefit, that trial must take place while I am here to watch over it. I would remind you, gentlemen, that my working-days are fast drawing to a close, and, looking to my experience, it is scarcely possible that any one will be found to take my place after I have passed out of this life.

In conclusion, gentlemen, I earnestly appeal to you to give effect to the recommendation of the Committee of 1886, and at once order a trial of the stage system, free from the fettering conditions tacked on to that recommendation at the instance of Mr. J. B. Whyte, a determined enemy of the new system.

If there is any good in the new system, it clearly is most important that it should be tried at once, while I can furnish the details. In carrying on the controversy, I have thought it most important to stick to main principles only. For this reason I have never revealed how I propose to deal with the numerous classes of season tickets, the other items of "coaching," nor with the various branches of goods traffic. I have, however, carefully thought out all these matters, and am prepared to deal with them whenever I am placed in a position to do so.

The confusion that would arise if men avowedly hostile were allowed to control the introduction of the new system can easily be imagined.

Auckland, 4th September, 1900.

I have, &c.,

SAMUEL VAILE.

P.S.—Since the above was in the hands of the printer I have received the following telegram from the Hon. Mr. Ward:—

"Please furnish me with particulars of parcels and goods rates for the whole or portion of a stage; this is necessary to enable the department to prepare estimates of revenue.

"J. G. WARD."

First let me remark that the department has no right to make this demand. The Minister promised that, on a guarantee being given, a trial of the stage system would be made. The only question, therefore, is what would be a fair amount in order to secure a not less revenue than is obtained now.

Last year the "ordinary passengers" revenue of the Auckland section was £60,816, and total gross revenue £169,239. The working-expenses were £112,820, giving a net revenue of £56,419, equal to £2 7s. 1d. per cent.

During the first sixteen weeks of the current year the net revenue of the Auckland section has *decreased* £2,227 as compared with the corresponding period of last year. Therefore, if the department is secured in the same rate of interest as that earned last year, it is certainly all it can fairly demand.

This demand to have the whole tariff of rates and charges submitted to them before anything can be done is the old dodge of the department to create contention and delay. Suppose I were to comply with their unreasonable request, would it help them at all? Is it in the least likely that men who have repeatedly failed in estimating the results obtainable from their own system can estimate results from a system of which they are supremely ignorant? If any proof of this were wanting, I refer to the above telegram. What can they possibly mean by asking me to give the rates for a portion of a stage? The charge is, of course, by the stage, as theirs is by the mile. This demand is mere shuffling; a further attempt to kill the reform movement by "worry and delay."

No one outside the department would ever dream of such a thing as attempting to apply the new system to every branch of traffic at the first start and at the same time. That my judgment has been right in this matter the Hungarian experience again proves. They did not attempt to deal with goods traffic for many years after they had applied the zone system to passengers.

I have more than once explained that my method of dealing with this matter would be as follows:—I should first of all apply it to passenger-traffic, which is the great profit-producing branch. After watching the effect for, say, two or three months, I would apply it to the other branches of coaching. At the end of six months I should be able to estimate pretty correctly what reductions could be made in goods rates, and would then apply it to that branch of traffic. In goods I, of course, include live stock.

If this method is pursued, even though the new system were an absolute failure, the loss to the country could not be much. To do what the department wants would certainly mean many mistakes, and might mean much confusion and heavy loss. The bare fact of their making such a demand proves their incapability of understanding the position, and shows how dangerous it would be to let them supervise the introduction of the new system. No sane man would ever think of fixing goods rates until he had ascertained what profit could be made from passengers. I cannot believe that the officials do not know better, and am driven to the conclusion that they are deliberately trying to involve the country in loss, in order that they may say that loss is due to the new system instead of to their silly method of introducing it.

For my part, I should be most thankful if it was thought sufficient to test the system by applying it to passengers only. I know only too well the gigantic nature of the task of applying it to all branches of traffic, and should be thankful to be relieved of it. Still, I am prepared to do my duty, and to undertake the work and the risk, if Parliament so wishes; but I absolutely decline to be made the means of destroying my own work for the benefit of a few officials—work that has cost me so much thought, labour, worry, and money.

I ask have our officials the right to hold this country in thralldom? Surely railway men of

their calibre are plentiful enough. I venture to say that in the lower ranks of our railway staff there are many who are fully their equals.

So far as I am concerned the result can now matter but little to me personally. I have given freely to the country my time and my money, and I shall be glad to devote to its service such part of the few remaining years of my life as may be necessary. It is for you, gentlemen, to say if these services are worth having. S. V.

No. 10.

QUESTION IN HOUSE OF REPRESENTATIVES BY MR. NAPIER, 21ST SEPTEMBER, 1900, AND REPLY THERETO BY HON. J. G. WARD (MINISTER FOR RAILWAYS).

“ Mr. NAPIER (Auckland City) asked the Minister for Railways, if, in reference to views previously held by him, he is now aware that the zone system in Hungary has been and is an unqualified success; that the British Consul for Austria-Hungary reports that the increase in the passenger revenue for the last reported year (1898) was 687,800 florins, and that there was an increase in the total revenue of 4,128,750 florins over the total railway revenue of the previous year? This question had reference to the proposed introduction of the Vaile system of management on the railways in New Zealand. He understood the Minister for Railways was under the impression that the zone system, which was practically the Vaile system, had not been a success in Hungary and some other parts of Europe in which it had been tried. At Mr. Vaile's request, he had referred to the reports of the British Consul in Hungary, and he had found that the increased revenue for 1898, the last reported year, was the sum stated in the question, 4,128,750 florins, and that there had been an increase in the passenger revenue for that year of 687,800 florins. Evidently, therefore, the zone system had been a success in Hungary, and he thought it well to attract the attention of the honourable gentleman to the fact, lest Mr. Vaile's system should be prejudiced in the eyes of the people of the country by a wrong impression being circulated.

“ Mr. WARD (Minister for Railways) said that Mr. Vaile had communicated with him, and had made a statement similar to that made by the honourable member; but he had looked into the matter, and he wished to state that he was not aware that the zone system in Hungary had been an unqualified success. It came into force on 1st August, 1889, and differed from other zone systems in one very important particular—namely, that the 14th zone included any distance over 140 miles. On 1st July this year this famous innovation was altered and the 14th zone limited to 155 miles, four more zones of 15½ miles each were added, all greater distances (over 249 miles) being included in a 20th zone. Previously very important modifications of the 1889 tariff were introduced on 1st March, 1896. The effect of the alterations has been to materially increase the fares adopted in 1889, and this had been done in order to obtain better financial results. Consequently, what he had originally said on the subject was essentially correct. The zone system as introduced had not been an unqualified success, for it had been found necessary to alter the zones in order to get more revenue.”

No. 11.

Hon. J. G. WARD, Wellington, to Mr. VAILE, Auckland.
New Zealand Government Railways,

SIR,—

Head Office, Wellington, 3rd October, 1900.

With reference to your letters of the 7th and 8th ultimo, I have the honour to inform you that, as desired, a trial of your system for all classes of traffic on the whole of the Auckland section of railways will be made on the following terms:—

- (a) That a cash guarantee be deposited with the Treasury.
- (b) That the trial be for not less than twelve months.
- (c) That the experiment be carried out under the control of the officers of the New Zealand Government Railways Department.
- (d) That you furnish me with a complete statement of the rolling-stock required in order to give the scheme a fair trial.

Before the amount of the cash guarantee can be appraised, full particulars of the charges to be made for all classes of traffic must be furnished by you. The department is already in possession of the passenger-fares proposed to be charged as set forth in your letter to the Chairman of the Railways Committee, dated 9th June, 1896 (Parliamentary Paper I.—9, paragraph 5), and similar information must be given for parcels and goods traffic.

I understand that you have some difficulty in giving the rates for the whole or any portion of a stage, and take exception to the rate for a portion of a stage. I think there must be some misunderstanding as to this, as if you will refer to the paragraph 5 already alluded to, the terms as applied are exactly in the words of your letter to the Chairman of the Railways Management Committee.

I have, &c.,

J. G. WARD,

Mr. Samuel Vaile, “ The Avenue,” Auckland.

Minister for Railways.

No. 12.

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

DEAR SIR,—

Auckland, 25th September, 1900.

I shall feel much obliged if you will be good enough to let me have an early reply to mine of the 8th instant, and state what amount of guarantee it is that you require *re* trial of the stage system.

I remain, &c.,

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

SAMUEL VAILE.

No. 13.

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

SIR,—

Auckland, 10th October, 1900.

I have the honour to acknowledge receipt of yours of the 3rd instant.

Before proceeding further in the matter I must ask you to be good enough to explain exactly what is meant by stipulation (c)—“That the experiment be carried out under the control of the officers of the New Zealand Government Railways Department”; and will you kindly let me know what is to be my position, and what are to be my powers?

These are questions naturally asked by my supporters, and they really require an answer.

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

I have, &c.,

SAMUEL VAILE,

No. 14.

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

SIR,—

New Zealand Government Railways,

Head Office, Wellington, 19th October, 1900.

With reference to your letter of the 10th instant, in regard to trial of your system of railway-charges, I have the honour to forward you a copy of *Hansard*, No. 20, where (*vide* pages 309 to 311) you will find stated the terms on which a trial of your system will be granted.

If a trial of your system on a section of the railways is arranged for on these terms the officers of the Railway Department will carry on the railway business as at present, charging strictly in accordance with the fares and rates fixed by you, which will require to be gazetted.

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.

I have, &c.,

J. G. WARD,

Minister for Railways.

Mr. Samuel Vaile, “The Avenue,” Auckland.

[For pages 309 to 311 of *Hansard* No. 20, referred to in this letter, see No. 1.]

No. 15.

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

SIR,—

Auckland, 5th November, 1900.

I duly received the copy of *Hansard* No. 20, but not knowing by whom it was sent, and having previously seen it, put it aside. Some days after, when casually opening it, I found your letter of the 19th ultimo folded inside. I now have the honour of replying to yours of the 3rd and 19th ultimo.

As to condition (a), there would be no trouble whatever about procuring a cash guarantee on anything like reasonable terms.

Condition (b)—“That the trial be for not less than twelve months”—is reasonable and right.

Condition (c) I will deal with further on.

Condition (d)—“That you furnish me with a complete statement of the rolling-stock required in order to give the scheme a fair trial.” This is a new condition, and is clearly introduced by your officials with the intention of throwing further obstacles in the way of a trial of the new system. It is they who ought to know what rolling-stock is likely to be required, and it is they alone who are in a position to provide it. Their object, no doubt, is to find an excuse for demanding a very large cash guarantee. I am not a traffic manager, and have never pretended to have any knowledge of this branch of railway business. The request made is a most unreasonable one. It is evident that the actual amount of rolling-stock required can only be ascertained as traffic is developed.

You repeat the demand that before any trial is granted I shall furnish a complete tariff of charges for every branch of traffic. I have repeatedly replied to this demand and have given good reasons for not complying with it. Your officials know as well as I do that their only object in making it is to try and make a monetary loss and thus enable them to say that the new system is a failure.

I again, sir, draw your attention to the fact that it was only after many years of trial of the zone system, as applied to passenger and parcels traffic, that the Hungarians made any attempt to deal with goods rates, and that to this day they have not been able to apply their zone system to goods traffic. Yet, with this evidence to guide them, your officials demand that the new system shall be tried on every branch of traffic at the same time, or that no trial at all shall be given. I say, sir, that in making this demand they give the most emphatic proof that they are either absolutely dishonest or absolutely incapable. I wish, sir, to point out that the difficulties which occur in applying the zone system to goods traffic do not arise with the stage system. Still, no sane man, wishing to deal honestly, would attempt the task without first gaining some experience of the effect on ordinary passengers and the other items of coaching traffic.

I may also point out to you that your officials must and do know that to produce the tariff asked for would take the whole of my time for at least from five to six months; that I should also require the assistance of at least two good clerks, and that I must have free access to the records of the office. This latter condition is absolutely necessary if serious financial loss is to be avoided.

I ask you, sir, if it is not a monstrous and unjust thing to make this demand upon my energies and resources, in addition to the vast amount of labour and large expenditure I have already incurred in trying to render the public a service, and that I should then be called upon to place the whole result in the hands of men avowedly hostile, and who from the very first have dealt with this question in most dishonest and untruthful manner. I use these words advisedly, and am pre-

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

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,

Head Office, Wellington, 4th December, 1900.

SIR,—

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,

Minister for Railways.

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

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.

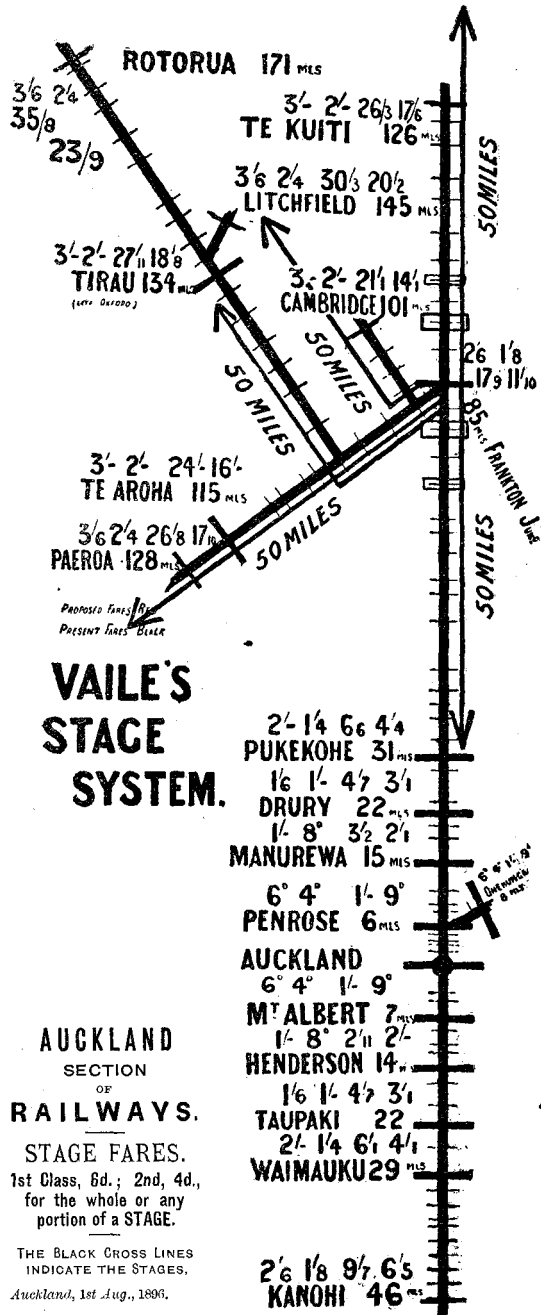
You will often have noticed how the railway men have clamoured to have lines constructed to what they are pleased to term "paying points," in other words, until the towns already formed are connected, and they have the trade between these two. They can see the advantage of this, but they cannot see the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

NOTE IN EXPLANATION OF DIAGRAM OF STAGE SYSTEM.—This is a photo-engraving of a large-scale diagram, on which the proposed fares are printed in red, and the present fares in black. It will, however, be understood by remembering that the stage fares are in every instance the lowest prices.



This diagram not only shows the direction and length of every journey that can be taken on the Auckland lines, but also all the fares that can be charged. The time-table could easily be published on the opposite page. To give the same information on the present system takes nine pages of Bradshaw.

This shows that under the stage system Frankton would command five different points, to and from which a resident there could travel fifty miles for 4d. or 6d., and the goods traffic would be regulated on the same system. There are many towns on the other lines, and more especially on the Hurunui-Bluff Section, similarly situated. These towns, on account of the facilities they would offer to commercial and professional men, must attract population. They would, I think, grow rapidly. They must become receiving and distributing centres. I think, also, that owing to the facilities for receiving material, and the cheap transit of labour, they would become manufacturing centres; and, if so, not only would they form local markets for the surrounding farmers, but they must greatly increase the railway trade and revenue. Suppose, for instance, twenty thousand people were taken out of Auckland and located round Frankton, would they not be of greatly more value to the railway than if they remained in Auckland?

I do not think it possible to obtain these results from the system I am supposing you favour, but it is quite impossible to argue out such a question in a letter of reasonable length. I know your officials will tell you they can get better results than the stage system will give; but I say they have never given any evidence that they have really studied the question, while results prove that I have.

The late Sir Harry Atkinson, at my first interview with him, gave me over four hours of close attention, and at its close promised to see me again. He next gave me two interviews of two hours each, another of nearly three hours, and then numerous talks during the inquiry during 1886. He is the only Minister who has ever really gone into the matter with me. If you could give me a very small portion of the time he did, I feel sure that I could convince you, as I did him, that my theory is sound and right, and that its application would give the best results.

I have only to add that I have never asked anything for myself in this matter, nor am I doing so now. My only wish is to render the Government and the country a service. I very much fear that we have times before us that will need the united effort of the best men of all parties to deal with. If we could find a really sound plan of working our railways it would go a long way towards staving off depression.

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

I remain, &c.,

SAMUEL VAILE.

P.S.—The papers state that during the last ten years the population of Buda Pesth has risen from 506,000 to 729,383—nearly 50 per cent. in ten years. This confirms what I have said above. Surely this is not a good result. It must ultimately tend to a decrease in railway revenue, in addition to its other evils.—S. V.

No. 18.

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

SIR,—

9th April, 1901.

I am in receipt of your letter of the 18th ultimo, for which I am obliged. I have taken a note of your views in regard to railway rating, and in reply have to inform you that it is my intention to adopt from time to time uniform rates throughout the colony so far as local conditions will permit. I am not in favour of bolstering up any place at the expense of another, but am strongly in favour of settling a large and industrial population upon our country lands, and of giving the people as much room as possible upon which to live under healthy conditions.

I have, &c.,

S. Vaile, Esq., "The Avenue," Auckland.

J. G. WARD, Minister for Railways.

No. 19.

(Circular.)

DEAR SIR,—

"The Avenue," Auckland, April, 1900.

Permit me to solicit your careful attention to the following statement, showing what would be the financial result of applying the stage system to the New Zealand railways if we obtained only the same percentage of success that they have obtained in Hungary; that is to say, if we extend the distance people travel 83 per cent., and carry four passengers where now we carry one.

My own opinion is that we should do much better than this, for I am certain that the New Zealand stage system is far more likely to encourage long-distance travelling, to increase the number of passengers, is a much better financial system than the Hungarian adaptation of it: and our people are naturally much better travellers than the Hungarians are. However, if we only do as well in proportion to our population, this would follow: 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 rate 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

We see a great deal in the papers about the wonderful progress of the New Zealand railways during the last few years. A very little careful study will show that as a matter of fact they have made no real progress, but rather the reverse. Of course, as our population and railway mileage increase, if the gross earnings and work done by our railways did not increase also, it would be tantamount to a large decrease.

If you compare the working of 1898-99 with the previous year, you will find that while the gross revenue increased 6·80 per cent. the working-expenses increased 8·45 per cent., and net revenue only 4·07 per cent. This appears to me to be far from satisfactory as regards revenue. As regards work done, let what follows speak:—

Comparison of work done on our railways during the years 1887 and 1899, or twelve years later:—

	1887.	1899.	Increase.	Decrease.
Population	603,361	756,505	153,144	...
Railway mileage	1,727	2,090	363	...
Passenger trips <i>per capita</i>	5·68	6·55	0·87	...
Tons carried <i>per capita</i>	2·90	3·47	0·57	...
Average passenger fare	2/-	1/9½	...	2¾d.
Charge for carrying and delivering each ton of goods	6/10	7/1	3d.	...

You will note that during this period the charge for carrying each ton of goods has been raised 3d.

I think you will agree with me that compared with the progress made by the colony generally this shows a most miserable result. Considering the great increase in our population and railway mileage and facilities it means failure. As population and railway accommodation increases, not only the gross amount of work done, but the percentage *per capita*, ought to largely increase also. We, however, find that during twelve years passenger trips have not increased one per head per annum (the distance they travelled has somewhat decreased); while in Hungary, under a stage system, in a few years the distance increased 83 per cent., and the number fourfold.

With these facts, and such a prospect before us, why is it that this community, and more especially the farming and industrial portion of it, put up with the present "no-system"? I repeat my assertion: that it is perpetuated solely in the interests of a few. It is not fear of financial loss that prevents a trial. If the people in the various districts wish for any change, they must bring pressure to bear on their individual parliamentary representatives, and see that they insist on the new system being tried, and, if its full benefits are to be secured, tried while I am here to watch over it.

The more I study this great question, the more I am convinced that within three years we can double our railway revenue. I need not point out the enormous advantage this would be to this country. To run the new system on the Auckland Section for a whole year could not cost more than £28,000, even though not a single extra mile was run, not a single extra passenger carried, not an atom of extra work done, in consequence of the enormous reductions made. Is it worth this very small risk?

I am, &c.,
SAMUEL VAILE.

No. 20.

(Circular.)

DEAR SIR,—

Auckland, 22nd May, 1901.

May I solicit your careful perusal and attention to the following extracts from the *New Zealand Herald* of this day's issue. You will, I am sure, see that if this unequal distribution of the public funds is to continue, that the effect on the trade and commerce of the North Island must be very serious.

I remain, &c.,
SAMUEL VAILE.

Railway Rates.

Several correspondents have lately complained of higher railway charges being made on them here for the carriage of goods than they have had to pay in the South. Our correspondents gave the precise figures, and if their statements are not correct they could readily be confuted. Mr. S. Vaile, in another column, deals with the subject, and shows that Canterbury and Otago are getting almost the whole benefit of the reductions made in the railway charges. This policy must greatly injure Auckland, and delay the progress of settlement. It is certainly a matter for the members for Auckland districts in the House of Representatives to look into. No member ought to allow his political enthusiasm for the Seddon Government to cause him to wink at a wrong being done to his constituents. And constituencies ought to see to it that on this point their representatives do them justice, and have a care for their interests. Every part of New Zealand is far ahead of Auckland in the important matter of railway facilities. And this is likely to be the case for many years, as the Government persist in doing such works as the Makohine Viaduct by co-operative labour. But, at all events, we should insist on strict equality in respect to charges.

Railway Charges, North and South.

TO THE EDITOR.

SIR,—Under the above heading a paragraph appears in your issue of the 17th instant, in which it is stated that the charge for the conveyance of passengers' luggage in Otago is at the rate of one-third of a penny ($\frac{1}{3}$ d.) per mile, while in Auckland it is twopence and one-third ($2\frac{1}{3}$ d.) per mile. I have very little doubt this statement is correct, and what follows will, I think, justify me in saying this.

During last year a substantial reduction was made in the transit charge for goods. It amounted to $5\frac{1}{2}$ d. per ton for every ton carried over the lines of the whole colony. But this is how the reduction was distributed: Canterbury and Otago secured a reduction of 8d. per ton; Wellington, Napier, and Taranaki, $6\frac{1}{2}$ d. per ton; Auckland, only $3\frac{3}{4}$ d. per ton.

To put it another way, £57,775 of the public revenue was expended for the benefit of Canterbury and Otago in the reduction of railway rates; £11,872 for Wellington, Hawke's Bay, and Taranaki between them; and for Auckland, only £3,441, or, say, three and three-quarter times as much for the benefit of Canterbury and Otago alone as for the whole of the North Island.

When we remember that on the average goods are carried much shorter distances on the Huru-nui-Bluff Section than they are on any of the North Island sections, and more particularly on the Auckland lines, the injustice done to us becomes still more apparent, for the greatest reduction made has been for the shortest, and not, as it ought to have been, for the longest distance travelled.

When I first took up railway matters, every district outside Canterbury and Otago was charged at least 25 per cent. more than these favoured provinces. At the inquiry of 1886, I succeeded in getting this great wrong redressed; but it will be seen from what is stated above that, although in the tariff the charges are said to be the same in every district, the railway officials practically have the power to fix rates as they please. This will always be the case until we find a method of making a simple but fixed railway tariff, and one that can be understood by every one. This I claim to have done.

Auckland, 20th May, 1901.

I am, &c.,

SAMUEL VAILE.

No. 21.

REPORT of ASSISTANT GENERAL MANAGER on MR. VAILE'S CIRCULAR LETTER of the 22nd May, 1901.

Wellington, 6th June, 1901.

WITH reference to Mr. Vaile's letter of the 22nd May, referred to you by the Hon. the Minister for Railways, I have to state that Mr. Vaile's letter of the 20th May to the *New Zealand Herald* gives no explicit information as to the basis upon which he founds his statements. I am, therefore, only able to surmise what his premises are. In the first place, he states that last year the transit charge for goods was substantially reduced by an amount equal to $5\frac{1}{2}$ d. per ton for every ton carried over the lines of the whole colony. He then goes on to state that this amounted in Canterbury and Otago to a reduction of 8d. per ton; in Wellington, Napier, and Taranaki to $6\frac{1}{2}$ d. per ton, and in Auckland to only $3\frac{3}{4}$ d. per ton. These statements do not take into account the classes of goods carried, or the distances carried in the respective districts. They are, I conclude, arrived at by dividing the tonnage carried in the provinces alluded to into the amount of revenue received for goods, irrespective, as I have before stated, of the classes of goods carried and the distances.

Now, if we come to analyse the matter, we find that the grain rates were reduced by 20 per cent., and were reduced to *exactly the same extent* in Auckland, Wellington, Napier, Taranaki, Canterbury, and Otago. If, therefore, the grain traffic in Auckland bore in volume the same relation to the other classes of traffic that it bears in Canterbury and Otago, and the distances carried were equal, then the reduction per ton enjoyed by Auckland must of necessity be exactly the same as Canterbury, Otago, and elsewhere, because the reduction was uniform throughout the colony. If, on the other hand, the amount of grain—as is the case—carried in Auckland is small in relation to other classes of traffic as compared with elsewhere, then it follows that the reduction per ton in Auckland computed for all classes of traffic would not bear the same relation as the reduction per ton on the whole of the traffic in Canterbury and Otago does in consequence of the before-mentioned reduction of 20 per cent. on grain.

Such arguments, therefore, are useless unless one is prepared to quote a universal rate for all distances and for all classes of goods. Even Mr. Vaile himself has not hitherto ventured to frame a tariff on these lines.

C. HUDSON.

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