

companies which are not allowable on railways under Government control. Now, in the colony, where everybody is a shareholder in the lines, it seems to me eminently unjust to treat one man in one way and another man in a different way—for instance, that in Auckland or Napier we can be charged a higher rate than in some other provinces—seeing that the entire loss on our railways is paid out of consolidated revenue. As Auckland contributes somewhere between a third and a fourth of the whole revenue, it consequently pays between a third and a fourth of the whole loss on the New Zealand railways. And I think it is especially unjust to Napier, where the lines at present are paying a better rate of interest than anywhere else, except one small coal-line. One great reason against differential rating is the power it gives to the controllers of the railways to manipulate property. Assuming that I am like Vanderbilt and have the control of the railways, and suppose that I wished to buy a property at, say, Southbridge, if I could get it at a price, what I should do, and what they do, is to put on a differential rate against that district to reduce the value of the land; afterwards, having bought the property, in order to sell out at a profit I change the differential rates in favour of this district and against another, and so on. In another case a man starts a brickyard in one place, and has an opponent at some other place on the line. If the first can control the railways, he gets a differential rate in favour of his brickyard and against the other. He soon ruins the other man, and has the trade in his own hands. Such a principle as that, applied to national railways, cannot be correct.

5. *Hon. Mr. Richardson.*] Do you say that these things have been carried on on the New Zealand railways?—No, I did not say that. I only give these cases in illustration of what has frequently been done in England and America. Another great evil of differential rating is that it leads to such an intricate complication of the tariff that nobody can understand it. If you adopt differential rating, you are always making rates, and consequently nobody knows anything about it.

6. *Mr. Whyte.*] I must ask you to define what you mean by the term “differential rating.” Is it different rates in different localities, or different rates under different circumstances, or different rates on different classes of goods?—I do not say that different rates on different classes of goods is differential rating: that is classification. What I understand differential rating to be is to charge one man one price for a service rendered, and to charge another man another price for the same service—maybe in the same locality; charging one price on one portion of a line and another price on another portion of a line for the same service; also reckoning a distance as one thing in one district and another thing in another district. That is differential rating. I do not say that all this has been done on New Zealand railways, but if we continue the present system it will ultimately lead to this, and nobody will be able to know what rates they are charged. In fact, Mr. Maxwell, in his report for the year 1883–84, advocated that the differential rating system should be so extended that people would not be able to interpret the rates.

7. Do I understand that you would not take into consideration whether there was competition or not?—Yes; I would make a uniform rate whether there was or was not competition.

8. *Mr. Walker.*] Would you have a uniform rate on different grades. For instance, do you not think a service rendered on a mile of the Rimutaka line would be worth more than the same service on a mile of the Canterbury Plains?—If that principle were to be allowed, people would have a right to claim different rates for each bit of the line before their own doors. You cannot apply the principle. I object totally to the principle, because I argue that men who have the courage to take up difficult country, and reduce it to order and civilization, and increase the production of the colony, they, of all men, have the greatest right to be helped. I would always bear this in mind in dealing with national railways. Of course I quite understand how the feeling has grown up to look at it from the point of view that the railways must pay interest. We have been brought up to this idea from childhood.

9. *Hon. Major Atkinson.*] In fact, you would treat the matter as one of average over the whole of the lines?—Yes; and I contend that by doing that we would give greater advantages for settlement, get a better financial result, and the people would be better and more cheaply served than under the present system.

10. *Mr. Walker.*] Are you not, by this means, establishing a sort of differential rating, because you are giving a service for the same price, which, under a different condition, costs you double the price?—I understand what you mean; but what I propose is not differential rating, because every man and every district placed under similar circumstances is treated alike. (*Mr. Walker:* I am not making an objection to your principle; but, logically, it would seem to be another sort of differential rating.)

11. *Mr. Whyte.*] I understand, also, that you will not consider competition. Say, in a case where a railway runs alongside a navigable river, or if the sea competes with a railway, would you have a uniform rate for every mile all over the railway?—Yes; I would have the same rate for every stage. Take the Waikato Railway. The advocates of the present system would give a differential rate because of the competition with the steamers. I would look at it from this point of view: The owners of the railway are the colonists, it is their property; but the owners of the steamboats are also colonists—and you are taking their money and trying to crush them by reducing the rate.

12. To give another illustration of what I mean. The road between Auckland and Onehunga is some distance shorter than the railway; then a man has to cart to the Auckland Station and to cart from the Onehunga Station. Unless the railway charges are very low, he will naturally prefer to cart the whole way. If you do not consider competition there you will probably run empty?—No; I would not consider that, for this reason: I contend that railway charges can be brought down so low that it would be utterly impossible for any other system of transit to compete with it.

13. *Mr. O'Connor.*] I would like to ask whether Mr. Vaile, in making these uniform charges—the same for one as for seven miles—has considered that it would have the effect of taking away