

by stages?—The view I take of it is that it is extremely differential. Why should a man living at, say, Buckland, be able to send minerals for 1s. a ton to Hamilton, and, coming nearer town, a man would have to pay 4s. a ton for a less distance? There appears to me to be no reason.

428. Do you not think that the stage-system would simplify booking to different stations?—No, I do not.

429. Do you not think it would be more intelligible to the public than is the case now?—No, I do not. I think that any confusion there is at present arises out of local rates. I can imagine nothing more simple than the present mode of reckoning: you have your classification, and turn up your number of miles, and there is the price. That is complicated, we admit, by local rates arising out of particular conditions of traffic, such as special rates made to foster local industries.

430. Then each station would require a separate table?—Undoubtedly. There would have to be a rate-office in Wellington, and each station would have to be advised of their rates.

431. *Mr. Hatch.*] Is there a special rate for bricks in Auckland?—Yes, there is a rate to enable bricks to be sold in the local market.

432. *Mr. Macandrew.*] Do you think it is the duty of a railway to knock out opposition, and procure all the trade it can?—That depends upon the manner in which the Legislature decides the railways are to be worked. We were told in 1880 to make these railways pay interest on their cost: if we are to do that we must conduct them on business principles.

433. And on business principles you think it is perfectly right?—Yes.

434. *Mr. Whyte.*] I understand that you were ordered to make them pay—that it is not a question of principle, but of instruction?—I did not understand that my own opinion was asked—that would scarcely be evidence; but in 1880 we were told that the railways were meant to pay interest on their cost, and we have not been told anything different since.

435. But as a business-man you would adapt yourself to circumstances, so as to get all the trade you could?—Yes, undoubtedly.

436. And are not the instructions given to you to manage the railways on business principles?—I merely refer to the intention of the House in 1880. If we are to do that we must manage them on business principles.

*Mr. Hatch.*: I do not think it is quite a fair question, because we know that the railways are managed from Wellington, and Mr. Hudson has merely to obey instructions.

*Hon. Major Atkinson.*: I think, on the contrary, it is a very important question.

437. *Mr. Macandrew.*] Do you think, if it were possible by any means that the railways should be supported without any haulage-rates, that it would simplify the system?—If you mean, to carry everybody and their goods for nothing, it certainly would simplify the clerical work; but I do not think the House would be satisfied.

438. *Mr. Vaile.*] Do you think that the differential-rating system is absolutely necessary to work our railways?—Yes, I do, on business principles.

439. Why is it necessary?—It is necessary under special circumstances. For instance, if you had not differential rating between Auckland and Onehunga all the traffic would be carried by road. Our principle is to get all the business.

440. Then your idea about differential rating is that you could not obtain your revenue without it?—My idea is that we should not be able to obtain much of the present or prospective trade of the country without differential rating. We use it as a means of fostering and increasing business.

441. Supposing differential rating was abolished, could you take out of the railways the same amount of money that you take now?—The probability is that we could take more if we made the mileage-rates much higher; but we cannot abolish it.

442. It has been stated in evidence by Mr. Maxwell that the object of differential rating is to secure equality in the treatment of the public?—[Mr. Vaile was interrupted here by Mr. Maxwell, who denied this; and by his request the Chairman read out the words used by Mr. Maxwell, as follows: "The various forms of differentiation are necessary to accommodate the trade and traffic of the country, to assist local manufactures and products, and to meet competition, not in carriage merely, but in the markets. The practice is rational, because it recognizes the natural condition and wants of the trade and population of the country. It has for its object the satisfaction of the various demands which arise as new trade springs up and new conditions come about, and not the development of such a theory as that of town-making in waste places, such as Mr. Vaile has propounded."] That is so. We have no instance in England or in New Zealand of a rate being given to any man for himself. If there is a special rate, say in favour of a brickyard, at a particular place, it is open to any man to build a brickyard there and send bricks at the same rate.

443. *Mr. Whyte.*] But at another place, for the same distance, it might not be open for him to do so?—You must consider the differences in expense of working.

444. *Mr. Vaile.*] You think, then, that differential rating insures equality in the treatment of the public?—So far as the public having business to transact, it allows of equality of treatment.

445. *Mr. Whyte.*] You say that it is done for the purpose of fostering industries in various places?—Yes: special rates are made for that purpose.

446. And that, so far as persons are concerned, differential rating secures equality of treatment to those who have business to do?—Yes, it allows it.

447. You also said that, if the rates were made uniform and raised to one level all round, you might get much more money?—Yes: if the rates were very much increased, and all local rates abolished, it is possible our revenue would be as much or more than it is now.

448. On the other hand, if they were lowered to a uniform rate, do you think you would get as much or more money?—That is a very large question—you would have to consider it in detail. It might be wise to lower one rate, and it might be unwise to lower another.

449. Mr. Vaile's idea is that he will lower them all sufficiently to defy all competition?—I have no hesitation in condemning that. If a service performed costs 6d., and you only charge