

to request the firm to give the Railway Commissioners a brief opinion as to the meaning generally of the term "differential rating" as applied to railway traffic. This opinion is needed to enable the Commissioners to obtain an accurate view of what is involved by the total abolition of differential rating, and to enable them to judge whether the substitution of what is termed "the stage system" will bring about the total abolition of such a style of rating.

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MESSRS. DEVORE AND COOPER'S REPLY to the RAILWAY COMMISSIONERS.

DEAR SIR,—

We have given your letter of the 28th September, and the enclosures forwarded therewith, very careful consideration, and have delayed replying to it until we had obtained from various quarters some definite information as to what the Railway Reform League consider as "differential rating."

We may mention that our Mr. Cooper is connected with the League, as is the case with many professional men and merchants here, by virtue of his subscription, but is not a member of any committee connected therewith; and we may also say that the Commissioners are quite right in stating that the term "differential rating" has not received, as far as we can ascertain, any judicial interpretation either in any country under English law or in America.

We have also been unable, although we have examined the authorities within our reach, to find any precise meaning to the term in railway working, and we have no doubt that the Commissioners are correct in saying that the term has in railway technicalities no precise or definite meaning. We have therefore confined ourselves to ascertaining, as far as we were able, what the Railway Reform League here understand by the term.

The result of our inquiries is as follows:—

1. They consider "differential rating" to include and to be synonymous with the terms "discriminations," "drawbacks," "rebates," "discounts," and "allowances."

2. They define it generally as "meaning any system which gives to the controllers of railway traffic the power to alter or vary fares, rates, or charges at their discretion, or to suit their idea of the requirements of trade."

3. As particular instances of "differential rating," and from which perhaps may be gathered the more precise meaning which the League ascribe to the term, our inquiries elicited the following:—

- (a.) "Through rates:" for instance, rates from one large centre to another large centre, with higher charges for intermediate stations.
- (b.) "Rates" which can only be ascertained by inquiring at particular stations, and which are not based upon any uniform rule.
- (c.) The charge as per tariff to consignors by the railway of large quantities of goods, and the return under a system of drawbacks, discounts, or allowances of a portion of that charge.
- (d.) "Secret rating," as instanced by the following example: A secret contract entered into by a manufacturer or large producer or exporter of goods, whereby the railway company or controllers agree to take his goods at a certain rate, he on his part undertaking to pay not less than so much per month or per annum, and they on their part agreeing not to carry the same class of goods for any other person except at higher rates, both parties entering into heavy bonds not to disclose the nature of the contract. This instance cannot, we feel sure, apply to the New Zealand railways, nor to the system under which they are worked.
- (e.) Calling an ascertained distance, say 100 miles, a less distance for the purpose of charge. And the following are quoted as examples of this in New Zealand: Two instances on the Canterbury section, in one of which it is said that 31 miles is by regulation deemed to be 15 miles, and in the other 21 miles is deemed to be 15 miles, and rates for the whole true distance are charged calculated on the distance fixed by such regulations:
- (f.) Calling an ascertained weight, say of 30cwt., 15cwt. only, and charging on the lesser amount.
- (g.) Charging a rate and a quarter or a rate and a half on one section for what is only charged as a single rate on another or in another district.
- (h.) Lowering rates on one section to enable the railway to compete with road or river traffic.
- (i.) Prescribing that goods carried on one section shall be charged in a higher class than goods of the same nature carried on another section.

All these instances they consider come within the term "differential rating," and from these the Commissioners will, we have no doubt, be enabled to gather the meaning the managers of the League ascribe to the term. We cannot state precisely which of these instances the League claims to have arisen in New Zealand, except examples (e), (f), (g), (h), and (i). Each of these, we believe, they claim is either now obtaining or has in the past obtained the sanction of the railway authorities in this colony. Nor can we say whether the introduction of the "stage system" is or is not open to the same objections and liable to the same abuses as they claim arise or may arise in the present system under which the railways here are managed.

We wish the Commissioners to understand that we have in this communication strictly confined ourselves to setting forth the result of our inquiries made on the basis of the extract from their communication forwarded to us by you, and we do not pretend to give an opinion as to