

chandise goods that are carried by rail on the port line, and this more especially in view of the fact of there being competition by road between Auckland and Onehunga. Assuming, however, for the sake of argument, that of the Auckland-Onehunga Wharf rate 9d. per ton represents the charge for wharfage, the amount left for payment of haulage would be 1s. 6d. per ton after deducting the terminal charge. This represents a mileage rate of 2.25d., as against the charge of 2.143d. at Lyttelton. In other words, the Auckland rate would even then be higher by 4.99 per cent. than that at Lyttelton.

In considering the Auckland-Onehunga, Dunedin-Port Chalmers, and Invercargill-Bluff rates it must be borne in mind that in addition to the question of policy attaching to the principal port lines the matter of competition also enters largely into the question, and consequently, although the Bluff-Invercargill rate is a low one, it is the highest rate possible to make, consistent with the retention of the traffic by the Railway Department.

The policy with regard to port lines has from the inception of the railways been to fix the rates for each line at the lowest possible minimum, thus placing each of the important distributing centres on an equitable footing in regard to their respective ports, and irrespective of the varying local conditions that might arise and give one centre an undue advantage over another in so far as over-sea goods, which form the greater bulk of the traffic on the port lines, are concerned.

The fact of there being water competition between Port Chalmers and Dunedin, and road and threatened water competition between Bluff and Invercargill, would be sufficient reason to warrant the Department in reducing the port rates between those places, and a reduction on the grounds of competition could be fully justified. The Department, however, decided to rigidly adhere to the principle already laid down, and refused to abate the rates in operation between Dunedin-Port Chalmers and Invercargill-Bluff although strong demands were made. Canterbury cannot lay claim to consideration in the matter of rates on the ground that there is competition between Lyttelton and Christchurch. The road is impracticable, and there is no waterway. The request for reduction is not, therefore, entitled to consideration on these grounds. The matter really resolves itself into a question of the reasonableness of the rates. The Department has strenuously maintained not only that the rates are most reasonable for the services performed, but that the Christchurch merchants are in a better position than those of Dunedin and Invercargill, inasmuch as in the case of Dunedin the wharfage rates are as high, and in some cases higher, *than the whole of the railway rate paid for the conveyance of goods between Lyttelton and Christchurch*, while the Invercargill merchants pay a port rate at least 2s. 3d. per ton higher than that paid by the Christchurch merchants for the conveyance of their goods.

The Canterbury people have on more than one occasion advanced arguments in support of their application for reduction in rates between Lyttelton and Christchurch which were untenable and had to be abandoned, and in the present instance they have endeavoured to back up their request by figures intending to show that the Christchurch-Lyttelton line suffers considerably as a consequence of the rates enforced. The figures prepared by the Department, however, put quite a different complexion on the matter, and show that, instead of the rates on the Christchurch-Lyttelton line being in excess of the rates ruling on the other port lines, they are in reality less than the average rates charged on the other three main port lines of the Dominion, and if that average rate were taken as a basis for fixing the charges on the Lyttelton line the rates between Christchurch and Lyttelton would require to be increased to the extent of about £10,000 per annum, taking the figures supplied by the accountants employed by the Christchurch people as a basis.

The Canterbury people have previously contended that the lowest rate in the tariff should be taken as the basis for all other rates, irrespective of local conditions, such as competition, &c. They are now contending that the Lyttelton-Christchurch rate should be taken as the basis for computing other rates according to mileage. I have previously shown that the adoption of the suggestion that the lowest rate be the basis for all rates would result in ruinously low rates throughout the railway system, and it would be utterly impossible to apply such a method for financial reasons. The adoption of the method now suggested of basing all rates on those ruling for short-distance traffic would have a diametrically opposite effect, inasmuch as it would result in extortionate rates being levied for long-distance traffic, and render the settlement of the country impossible if railway transport were solely to be depended on; consequently, the principle of tapering rates becomes a matter of necessity in the interests of the general community where long-distance traffic is concerned. The principle of decreasing the rate per mile as the distance increases is one that is widely known and fully recognised in all countries as being sound and equitable, and it is moreover the only system possible where long-distance traffic has to be dealt with.

It must be borne in mind that the rates for conveyance of A, B, C, D goods on the port lines are much lower than the ordinary classified rates which apply to similar goods conveyed for the same distance on the ordinary main and branch lines of the Dominion.

The following figures show the merchandise rates between Lyttelton and Christchurch, and the classified rates operating for similar distances on the railways generally:—

	A.	B.	C.	D.
	s. d.	s. d.	s. d.	s. d.
Classified rates	6 0	5 6	5 2	4 10
Lyttelton-Christchurch	4 3	4 3	4 3	4 3
Difference in favour of Lyttelton-Christchurch ...	1 9	1 3	0 11	0 7