

1907.
NEW ZEALAND.

RATES ON LYTTELTON-CHRISTCHURCH RAILWAY

(REPORT OF THE GENERAL MANAGER FOR RAILWAYS ON).

Laid on the Table of the House of Representatives by Leave.

THE GENERAL MANAGER FOR RAILWAYS to the HON. THE MINISTER FOR RAILWAYS.

Railway Department, Head Office, Wellington, 15th October, 1907.

Memorandum for the Hon. the Minister for Railways.

WITH further reference to the question of the rates charged on the Lyttelton-Christchurch line, and the statement prepared by Messrs. Badham, Biss, and Thornton at the instance of the Hon. H. F. Wigram, I have to report that in preparing their statement the firm in question has fallen into the same error as other persons who have from time to time essayed to show that the railway rates in Canterbury, and on the Christchurch-Lyttelton line in particular, are inequitable and operate detrimentally to the interests of Canterbury—i.e., they have taken the tariff rates, and, ignoring altogether the railway regulation governing the computation of distances, and the terminal charges, have divided the rate by the actual mileage, and taken the results thus ascertained as the basis of their calculations.

It has repeatedly been pointed out to those individuals and local bodies who have interested themselves in the subject that deductions based on such premises are erroneous and misleading, for the primary reason that the major portion of the rates is comprised in the terminal charges.

These terminal charges, being the same for either a short or long distance, have naturally a preponderating influence where short-hauled traffic is concerned, while their effect is inappreciable in the case of long-hauled goods. It therefore follows that in order to make a fair comparison of the various rates it is essential that the actual haulage or conveyance charge be ascertained by deducting the terminal charge from the total rate. Again, in dealing with the question of distances separating the ports from the towns, which are the distributing centres in the various parts of the Dominion, due regard must be paid to the railway regulation governing the calculation of distances for the purpose of computing rates. It is not the practice in this Dominion to make rates for fractional parts of a mile, and the regulation provides that where the distance is in excess of 5 chains it shall be computed as an additional mile, and railway rates have been based accordingly. The accountants, no doubt owing to their inexperience and lack of expert railway knowledge, have not followed this course, and the result is that they have placed before the Hon. Mr. Wigram statements that are utterly misleading and incorrect both as regards the average cost per mile and the excess which, according to their figures, is paid by Lyttelton over the other ports.

The effect of the method adopted by the Accountants and the fallacy of their figures will be seen by the following statements:—

ORDINARY PASSENGER-FARES.

	Average Fare in Pence.		Cost per Mile in Pence.		Excess per Cent. paid by Lyttelton.	
	Accountants.	Railway.	Accountants.	Railway.	Accountants.	Railway.
Christchurch ...	8·3	5·848	1·318	0·975	...	...
Auckland ...	8·5	5·250	1·098	0·875	20·04	11·43
Dunedin ...	8·6	5·375	1·088	0·896	21·14	8·82
Invercargill ...	14·3	4·530	0·846	0·755	55·79	29·27
Average—						
Christchurch ...	8·3	5·848	1·318	0·975	...	...
Other three ports ...	10·466	5·031	1·011	0·842	30·36	15·80

SEASON TICKETS.

				Cost per Mile.		Excess per Cent. paid by Lyttelton.	
				Accountants.	Railway.	Accountants.	Railway.
Yearly.							
Christchurch	...	...	...	24/8	{ 1st 17/3·14 2nd 12/2·28 }	...	...
Auckland	...	...	...	22/3·51	{ 1st 17/10·25 2nd 12/2·75 }	10·81	{ 1st — 3·43 2nd — 0·32 }
Dunedin	...	...	...	21/7·92	{ 1st 17/10·25 2nd 12/2·75 }	14·05	{ 1st — 3·43 2nd — 0·32 }
Invercargill	...	...	...	14/2·03	{ 1st 13/3·06 2nd 8/10·12 }	74·34	{ 1st 30·23 2nd 37·84 }
Half-yearly.							
Christchurch	...	...	...	13/2·88	{ 1st 10/2·45 2nd 6/3·28 }	...	...
Auckland	...	...	...	12/1·39	{ 1st 10/2·13 2nd 6/8·88 }	9·28	{ 1st — 0·26 2nd — 7·44 }
Dunedin	...	...	...	11/9·28	{ 1st 10/2·13 2nd 6/8·88 }	12·45	{ 1st — 0·26 2nd — 7·44 }
Invercargill	...	...	...	7/7·62	{ 1st 7/2·41 2nd 4/11·23 }	73·41	{ 1st 42·49 2nd 27·09 }
Quarterly.							
Christchurch	...	...	...	7/6·12	{ 1st, 6/0 2nd, 3/10·29 }	...	...
Auckland	...	...	...	6/8·64	{ 1st, 5/10·50 2nd, 3/10·50 }	11·75	{ 2·12 — 0·45 }
Dunedin	...	...	...	6/6·36	{ 1st, 5/10·50 2nd, 3/10·50 }	15·01	{ 2·12 — 0·45 }
Invercargill	...	...	...	4/2·83	{ 1st, 4/1·06 2nd, 2/9·88 }	77·30	{ 46·75 36·63 }
Monthly.							
Christchurch	...	...	...	2/9·67	{ 1st, 2/2·86 2nd, 1/7·14 }	...	...
Auckland	...	...	...	2/7·01	{ 1st, 2/4 2nd, 1/7 }	8·58	{ — 4·24 0·73 }
Dunedin	...	...	...	2/6·13	{ 1st, 2/4 2nd, 1/7 }	11·74	{ — 4·24 0·73 }
Invercargill	...	...	...	1/9·25	{ 1st, 1/9·65 2nd, 1/2·59 }	58·45	{ 24·06 31·18 }
FIFTY-TRIP SINGLE.							
Christchurch	...	...	...	2/11·57	{ 1st, 2/5·71 2nd, 1/8·29 }	...	...
Auckland	...	...	...	2/8·56	{ 1st, 2/5·75 2nd, 1/8·75 }	9·24	{ — 0·156 — 2·26 }
Dunedin	...	...	...	2/7·64	{ 1st, 2/5·75 2nd, 1/8·75 }	12·42	{ — 0·156 — 2·26 }
Invercargill	...	...	...	2/5·22	{ 1st, 2/5·88 2nd, 1/10·47 }	21·73	{ — 0·236 — 10·94 }
FAMILY.							
Christchurch	...	...	...	3/10·48	{ 1st, 3/4 2nd, 2/5·71 }	...	...
Auckland	...	...	...	3/6·64	{ 1st, 3/4·25 2nd, 2/5·75 }	9·005	{ — 0·625 — 0·156 }
Dunedin	...	...	...	3/5·44	{ 1st, 3/4·25 2nd, 2/5·75 }	12·16	{ — 0·625 — 0·165 }
Invercargill	...	...	...	3/2·61	{ 1st, 3/5·18 2nd, 2/5·88 }	20·38	{ — 2·95 — 0·236 }
TWELVE-TRIP.							
Christchurch	...	...	...	0/7·59	...	...	...
Auckland	...	...	...	0/6·97	...	8·89	— 2·14
Dunedin	...	...	...	0/6·78	...	11·95	— 2·14
Invercargill	...	...	...	0/6·37	...	19·15	— 9·72

TWENTY-TRIP TECHNICAL.

	Cost per Mile.		Excess per Cent. paid by Lyttelton.	
	Accountants.	Railway.	Accountants.	Railway.
Christchurch	1/6·97	...	...	...
Auckland	1/5·44	...	8·77	— 2·11
Dunedin	1/4·95	...	11·92	— 2·11
Invercargill	1/3·94	...	19·01	— 9·80

GOODS TRAFFIC.

	Rate per Ton per Mile in Pence.		Excess per Cent. paid by Lyttelton.	
	Accountants.	Railway.	Accountants.	Railway.
<i>Merchandise.</i>				
Christchurch	8·063	2·143	...	...
Auckland	6·203	3·375	29·99	— 57·49
Dunedin	6·781	2·250	18·90	— 4·99
Invercargill	5·431	2·470	48·46	— 15·26
<i>Grain.</i>				
Christchurch	4·743	0·857	...	...
Auckland	3·877	1·500	22·34	— 75·03
Dunedin	3·767	0·750	25·91	14·26
Invercargill	2·302	0·882	106·04	— 2·92
<i>Coal, Imported.</i>				
Christchurch	5·375	0·857	...	...
Auckland	3·877	0·750	38·64	14·26
Dunedin	3·767	0·750	25·91	14·26
Invercargill	2·302	0·941	106·04	— 9·80
<i>Coal, Native.</i>				
Christchurch	5·375	0·857	...	...
Auckland	3·877	0·750	38·64	14·26
Dunedin	3·767	0·750	25·91	14·26
Invercargill	2·302	0·941	106·04	— 2·92
<i>Wool.</i>				
Christchurch	2·609	2·143	...	...
Auckland	2·132	2·250	22·37	— 4·99
Dunedin	2·072	1·875	25·92	14·29
Invercargill	1·298	2·059	101·00	4·08
<i>Timber.</i>				
Christchurch	1·265	0·381	...	...
Auckland	1·034	0·333	22·23	14·40
Dunedin	1·005	0·333	25·87	14·40
Invercargill	0·885	0·627	42·93	— 64·56

MILEAGE RATES FOR GOODS TRAFFIC.

	Merchandise per Mile in Pence.	Grain.	Wool.	Timber.	Coal.
Christchurch—					
Accountants	8·063	4·743	2·609	1·265	5·375
Railway	2·143	0·857	2·143	0·381	0·857
Average other three ports—					
Accountants	6·138	3·315	1·834	0·974	3·568
Railway	2·698	1·044	2·061	0·431	0·804
Lyttelton—					
Higher	...	...	0·82	...	0·53
Lower	0·555	0·187	...	0·50	...
Per cent.	25·90	21·52	+ 3·98	13·12	+ 6·59

Dealing first with the question of passenger-fares, I would point out that prior to the inauguration of the present exceedingly low passenger-fares which rule throughout the New Zealand railway system the passenger-rates on the various port lines were special rates granted for the purpose of enabling passengers to travel cheaply between the port of shipment and the distributing centre. The consequence was that passengers travelling over the port lines of the Dominion were carried at lower rates than passengers who travelled between stations situated at similar distances apart on other portions of the New Zealand railways. There were also special seaside rates in operation between Invercargill and the Bluff. These special port and seaside rates were continued until the general reduced passenger-fares brought ordinary single tickets down to the level of the port or suburban rates, but the ordinary return tickets being double the single fare it was still necessary to make special return fares for the port lines to obviate the increase that would otherwise have resulted, so that, although the rates for single tickets between Lyttelton and Christchurch, Dunedin—Port Chalmers, and Auckland—Onehunga may be considered to be the ordinary passenger-rates for the mileage, the return fares between the same stations are 25 per cent. lower in the case of first- and second-class return tickets than the rates which are paid by passengers who travel between stations where the ordinary rates prevail.

At Auckland, owing to the keen competition of trams, 'buses, and steamers, it was necessary to fix very low fares in order to induce the people to use the railway, and for many years the passenger-rates ruling on the Auckland—Onehunga line were lower than those on any other port or suburban line in the Dominion, but while those rates have remained stationary the rates on the Lyttelton and other port lines have been reduced. In 1898 the passenger-rates between Christchurch and Lyttelton were 1s. 4d., 11d., 1s. 9d., and 1s. 2d.; the Auckland—Onehunga rates were 1s., 9d., 1s. 6d., and 1s. 2d. To-day the Lyttelton rates are 1s., 8d., 1s. 6d., and 1s.; and the Auckland—Onehunga rates are 1s., 9d., 1s. 6d., and 1s. So that, while a material reduction has been made in the Lyttelton—Christchurch rates (25 per cent., first single; 27 per cent., second single; 14 per cent., first return; and 14 per cent., second return) the Auckland—Onehunga rate has practically remained stationary, notwithstanding the keen competition existing between 'buses, trams, steamers, and the railway. This disposes of the statement that Auckland has been more favoured than Christchurch.

With the increase of the shipping business at the Bluff consequent on the improvement of the harbour, it was necessary to extend to that port the policy that had been years previously adopted in the case of other ports in the Dominion. In applying the policy the rates that had been in operation for years in connection with the seaside business were made available for ordinary travel, and ever since that time the Christchurch people have been contending that the lowest rates in operation should be taken as the basis for all rates.

According to Messrs. Badham, Biss, and Thornton, the excess rate paid by Lyttelton in respect to passenger-fares is 30·36 per cent. over and above the average rate paid by the three other ports. They arrive at this conclusion by taking the average fare of four classes of tickets and dividing it by the mileage, and assert that the rate per mile in the case of Lyttelton is 1·318d., while in the case of the three other ports it is 1·011d., the difference being 0·307d. per mile. The correct average rates per mile are 0·975d. for Lyttelton—Christchurch, and 0·842d. as an average for the other three ports, and on this basis the excess paid by Lyttelton is 0·133d. per mile. This represents a charge of $\frac{9}{10}$ d. per passenger for the seven miles of travel, and it cannot be seriously contended that this difference is burdensome to the chance travellers on the Lyttelton line.

For first-class single Lyttelton pays 0·178d. per mile more than Auckland—Onehunga, 0·053d. per mile more than Dunedin—Port Chalmers, and 0·134d. per mile more than Bluff—Invercargill. For second-class single the rates for Lyttelton—Christchurch, Auckland—Onehunga, and Port Chalmers—Dunedin are the same, while Lyttelton pays 0·235d. more than Bluff—Invercargill.

For first return Lyttelton pays 0·25d. per mile more than Auckland or Dunedin, and 0·47d. per mile more than Bluff—Invercargill. For second return Lyttelton pays 0·17d. per mile more than Auckland or Port Chalmers, and 0·479d. more than the Bluff.

Regular travellers invariably take advantage of the season-ticket rates, and are more affected by those rates than by the ordinary-ticket rates. The bulk of the passenger traffic on the Lyttelton line consists of persons who regularly travel between their homes and places of business, and in the great majority of cases hold season tickets. The season-ticket rates are applicable to the whole of the lines of the Dominion, and are not, as the Christchurch people wish to infer, rates specially made for passenger traffic on the port lines, consequently these rates have to be looked at from a standpoint of the community generally. It is claimed on behalf of the Christchurch people that for travel over a distance of seven miles they pay more than season-ticket holders on the other port lines. This difference is stated by Badham, Biss, and Thornton to vary from 8·58 per cent. to 77·30 per cent. against Lyttelton. In respect to yearly tickets, however, Lyttelton pays 3·43 per cent. less for first-class, and 0·32 per cent. less for second-class, than Auckland or Dunedin. For half-yearly first-class Lyttelton pays 0·26 per cent. more than Auckland or Dunedin, but for second-class it pays 7·44 per cent. less than those places. For quarterly first Lyttelton pays 2·12 per cent. more than Auckland or Dunedin. For second-class it pays 0·45 per cent. less. For monthly first-class Lyttelton pays 4·24 per cent. less than Auckland or Dunedin, and for second-class 0·73 per cent. more. In the case of Bluff—Invercargill, the Lyttelton—Christchurch rates are somewhat higher. For fifty-trip single commutation tickets Messrs. Badham, Biss, and Thornton state the excess paid by Lyttelton is 9·24 per cent. over Auckland—Onehunga, 12·42 per cent. over Dunedin—Port Chalmers, and 21·73 per cent. over Bluff—Invercargill. The true position is that Lyttelton pays 0·156 per cent. less than Auckland or Dunedin for first-class and 2·26 per cent. less for second-class, and 0·236 per cent. less than Bluff for first-class and 10·74 per cent. less for second-class.

For fifty-trip family tickets Messrs. Badham, Biss, and Thornton show that Lyttelton—Christchurch pays 9·005 per cent. more than Auckland—Onehunga, 12·16 per cent. more than Port

Chalmers—Dunedin, and 20·38 per cent. more than the Bluff—Invercargill. Lyttelton actually pays for these tickets—first-class 0·625 per cent. *less* than Auckland—Onehunga or Dunedin—Port Chalmers, 2·95 per cent. *less* than Bluff; and for second-class 0·156 per cent. *less* than Onehunga, 0·165 per cent. *less* than Port Chalmers, and 0·236 per cent. *less* than Bluff.

For twelve-trip workers' tickets Messrs. Badham, Biss, and Thornton state that Lyttelton pays 8·89 per cent. more than Auckland—Onehunga, 11·95 per cent. more than Dunedin—Port Chalmers, and 19·15 per cent. more than Bluff—Invercargill; Lyttelton actually pays 2·14 per cent. *less* than Auckland—Onehunga and Dunedin—Port Chalmers, and 9·72 per cent. *less* than the Bluff—Invercargill.

For twenty-trip technical-school tickets Messrs. Badham, Biss, and Thornton state that Lyttelton pays 8·77 per cent. more than Auckland—Onehunga, 11·92 per cent. more than Dunedin—Port Chalmers, and 19·01 per cent. more than the Bluff—Invercargill: Lyttelton actually pays 2·11 per cent. *less* than Auckland—Onehunga and Port Chalmers—Dunedin, and 9·80 per cent. *less* than the Bluff—Invercargill.

Taking the passenger-fares and season tickets as a whole, therefore, it will be found that in the aggregate Lyttelton pays *less* than any other of the port lines.

Coming now to merchandise, instead of Lyttelton paying more than other lines, as asserted by Messrs. Badham, Biss, and Thornton, it actually pays 57·49 per cent. *less* than Onehunga, 4·99 per cent. *less* than Dunedin, and 15·26 per cent. *less* than the Bluff.

For grain Lyttelton pays 75·03 per cent. *less* than Onehunga, 14·26 per cent. more than Port Chalmers, and 2·92 per cent. more than Bluff.

For imported and native coal it pays respectively 14·26 per cent. more than Onehunga and Port Chalmers, and 9·80 per cent. and 2·92 per cent. *less* than the Bluff.

For wool it pays 4·99 per cent. *less* than Onehunga, 14·29 per cent. more than Port Chalmers, and 4·08 per cent. more than the Bluff.

For timber it pays 14·40 per cent. more than Auckland or Dunedin, and 64·56 per cent. *less* than the Bluff.

Taking the goods business on the basis of the average for the three ports, and comparing the Lyttelton rates with that average, the position is that Lyttelton pays for merchandise 0·555d. per mile *less* than the average for the other three ports; for grain, 0·187d. *less*; for wool, 0·082d. more; for timber, 0·50d. per 100 superficial feet *less*; for coal, 0·53d. more. On this basis Lyttelton therefore pays 25·90 per cent. *less* than the other three ports for merchandise, 21·52 per cent. *less* for grain, 3·98 per cent. more for wool, 13·12 per cent. *less* for timber, and 6·59 per cent. more for coal.

Taking the volume of traffic to be as assumed by Messrs. Badham, Biss, and Thornton, whose figures as to the volume of business are, however, quite erroneous, instead of paying the excess of £26,800 per annum, as stated by them, Lyttelton actually pays £9,200 *less* than would be paid for the same business by the other three ports, taking the average rates on the business stated.

With regard to the fluctuations of rates, it is not, of course, to be expected that in compiling the railway tariff every rate relating to every description of traffic and for all distances will bear exactly the same relative position throughout, but it will be seen that, taking the rates as a whole, Lyttelton is more favourably situated than the other ports, and that the contentions of the Department are fully borne out by the figures that have been placed before you.

When the question of rates was last under discussion an endeavour was made to discredit the statement of the Department that the Lyttelton Harbour Board had increased its wharfage-rates by 3d. per ton on merchandise coincident with the reductions made by the Department. There is, however, no question as to the correctness of the statement made by the Department. It may be true, as asserted, that the Lyttelton Harbour Board passed a certain resolution on the 25th May, 1904. The question of reducing the Lyttelton—Christchurch rate was, however, under discussion at that time, and had been for some time previously, and it was generally understood that a reduction of 3d. per ton in the railway rate would probably be made, and as a matter of fact the reduced railway rate came into operation on the 25th July, 1904, while the Lyttelton Harbour Board's increased rate did not come into operation until the 1st September of the same year.

The Department's statement that the rate between Auckland and Onehunga was 5s. 3d. per ton for goods of classes A, B, C, and D was also disputed by Mr. Laurensen, who asserted that the rate was 4s. per ton. The fact, however, remains that the rate to the Onehunga Wharf is 5s. 3d. per ton, and this is the rate at which the traffic is carried, the Onehunga Wharf bearing the same relation to Auckland as the Lyttelton Wharf does to Christchurch. There is, however, this important difference: that, whereas at Lyttelton the Railway Department has had to provide expensive terminal facilities, the facilities provided at Onehunga Wharf are of the simplest possible character, and consequently the terminal charge which is included in the rate in the ordinary way is sufficient to cover the cost of the terminal facilities provided at Onehunga, and for this reason goods of classes A, B, C, D, and H, and live-stock, which are carried by rail between Onehunga and Auckland, are free of wharfage. There is no goods traffic between Auckland and Onehunga Town beyond a few small consignments, and in considering the rate in operation between Auckland and Onehunga ships' goods represent the business in precisely the same way as the shipping traffic represents the business done between Lyttelton and Christchurch, and the rate for ships' goods between Onehunga Wharf and Auckland is 5s. 3d. per ton, in the same way as the rate between Lyttelton and Christchurch is 4s. 3d. per ton. These figures represent the charges levied by the Railway Department for services rendered. Any charges made by the Lyttelton Harbour Board are altogether beyond the control of the Railway Department. So long, therefore, as the Railway Department controls the Onehunga Wharf, and the terminal charges included in the rates in the ordinary way are sufficient to maintain the wharf and provide for the terminal facilities afforded at Onehunga, the Department would not be justified in making a charge for wharfage on mer-

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

It is manifest that a great advantage already accrues to Lyttelton-Christchurch from the operation of the port rates; and, in connection with the demand for a further concession, three questions arise, namely:—

- (a.) Is it to be affirmed as a policy that all rates must be uniformly fixed for all distances; that therefore the lowest rate must be the highest; and that geographical advantages, disadvantages, or outside competition are not to justify any departure from uniform rating?
- (b.) Would the consumer be benefited by any possible reduction in the rates operating between Lyttelton and Christchurch, in view of the fact that the total rate, 4s. 3d. per ton, represents a charge of barely $\frac{1}{4}$ d. per pound for seven miles of railway journey?
- (c.) Having due regard to the interests of the community as a whole, would a reduction of rate on one particular section of the Canterbury railways—viz., the Christchurch-Lyttelton line—be justifiable?

The reply is obvious.

The function of railways is to enable the man at a long distance from the market to get his produce to and supplies from that market with expedition and at a reasonable charge. It would be impossible to fulfil that end and at the same time adopt the theory propounded by Canterbury. To follow this out to a logical conclusion would, as already shown, result in an increase of rates on the Lyttelton-Christchurch line, which, if the actual business were taken as a basis, would give a return of more than £10,000 per annum over and above the present revenue. It is presumed that the Canterbury people would not desire an alteration of this kind, and that, as they have recently abandoned the theory that a large portion of the port rates was due to the existence of the Lyttelton tunnel, they will now abandon the theory propounded by themselves that the Lyttelton rates should be computed on the basis of the average for the other three ports.

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General Manager.

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