

a measure at least, probably be met by arranging for transit of goods to and from the railways. This could be done by the Department itself undertaking cartage to and from the railway, or by entering into suitable contracts with road carrying concerns. The principal commodities at present being conveyed by road are mineral oils (benzine, &c.) and household furniture. Certainly other classes of goods are also being carried, but the two classes mentioned seem to form the backbone of the motor traffic. In regard to benzine, it is to be noted that, being a dangerous commodity, it was, up till July, 1922, charged at rate and a half of the highest class in the railway tariff—namely, Class A. In the month mentioned the rate was reduced to single rate, Class A, being a concession of $33\frac{1}{3}$ per cent. This reduction undoubtedly affected the quantity carried by road, but a substantial quantity still continues to be so carried, and the road traffic in benzine is fairly general throughout the Dominion, though more marked in some localities than in others. Its generality is sufficient to warrant action being taken along the lines of a general reduction in rate, supplemented as may be found desirable by special competitive rates between points where the traffic cannot be secured by other means and is sufficient to warrant the institution of such a rate. In the case of furniture it is to be noted that the road traffic in these articles is practically confined to household removals. In connection with this traffic the advantage of one handling from starting-point to destination has a peculiar value. Articles of furniture are not usually easy to pack, and when once the labour has been expended in advantageously packing them on to a motor-lorry there is generally a disinclination to remove them from the lorry and repack in a railway-truck if it can be avoided, and in regard to this aspect of the matter the labour cost is not the only factor. Liability to damage in the case of handling enters into the matter and increases the disinclination of owners to subject the furniture to the added risk involved. It is found also that under the present system of classification of furniture it is not possible to give inquirers information in a compendious form as to the probable cost of the carriage of their goods by rail. At present various articles of household use are classified at different rates per ton, and this involves a knowledge of the total weights of the various classes of goods that will be involved in the removal.

It is found also that the carriage of wool by motor tends to increase. Inquiries in various cases where wool has been carried by motor indicate that the farmers place a peculiar value on the fact that the wool is lifted by the motor from the wool-shed and delivered at the wool-store. They find that the avoidance of the necessity of carting the wool to railway-stations and loading into trucks affords so much more time during which their teams and employees can be occupied on the farms, and also saves the double handling of the wool. Cases have indeed been found where the farmers were willing to pay more for the transport of their wool by motor than by rail in order to secure these advantages. There is little doubt, however, that a reduction in the rates on wool would tend to counteract this effect, and on that ground I consider a lower rate is justified.

Apart from the commodities that have been mentioned above, the traffic by motor is, as has been already indicated, confined to the goods which are most highly placed in the railway classification. Any reduction, therefore, to meet such competition can be justified in respect of such traffic only, for there is little doubt that the motor cannot hope to compete with the railway on the low-rated traffic.

Without going into details the immediate extent to which rates will be used for the purpose of meeting motor competition will involve suitable reductions on benzine, household removals, and the commodities that are listed in the higher classes (A, B, C, D, and H) of the railway tariff. I propose to submit recommendations to Cabinet along these lines within the next week or two, the reductions in the aggregate amounting in all probability to approximately £200,000 per annum.

There must come a time when loss of the more lucrative traffic will make it impossible for the Department to continue giving concessions, but this is a point which does not seem to be sufficiently recognized.

Another matter which suggests itself as being worthy of consideration in connection with the tariff as affected by competition is as to whether the method under which rates are fixed is not too rigid, and not as readily adaptable to