

they should be credited with the resulting advantage. It is true that it may be difficult to state the value of such community advantages in terms of money so as to present a complete account showing the financial position of the railways as a community investment, but this difficulty does not in any way affect the principle involved. *Prima facie*, when a concession of this kind is given it is because it will "pay"—i.e., it is worth while in the interests of the community that the concessions should be given; and in assessing what deficiency there is in the railway return for the purpose of the matter now under consideration—namely, that of an increase in rates—it would certainly seem that there are definite questions of policy that require to be considered before the quantum of increased revenue that should be obtained through this medium is determined. True it is that the Department under the form of accounts as now adopted receives some credit for its community service through the medium of the allowance made in respect of what are called developmental lines. The question may be raised here, however, as to whether this allowance, while admitting the principle, covers the whole field. It would seem that consideration of the matter in terms of service rather than in terms of more or less arbitrary sections of the line would be more logical though undoubtedly somewhat difficult of practical application. When the Department works a line which is not able to meet all charges it is simply giving a service that is not radically different from any unremunerative or not wholly remunerative service it may give in any other respect, such as workers' tickets, low rates for the carriage of fertilizers, &c. Certain it is that before the question of an increase in rates can be settled the prior question of the amount of increased revenue required has also to be settled, and this involves the questions I have attempted to set out above. The impossibility of calculating the benefits in terms of money will undoubtedly make any such assessment more or less arbitrary, but this seems clearly to be unavoidable in any system that might be adopted.

Prompted by consideration of railway charges and by recent experiences which we have had in connection with the transport business of the rural community, I desire to make the following remarks, which I think might be worthy of consideration by the farmers of the Dominion:—

The transportation of the products of our farms is attended by difficulties which are not always recognized. For example, live-stock must be handled with promptness in special wagons. Fat-stock traffic is such that in season the demand for wagons is so abnormal that many additional services require to be provided to facilitate the turnover of stock-wagons. By way of illustration of this point it may be mentioned that in the North Island the peak stock month of the year 1928–29 was the four weeks ended 2nd March, when 1,143,471 head of sheep were conveyed by rail. Taking the number of sheep-wagons on the North Island Main Line and Branches as 1,321, it will be seen that the handling of this traffic called for a turnover of all such wagons three and a half times per week. In the South Island the peak stock period is slightly later, and for the four weeks ended 31st March a total of 940,789 head of sheep was conveyed on the South Island Main Line and Branches. The number of sheep-wagons on the latter section is 1,096, and to handle the peak traffic all these vehicles would require to be turned over three and one-third times per week.

During the slackest months of the year the traffic in sheep drops to 56,000 and 51,000 per four-weekly period in the North and South Islands respectively, and from my brief remarks regarding the peak traffic it must be apparent that for traffic such as this it would not be a sound proposition for the Department to construct sufficient rolling-stock to cope with the peak traffic when such equipment would be lying idle for approximately nine months of the year.

Moreover, a fair proportion of other farm-products are seasonal, and result in an unusual demand at certain periods for transport equipment, and this involves expensive empty-wagon haulage in order to have the wagons at the various loading-stations to meet requirements.

The railways also afford direct advantages to the farming community by concessions that have been frequently stated and are well known, such as low rates for agricultural lime and artificial manures, &c., and these concessions represent a definite investment by the community at large in the ventures of the farming industry. It is really equivalent to the community finding some portion of the capital necessary for the adequate development of the business of the farmer. What is the community entitled to expect from the farmers in return? Surely no less than that the farmers will, by making use of the railways, give the community an opportunity of recouping itself at least in some measure for its outlay on their behalf. It is regrettable indeed that we find on some occasions farmers' organizations taking an all-too-narrow view of their obligation in this regard. They entirely ignore the advantages they have received from the policy of the railways and have deserted the national institution that has done and is doing so much for them to accept a comparatively small advantage that in many cases must be evanescent in character. Such a policy on the part of the rural community if persisted in must have an inevitable reaction. Unjust conditions cannot be permanent. It is obviously unjust for the Railways to make sacrifices in the interests of the farmer who, when the opportunity arises for him to show appreciation of this in a practical way, declines to pursue that course. I do not wish my statement in this regard to be misconstrued into a threat—nothing of the kind is intended—I merely state the obvious fact that the searchlight of public criticism is being directed on the financial policy of the Railways. Its financial operations must come under review, and if the community does not, through the failure of certain sections to recognize and act up to their moral obligations, obtain the return from its investments on behalf of the rural community to which it is morally entitled, action will be compelled by the interests of public finance, which cannot indefinitely sustain a growth in the financial burden which the railways may be on the taxpayer. We have found that the greater proportion of the farming community appreciate the position and accord us their loyal support. I would plead with the remainder to consider the position well, as they are in danger of doing an injury not only to themselves, but to the farming community as a whole.