carried mainly by rail to Helensville, and thence by the Kaipara Steamship Co. to Dargaville, which is the most direct route. With regard to one particular commodity, a representative of the shipping interest put the case to us as follows :—

> "The Railway received 21s. per ton to take sugar thirty-eight miles to Helensville. . . . They only receive 11s. 8d. per ton to take sugar 130 miles to Whangarei. On a 12-ton truck of sugar sent in this way to Dargaville, the Railway lose £5 12s. freight and haul the sugar an extra ninety-two miles. The Kaipara Steamship Company are losing the whole of their freight, £9 18s., the County Council the Dargaville wharfage of £1 4s., and the local bodies the ratio cost of road maintenance."

It should be noted in this case that motor competition with railways and shipping is entirely negligible.

(2) *Tauranga.*—There is no truck rate from Auckland to Tauranga, but there is a low special rate, and as a result the tonnage landed at the wharves has been reduced by two-thirds of its volume since the opening of the railway. The distance from Tauranga to Auckland by water is given as 132 miles, while by rail it is 180 miles. The representative of the Tauranga Harbour Board gave the cost of carrying one ton-mile on this run as 1½d. by sea, thus leaving a substantial balance against the lowest payable cost of carriage by rail. It is fair to add that the representative of the Auckland Harbour Board stated definitely that the railway was essential to the Bay of Plenty for the carriage of lime and manure. It should again be noted that there is no competition with motor transport between Auckland and Tauranga.

(3) *Wanganui.*—The local trade of this harbour seems to have been seriously affected by two factors—first, the truck rate from Wellington to Palmerston North of £4 10s. per truck, which on 8 tons works out at about 1·55d. per ton-mile. This has served to divert goods which formerly went from southern ports to Wanganui and were thence conveyed by rail to inland places. This traffic now goes to Wellington to get the benefit of the cheap truck rate. The decline in wheat shipped to Wanganui has been very marked. Second, the low special-freight rates by rail to Wanganui have caused trade to move by rail instead of by water. For instance, from Auckland to Wanganui the rate per ton charged on sugar by rail is 37s. 6d. This rate should be compared with the rate from Auckland to Hamilton of 34s. 8d., and from Auckland to Raetihi, Ohakune, and Taihape of 52s. 6d. according to figures supplied by the Wanganui Harbour Board. This very low rate is of recent introduction, and prevents the carriage of sugar by sea to Wanganui as formerly was usual.

(4) *Kaikoura.*—The coastal trade from Lyttelton to Kaikoura has disappeared, owing to the special rate for goods of all classes by road and rail of 30s. per ton. The distance by rail from Christchurch to Parnassus (the railhead) is 85 miles, and by rail and road to Kaikoura 125 miles. The Lyttelton Harbour Board states that the Railways pay to the road operator 15s. per ton for carriage from Parnassus to Kaikoura, leaving 15s. per ton for the rail freight to Parnassus, while the ordinary rail freight to Parnassus for A, B, C, and D goods is 55s. per ton.

In addition to these special cases, the coasting trade is deprived of freight in other ways. As examples, higher railway rates are charged on coal from the mines to Greymouth which is going to be shipped to ports served by rail than to ports not served by rail, thus imposing a tax on shipping. The following is given us as the scale of charges :—

	Per Ton. s. d.
Coal ex Blackball to Greymouth, railage and cranage—	
Consigned to Wellington ..	3 10
Consigned to Lyttelton or Timaru ..	5 7
Coal ex Grey Valley and Brunner, railage and cranage—	
Consigned to Wellington ..	2 10
Consigned to Lyttelton ..	4 4
Coal ex Reefton :—	
Consigned to Wellington ..	5 6
Consigned to Lyttelton ..	9 7

Many striking figures can be adduced of special rates to coastal places, such as the scale charged between Dunedin and Invercargill, which may be compared with that from Dunedin to Roxburgh. In one case at least the opposite procedure is adopted, and a special high rate is charged from Opua to prevent goods entering that port and proceeding by rail inland.

The volume of goods carried, of course, has a definite relation to cost. It is claimed by the railways that all their rates are economically sound for the reason that the loss on operation would be greater if a smaller volume of goods were carried at a higher price; and that where trains must run to carry some goods, any additional quantity can be carried at any figure exceeding ½d. per ton-mile. This may be an economic fallacy. It should be observed that, according to the railway representatives, the goods traffic on the railways now returns an average of 2·65d. per ton-mile. If that could be increased to 3d. per ton-mile, the railways "would have just about paid." If, however, the traffic were doubled, the rate which would make them pay might be as low as 2d. These are the views of the Railways, and since even if all the possible traffic were taken from the roads and shipping it would not double the rail traffic, it is clear that a figure between the two extremes of 2d. and 3d. per ton-mile is the least at which goods transport on the rail could be made payable. If large volumes of this traffic are taken at lower rates than 2d. (to take the most favourable view)—either through the operation of truck rates or special rates to favoured places—it appears that such traffic must either be carried at uneconomical rates, or at the expense of other portions of the community.

With regard to the general decline of coastal shipping, it cannot be contended that all has been due to railway rates, because there has been a decline also in all shipping. The total tonnage handled at all ports declined by over 32 per cent. between 1929 and 1933, and the tonnage of imports still continues