

the traffic for short distances. A farmer living a mile or two out of town could not be expected to use the railway if he has to pay as much as a man living seven miles away. Would you not be taking away that short traffic?—I have considered that, and I do not consider it wise to alter the rates for the shorter distances, because the carrier business is a very important one, and I do not think we should seek to destroy it. I have also never altered the initial passenger-fare, because I do not believe it would be to the advantage of anybody that the railways should compete with that short traffic.

14. Then, you place your railways out of the question as a useful means of conveyance for short distances?—Not so; because, although I have not altered the initial fare—say from Auckland to Newmarket—yet the same fare would carry a passenger on to Penrose. I propose to regulate the goods-traffic on the same basis. Of course, where a man has to cart goods to the station and then cart them away—after a couple of miles' carriage—I do not think any possible system could compete with the carrier in that case.

15. *Hon. Mr. Richardson.*] Do I understand that, in abolishing differential rating, Mr. Vaile proposes to do away with season-tickets?—No; I think season-tickets are a very good commercial institution, and they ought to be continued.

16. Then, I think your objection to the passenger differential rating system goes to the wall?—No; I do not think so.

17. *Mr. Hatch.*] I would ask if Mr. Vaile has thought of the question of port rates—whether he would be inclined to modify his ideas with respect to making them all uniform irrespective of distance?—In considering this question, and having to deal principally with the public, I always felt the necessity of confining myself to a few points, and of keeping these points persistently before the public. There are many matters of detail that I have never gone into for fear of creating confusion. It is a large subject, and one of some difficulty. I have never had time to deal with the matter of port charges. It is a question which requires very careful consideration.

*Mr. Hatch:* In ten cases out of twelve there is water-carriage alongside the railway; therefore port charges are very different from inland rates. I should think differential rates would be absolutely necessary.

*Hon. Mr. Richardson:* Mr. Vaile has given a most distinct answer to that question—that he would not consider competition anywhere. I do not think he has modified that at all.

*Mr. Vaile:* Before I give an opinion about port charges, I should like to have some more information than I have at present. I do not know how these port charges are made up—whether part of them goes to the harbours or not. Before giving an opinion, I should like to know that. But, speaking generally, I should say, make the port charges as much as possible a uniform rate all over. There is another great objection, I think, to differential rating. Certain lines do not pay so good a rate of interest as others; and therefore a differential rate is put on what we may call a “poor” line, in order to bring up the rate of interest on that line. Now, it is clear, if that is persisted in, it must have the effect of always keeping that district poor, and making it poorer still. I think that is a terrible disadvantage to the colony generally. Take, for instance, the Picton line. It only paid, I think, 3s. 9d. per cent. The differential rating against that line is very heavy, and if you increase it the effect will be to make the district so poor that it can never rise. I cannot see the wise policy in imposing these differential rates. The Napier line last year earned £4 0s. 3d. per cent., and the Hurunui-Bluff line £3 13s. 1d., a difference in favour of Napier of 7s. 4d. Here is the rating of the two lines: Goods, Class D, for fifty miles—Napier line, £1 2s. 11d.; Hurunui-Bluff, 17s. 5d.; or a differential rating against Napier, which pays better interest, of 5s. 6d. per ton. I cannot see that such a thing as that is either wise or just. Then, again, in Class E Auckland and Napier are charged for a fifty-mile distance 10s. 10d., and Hurunui-Bluff 8s. 8d.—a differential rating in favour of the southern lines of 2s. 2d. There is an exception made in Auckland in favour of agricultural produce when sent direct by rail to either Auckland or Onehunga; but for any other distance it pays a higher rate. Then, on goods, Class P, Napier pays 9s. 10d., and Hurunui-Bluff 7s. 8d.; or 2s. 2d. against Napier. Things of that sort are eminently unjust on national railways. If persisted in it must have the effect of seriously crippling the agricultural interest of the North Island, if it does not absolutely ruin it.

18. *Mr. Hatch.*] What are the articles to which you are specially referring?—Class D contains galvanized iron, pig-iron, lead, and heavy goods generally, and also dairy produce from local factories, as distinguished from imported; Class E is agricultural produce generally; and Class P is native coal. On the Auckland lines—indeed, I think on the whole of the North Island and some portion of the South Island lines—there is really no Class D, everything under that heading being charged as Class C. The next thing we come to is an explanation of the stage system. Starting from Auckland, I put the first station at Penrose—six miles. This is a little short of the seven-mile stage, but it is a junction and the best receiving and distributing centre. The next stage is at Manurewa, also a good receiving and distributing station—fifteen miles. Next stage at Drury, twenty-two miles; and the next at Pukekohe, thirty miles; there being no town between Auckland and Hamilton of two thousand inhabitants, I take the next stage fifty miles on, to Hamilton. On the Christchurch line there are the same four stages outside the city, and fifty-mile stages after that. I propose to charge for passengers' fares from station to station a uniform charge of 6d. first class and 4d. second class for the whole or any portion of the distance. I propose also to reckon goods rates on the same plan—to charge them for the whole or any portion of a stage. We shall see the reason of that better when we come to consider the revenue.

19. *Mr. Whyte.*] I see that further on you propose to give power to passengers to travel from one side of a stage to the other side of the same stage at a modification of your rates?—Yes, I propose to issue tickets which would enable a passenger to pass from a station immediately preceding a ticket- or stage-station to the station next beyond it. I think it would be better to keep the stages as