

I merely pointed out one case in which the proportion of revenue to expenditure was better—Hurunui-Bluff better than Auckland. I did not mean to say that was the reason for imposing differential rates.

I ask you now, seeing that the Napier line pays a higher rate of interest—seeing that the cost per ton-mile is less, and seeing that the cost per train-mile is less, and seeing that the proportion of revenue to expenditure is better—on what principle do you justify the high differential rate which you impose on that district?—Are you not taking it for granted that the rates which are collected on the Napier line are higher per ton than the rates collected on the Hurunui-Bluff line?

I am taking this fact: that you charge a rate and a quarter on Class E, and you charge Class D as Class C, and that you also impose a higher rate on the other classes?—I do not think it requires any justification. The simple reason for charging rates and fares is to get revenue. There is no other reason that I know of.

Then I am justified in what I say that the differential-rating system is simply a means for taking money, when, where, and how you can get it?—I do not think I can assent to that question. The differential-rating system, as I have explained, is introduced for the purpose of getting traffic and meeting competition.

I must press my question, and ask you for a direct answer to this: what is the object of that differential-rating as imposed against Napier?—How do you know that there is a differential rate imposed against Napier?

The Chairman: Is there any difference in the rates charged in Napier as against the other lines in the North Island?—Some rates are different from the Hurunui-Bluff rates, but when you come to the question whether the absolute charges per ton on all goods carried were higher, I should not say they are not; and that probably they are higher all round on the Hurunui-Bluff than on the Napier Section.

Napier is not specially singled out?—No, it is not. There are specially high rates on all the branches of the Hurunui-Bluff Section.

Mr. Vaile: All goods of Class D are charged as Class C on the Napier line—that means that the charge for that class in Napier for a fifty-mile distance is £1 2s. 11d., and on the Hurunui-Bluff line it is 17s. 5d. Then, on Class E goods are charged a rate and a quarter in Napier as against a single rate on the Hurunui-Bluff Section.

Hon. Mr. Richardson: What part of the Hurunui-Bluff?—I think on the whole of the section only a single rate is charged. I am not aware of any extra charge.

Mr. Vaile: These are the general rates; there may be special rates on the short lines; if so, they will tell very greatly in favour of the Hurunui-Bluff Section. What I want is Mr. Maxwell to tell me on what principle are these extra rates justified?—On the same principle that they are justified elsewhere—to get revenue.

Simply to get revenue?—Yes. There is no other reason for charging rates and fares. I will explain why it is that the profits are higher on this line. It is not, I think, because we get more from the goods-traffic, but the passenger-traffic in Napier is better than it is on the Hurunui-Bluff Section; there is a considerable through traffic, many persons going North from Wellington go overland to join the steamer at Napier and come back the same way, and it is the passenger-traffic which, in my opinion, gives such good results on the Napier line. That is one reason why the better rate of interest is paid. Another reason is that the line cost less per mile to construct.

Mr. Macandrew: I understood that interest was not included?—Mr. Vaile mentioned the interest just now in asking the question.

When the line is opened through to Palmerston, what will be the effect?—It will be one section then from New Plymouth to Napier; that would reduce the average profits as far as we can judge.

Mr. Whyte: The answer you gave as to equality of treatment of the public applies to both systems?—Mr. Vaile claims that he secures equality of treatment all over New Zealand by his system; the advocates of differential rating have never claimed such a thing as that, they know that, practically, equality of treatment can only be obtained under precisely similar conditions. There are no two lines alike. As I have pointed out, fifty miles over the Rimutaka is very different from fifty miles on the Canterbury Plains; although they are both in the country, they are under very different conditions. But railway managers all over the world have never claimed that they can give equality of treatment unless the conditions are precisely similar—that is, the same quantity of the same class of goods from and to the same points. It is Mr. Vaile who claims to give equality of treatment, and I maintain that he cannot do so by dividing his line into fifty-mile sections, as a fifty-mile section in one part of the country is not the same as in another.

Do you admit that, while the cost of working the Napier line is less than other lines, the charge for goods is more on the average?—I do not think that the average charge is more. In some cases it is more, but in some cases there are higher charges on the Hurunui-Bluff Section also.

Mr. Whyte (to Mr. Vaile): Assuming that the average is more, what bearing would that have on your view of the case?—I am speaking at a very great disadvantage in not having all my books with me—in fact, I was summoned here at very short notice—and I have not my English works on differential rating here, or I would be able to prove my position very much better; but, speaking from memory, what I say is that the plea for differential rating, I understand, is that it secures equality of treatment to all people under like circumstances. Now, I want to show by this comparison between the Napier and Hurunui-Bluff Sections that it does not do so, and I am quite certain that I shall be able to take all the figures and prove my position.

Mr. Maxwell: It has never been claimed that differential rating secures equality of treatment under all circumstances, but that it allows it under like conditions.

Mr. Vaile: You stated, Mr. Maxwell, just now that the returns on the Napier line were brought up by the passengers. In the ton-mileage, is the weight of passengers reckoned?—Yes, it is.

How many do you calculate to a ton?—I could not answer that without reference, but the calculation is based upon the average weight hauled. We do not count the number of passengers alone; we have to take the quantity of goods carried, and the dead-weight hauled with it, and the quantity of passengers carried and the dead-weight hauled with them, to arrive at an average.

As I pointed out at the previous sitting, the present system simply means setting up a system of toll-bars, which we want to get rid of. You see the way this works against the country settler. Supposing he has a ton of potatoes to move 130 miles, there might not be more than 10s. profit on them; and supposing he has to pay 1d. per mile, more than all his profit is gone before he can get them to market. That is why there is not a much larger proportion of goods-traffic along the lines. Now, in laying down this new basis of rating, I base the rate on the average cost of service and the density of the population through which the service runs; and the way I propose to do that is to make the stages longer where the thin population obtains, no stage to be more than fifty miles. The Hungarians and Russians gave an unlimited run after you passed a certain stage, and in Hungary they had to alter that. I think fifty miles is quite long enough for any stage. As we introduce these stages, and as the population closes up, they pay more in accordance with the density of that population. The bigger the population through which the service runs the greater the charge per mile; and the thinner the population the smaller charge per mile. Every portion of the population is largely relieved by this system—the people near the towns as well as the people far from them. Coming, then, to the question of finance, as to how it will work out in connection with this system. Assuming my calculations to be right, it would work out thus: I should tell you that my original finance was based on the railway returns of the year 1882, when, as near as I could ascertain, the average passenger-fare paid by all travellers on the New Zealand lines was 1s. 11½d. At that time the accounts were not kept as they are now, and the whole of coaching was lumped and charged under