

Your Committee suggests that, by arrangement with the existing companies, the Government should have a voice in the fixing of rates and fares charged and the services to be run.

RAILWAY FREIGHTS AND SIDINGS.

Freight Rates.

Your Committee has taken evidence regarding railway freights, and it was clearly shown that the tariff is badly in need of revision, especially in view of the altered values of many of the articles carried; further, the rate-classification list should also be altered and brought up to date. The present rates were mainly fixed over thirty years ago, and in some instances have existed without alteration from that time. In the Committee's opinion nothing should prevent immediate attention being given to this subject. The increases of 10 per cent. and 10 per cent. imposed during the war period cause confusion, and further emphasize the need for revision of the railway tariff. Your Committee strongly recommends abolishing this special loading and substituting a definite rate in all cases.

Railway Earnings.

The general question of railway policy regarding revenue is one your Committee is of opinion should be reviewed by Parliament, especially seeing that further increased charges in fares and freights are foreshadowed by the evidence given the Committee by the General Manager. Our railways have in the past been looked upon as an adjunct of land-settlement and an aid in the development of our natural resources rather than as an investment from which large profits should be gained. For many years a profit of 3 per cent. was regarded as sufficient, and any excess over this rate was followed by reductions in passenger charges and freights.

In 1915-16 the rate increased to $4\frac{3}{4}$ per cent., and in 1916-17 it reached its maximum—namely, $5\frac{1}{4}$ per cent. In the year following, however, the rate fell to a little over $4\frac{1}{2}$ per cent. These increases are largely due to the scale of rates now ruling. The question naturally arises: What rate of earning-power is expected by Parliament? That being decided, the charges should, in your Committee's opinion, be adjusted, as far as practicable, on the basis of reasonable maximum earnings.

Your Committee also considers that in framing the rates every encouragement should be given all our New Zealand industries, on the general principle that goods manufactured or produced in the Dominion should receive preferential rates as against imported articles of a similar class.

Your Committee also recommends that when the present railway tariff is being revised the Board of Industries and Commerce should be afforded an opportunity of expressing its opinion as to the effect of the alterations on the commerce and industries of the Dominion.

Freight Anomalies.

Freight anomalies such as exist on many sections of the railways should be eliminated. As an illustration, evidence was tendered which showed that on the same goods from Christchurch to Timaru the rate is 32s. 1d., whereas from Timaru to Christchurch it is 59s. 8d. On goods from Dunedin to Oamaru, a distance of seventy-eight miles, the rate is 12s. 6d., whereas from Timaru to Oamaru, fifty-three miles, it is 18s. 2d. per ton.

Private Sidings.

Private railway-sidings are not encouraged by the Department, and many complaints were made to the Committee in respect to this matter. Your Committee considers that adequate siding-facilities should be given to manufacturers, merchants, millers, and others on more reasonable terms than is the custom at present. The present conditions provide for the grantee paying the whole cost of the siding, including labour and material; in addition, an annual rent of £25 to £50; and when the siding is no longer required the material becomes the property of