

be based on a very superficial analysis of the arrangement. The truth is that the very opposite is the effect. Under the old system the accounts did not disclose what was being lost in the operation of these developmental lines. Under the new system this amount is known exactly, and exact information is also obtainable from the railway accounts as to the extent to which the Railway Department is reimbursed on account of that loss. This reimbursement again is based on the operating cost of the railways and is incapable of manipulation in any way. Instead, therefore, of the facilities for wasteful administration being extended, the arrangement provides a very efficient check thereon. It does, indeed, what the critics suggest it should do.

TARIFF.

After full discussion with representatives of the various industries affected, the revised tariff was brought into operation on the 31st August, 1925, and was therefore effective for seven months of the financial year under review.

The business community generally adopted a very reasonable attitude towards the Department in its endeavour to put the finances on a sounder footing by charging rates calculated to give a fair return for the service rendered, and by removing anomalies and concessions that had long outlived their usefulness. Every effort was made to avoid throwing any undue burden or hardship on any industry, and it is believed that this object has been substantially achieved.

The following figures show the effect of the tariff alterations on traffic for the seven months ended 31st March, 1926, as compared with the corresponding period of the previous year:—

	Increase or Decrease in Tonnage.	Fluctuations in Revenue		
		Due to Tariff Alterations.	Due to Traffic Variations.	Total Increase or Decrease.
		Increase. £	Increase. £	£
Grain and potatoes	15,350 dec.	4,329	1,527 dec.	2,802
Flour and meals	1,570	3,307	1,745	5,052
New Zealand fruit	3,053	9,687	926	10,613
Sheep	2,878 dec.	3,504	7,591	11,095
Frozen meat	3,905 dec.	1,904 dec.	738	1,166 dec.
Coal (brown)	10,396	36,696	11,577	48,273
Road-metal	7,050	11,885	..	11,885
Timber imported	12,458 dec.	6,611	14,378 dec.	7,767 dec.
Timber, New Zealand	4,305	59,752	9,722	69,474
Posts and firewood	7,378	2,327	2,682	5,009
Horses returning from race meetings	6,000 dec.	..	6,000 dec.
	839 dec.	130,194	19,076	149,270 inc.

The increased charges imposed in order to place wheat on the same footing as other cereals resulted in an increase in the revenue from grain and potatoes of 0·12d. per ton per mile, or £4,329. Owing to the smaller yield the quantity handled decreased by 15,350 tons, but an increase in the average haul largely compensated for the loss. The net increase in revenue was £2,802.

The increase in the revenue from flour and meals was £5,052, of which £3,307 was due to the higher rates on flour and £1,745 to the greater quantity handled and an increase in the average distance the traffic was carried.

Locally grown fresh fruit shows an increase of 14·50 per cent. in tonnage and 52·99 per cent. in revenue, attributable to the record crop of apples and the increased charges. The freight on fresh fruit is still very low, averaging only 1·86d. per ton per mile. In view of the perishable nature of the traffic, necessitating the use of special trucks and rapid transit, and involving much empty haulage, light loading, and frequent handling, the rates are unprofitable to the Department. It is hoped that the development of the export trade will soon place the fruit industry in a position to bear a charge more in proportion to the value of the service rendered.