

During the year regular Sunday train services were introduced on the following routes :—

Auckland—Hamilton.	Hamilton—Auckland.
Wellington—Palmerston North.	Palmerston North—Wellington.
Wellington—Masterton.	Masterton—Wellington.
Christchurch—Timaru.	Timaru—Christchurch.

The Dunedin—Palmerston service was also extended to Oamaru.

During the coming winter the usual week-end excursions to winter resorts are being provided, at an overall cost which includes rail, motor, and accommodation.

#### GOODS DIVISION.

As we were threatened with the loss of traffic in dairy-produce from various stations on the Waikato, Thames Valley, and Rotorua lines, it was necessary to adjust our rates in these areas. The result has been that we have held the traffic, and regained approximately 5,000 tons.

In all cases contracts of from two to five years' duration have been made with the companies operating in these areas.

In regard to wool traffic there has been a considerable decrease compared with the 1928–29 season, the comparative figures being—

All Districts :—	1929–30.	1928–29.	Decrease.
Number of bales .. .. .	511,908	619,730	107,822
Revenue .. .. .	£111,335	£131,814	£20,479

The decrease is due to the serious drop in prices causing a large amount of wool to be held back pending an improvement in wool values. An energetic canvass with supporting publicity activities was carried out in all districts during the season, and similar steps are being taken in connection with the 1930–31 clip.

Owing to the serious inroads our competitors were making in the transport of the higher-rated commodities, it was decided to introduce a system of uniform rating in those localities where it was found that traders were using rail transport for the low-freight goods, and road transport for the higher-rated traffic.

This is a matter of considerable importance, and I wish therefore to take this opportunity of fully stating our position in regard thereto.

It is becoming increasingly evident that certain persons and companies are prepared to exploit the railway tariff in their own interests in the direction of sending all their low-rated goods by rail while sending their higher-rated goods by competitive services. In as much as it is the high-rated goods that enables us to maintain the low rates on the low-rated goods, any defection of the high-rated traffic lessens our capacity to maintain the low rates. We have already arrived at the stage where it is necessary that we should increase the low rates in order to make up for our loss on account of the higher-rated traffic and so to restore, in some measure at least, the financial *status quo* so far as revenue is concerned. Any general increase in the low rates founded on the fact that we are losing revenue through the higher class of traffic being taken away from us must involve a certain amount of inequity to the extent that those persons who remain loyal to the railway, giving us their high-rated traffic as well as their low-rated traffic, are involved in the increase on the low-rated traffic. We have therefore endeavoured, as far as possible, to devise means whereby we might protect these people, and prevent the exploitation of our tariff by those who wish to take away their high-rated goods and leave their low-rated goods with us. We had a rather outstanding case of a company which trades in general merchandise and farmers' supplies of all kinds, including fertilizers. This company entered into an arrangement with a road-carrying organization that is in very strong competition with us under which, in consideration of the carrying company agreeing to purchase goods for the purpose of the road-carrying business from the merchandising company referred to the latter company agreed to give the carrying company its high-rated traffic. The merchandising company, however, left their low-rated traffic with us. We could not possibly see that such a position was in any way equitable. We did our best to persuade the company to see the unfairness of the position, but we were unsuccessful. The company took the stand that we had to meet competition. We felt that we could not allow the matter to rest at that point, and we were prepared to adopt the company's competitive standard, but we insisted that that competitive standard should operate throughout the whole field of the company's traffic, and not only over that portion which it suited them to send by our competitor. We therefore made a regulation which provided that all goods between the stations affected should be charged at the competitive rate. This, of course, covered the low-rated goods as well as the high-rated goods. So that those persons who gave us the whole of their business should not be penalized, we also made a regulation that in the case of those persons who gave us the whole of their business, the classified or local rates (which ever were the cheaper) should apply rather than the uniform rate. The company in question has resorted to various subterfuges of, in my opinion, very doubtful ethical standard in order to circumvent our purpose. On the other hand, we have had other companies who have been affected by the regulation I have mentioned and who have apparently seen the fairness of our action and have placed the whole of their traffic with us.

The company I have referred to above endeavoured to create a certain amount of agitation among the business community at the inception of our action, but they were quite unsuccessful in their effort to place us in a wrong light with the business community.

Action on somewhat similar lines to the foregoing has already been adopted in some of the Australian States, and, I have reason to believe, with quite satisfactory results.

I think it is very necessary that the unfairness of the form of exploitation of the railway tariff that is described above should be brought out clearly, and that action to circumvent subterfuges that may be resorted to to enable such exploitation to be carried on is essential.