

Elbow and Kingston in connection with your train will be found ample for public convenience, and will be received with satisfaction by the settlers in the Lake District; indeed, during the three years this service was run it seemed to meet all the wants of travellers.

You will observe that in clause 11 of the proposed arrangement reference is made to your time-table, which must not be altered without the consent of the Government; but, as I think that you may possibly be able to modify slightly your present time-table, I have not finally considered your existing time-table as that with which it will be necessary for the Government trains to connect at Lumsden.

I would remark for your consideration whether you might not be able to leave Gore at 2.45 or 2.50 p.m., and at same hour on Saturdays; also, whether you could shorten the time slightly between Elbow and Gore on the days that there is connection with the Government train at Elbow. Any alteration in these directions would, no doubt, stimulate traffic, and be appreciated by through passengers.

As the question of a through service which will enable passengers to get from Dunedin to Queenstown in a day is one of great importance, I shall be glad if you can submit the proposals to your directors at as early a date as possible, and I would also ask that you communicate their reply without delay.

I have, &c.,

W. M. HANNAY,
Assistant General Manager, New Zealand Railways.

The Secretary, Waimea Plains Railway Company, Dunedin.

The SECRETARY, Waimea Plains Railway Company, to the ASSISTANT GENERAL MANAGER, New Zealand Railways.
SIR,—

The Waimea Plains Railway Company (Limited), Dunedin, 12th January, 1885.

I have the honour to acknowledge the receipt of your letter of 31st ultimo, submitting a proposed working arrangement for the interchange of goods and passenger traffic between the Government and the Waimea Plains Railway lines, also of your telegram of 8th instant more particularly referring to an arrangement for a through service between Dunedin and Kingston *via* the Waimea Plains; and in reply I am directed to state that during our recent interview with Ministers, Messrs. Bell, Wales, and myself distinctly arranged with the Hon. the Minister for Public Works for a daily through service between Dunedin and Kingston, and we regarded the matter as virtually settled, and not left open for consideration, as indicated in your letter. You will probably remember that shortly after our interview with Ministers we informed you of the arrangement come to, and you endeavored to persuade us that a tri-weekly service was sufficient, and unsuccessfully urged us to give way. There can be no question that it was distinctly stipulated and agreed to that, conditionally upon the company adhering to its existing time-table, subject to three months' notice, the Government trains should connect with ours at Elbow daily. My directors are therefore surprised that the arrangement made has been ignored, and the rejected proposal for a tri-weekly service is now submitted for consideration. As already intimated to you by wire, the board is prepared to adhere to the arrangement made with the Minister, and declines to entertain the proposal for a tri-weekly service only. As to your contention that your proposal will be found ample for public convenience, and will be received with satisfaction by the settlers in the Lake District, I am directed to say, without admitting the correctness of your contention, that such are not the only considerations which should influence the board in regulating the traffic. The question of satisfying the general public, including the settlers in the Lake District, should doubtless be considered by the Government in any arrangements made; but, as the Waimea line is not a public one, but the property of a company formed for the purposes of profit to its shareholders, their interests should be the first consideration of my directors in any arrangement that may be made with the Government. It does not appear to my board to admit of any doubt that a daily through service must stimulate traffic over the company's line, and add to its earnings to a greater extent than a tri-weekly service would do, while the working expenses would be the same as now. It appears to my directors the Government wish them to regulate the traffic entirely to suit the convenience of the Railway Department, regardless of the interests of the ratepayers and shareholders.

Regarding the details of the proposed agreement for "interchange of traffic," I am directed to say that they are very one-sided, and in framing them your department has certainly acted consistently in preserving the illiberal character of its treatment of the company in the past. I am instructed to remark upon the conditions of the proposed agreement as follows:—

1. The company is prepared to work the traffic on its own line, and to be responsible for the safety of Government rolling-stock, passengers, and goods passing over the same, and to assimilate passenger rates to those charged on Government lines; but as regards the freight on goods, parcels, and live stock, the charge will be according to the company's printed tariff.

2. Charge for hire of carriages, brake-vans, trucks, and horse-boxes, &c.—namely, first-class carriage, 10s. per day, or part of day, equals £156 10s. per annum; composite or second-class carriage, 7s. 6d. per day, or part of day, equals £117 7s. 6d. per annum; brakes, 5s. per day, or part of day, equals £78 5s. per annum; wagon-stock and horse-boxes, 1d. per mile, run loaded or unloaded (thus the charge for a wagon from Gore to Elbow loaded, and returned empty, would be 6s. 2d.), equals £96 10s. The foregoing charges appear to my directors to be so extortionate, having regard to the cost of the rolling-stock, that it is a matter of surprise to them that the Minister should have approved of a proposal the details of which are so monstrously unjust.

The proposed charges for use of Government stations—namely, on goods, 6d. per ton on classes A, B, C, D; 3d. per ton on class E; 1d. per 100 superficial feet of timber; 6d. per truck on classes F, L, M; 2d. per ton on classes N, P; 1d. per bale on wool and per parcel, and on passengers 1d. each—is incomprehensible; for the Board is unaware that the Government stations are used by the company except to the extent necessary for the receipt and delivery of loaded trucks, mainly for the convenience and to the advantage of the Railway Department. Thus a loaded truck from Dunedin to Stony Creek, a distance of 107 miles, would travel ninety-nine miles on the Government line and only eight on ours. It must be borne in mind that the Waimea Plains line acts as a feeder to the Government railways. Instead, therefore, of handicapping us with restrictions and exorbitant charges, it is only reasonable to expect the department to be more liberal in its relations with our line. My board submits that a reduction of at least 50 per cent. in the above charges should be made, which would leave a handsome rental to the department.

In the correspondence that has recently passed between the Minister and the company, the Government would make it appear that they were desirous that the railway should be worked to the best advantage, with a view to reducing as much as possible the ratepayers' contributions to the guaranteed interest.

My directors cannot reconcile that desire with the treatment the company has received from your department in the matter of the rolling-stock, &c., the exorbitant charge for the use of which has helped to swell the company's claim on the guarantors. The sincerity of the Government seems irreconcilable with their disinclination to help the company to increase its income by agreeing to the daily connection as proposed, and with their apparent determination to insist upon a continuance of the unreasonable charge for the use of Government stations, rolling-stock, &c. My directors venture to hope that, upon a reconsideration of the circumstances, the Minister will see his way to relieve the ratepayers by aiding the company to increase its income and reduce its working expenses by agreeing to a daily connection with the company's trains, and a reasonable reduction in the charges now made by your department, which are similar to those indicated in the proposed arrangement for the interchange of traffic.

With reference to the remaining clauses of the proposed agreement, the directors are willing that through passengers be booked at Government stations other than Gore and Elbow, the Government paying the company its proportion of the fares according to mileage monthly without any deduction. The subsisting arrangement regarding the collection and settlement of freight on goods, parcels, live stock, &c., to remain in force, and the junction charges to be abolished.

An arrangement embodying the terms and conditions above indicated would be fair and reasonable, and would work smoothly, stimulate traffic, and result in substantial increase of profit and a corresponding diminution in the amount required from the ratepayers towards the guaranteed interest.

I have, &c.,

R. H. LEARY,
Secretary.

The Assistant General Manager, New Zealand Railways, Wellington.