

APPENDIX B.

[Extract from *New Zealand Herald*, 11th February, 1889.]

GENTLEMEN,—

Railway Department, Head Office, Wellington, 1st December, 1888.

With reference to my interview with you on the 14th September about the Auckland railways and Mr. Vaile's scheme, I have the honour to inform you that the Government has considered the statements made to me, and the opinion expressed that it would be advisable that trials should be made by the Government, subject to a committee of advice. To deal with this matter comprehensively would doubtless require special legislation; but the Government is not at present in a position to form any conclusive opinion, in the absence of particulars of the scheme and proposals. Up to the present no such information has been forthcoming, so far as the Government is aware. Indications of the outline on which ordinary passenger fares were proposed to be based were stated by Mr. Vaile in a letter to the Railways Management Committee, dated 9th June, 1886 (see Parliamentary Paper I.—9, 1886), which provided for fares of 6d. and 4d., first- and second-class respectively, for seven-mile or fifty-mile stages. Beyond this no data were given, and it was intimated to the Committee by Mr. Vaile that his knowledge of the goods-traffic was not enough for him to found proper charges or proper classifications on, and that he had not considered details of the rates and regulations. The scale of rates, fares, and charges as relating to the Auckland section of the railways is enclosed, portions not having reference thereto being erased. A complete compilation of tables and regulations, covering all the traffic operations, and suitable for the daily use of all the traffic employes, accountants, and auditors would be needed to replace the system to be superseded. This would have to cover the ordinary fares, season-tickets, parcels and luggage, and charges for carriage, storage, cranage, demurrage, cartage, haulage, loading, unloading, insurance, wharfage, weighing, labour, &c., and be subject to the ordinary free-traffic in operation, such as mails, &c. Such a compilation must be in proper form, fit for issue in the *Gazette* under the hand of the Minister. The charges and regulations should be fair and reasonable: no undue or personal preferences, and no private contract would be permissible: all persons would be entitled to like treatment under like conditions. There must be proper restrictions precluding undue detentions of stock, and preventing undue and needless running of trains which may be beyond the resources of the appliances at command, or which may involve expenditure beyond what the traffic would justify. All operations as between the public and the railways in connection with such rates, fares, and charges, and regulations should, generally speaking, accord with existing statutes relating to revenue, audit, and railway-working. It would also be desirable that you should state the security which you would propose to give as a guarantee against loss by the colony should the scheme prove a failure. If you will be good enough to supply this information, the Government will be glad to give your request and proposals the fullest consideration and attention.

I have, &c.,

EDWIN MITCHELSON,

Minister for Public Works.

Messrs. S. Vaile, H. Green, A. H. Nathan, A. Bell, J. Reid, Auckland.

(Telegram.)

10th January, 1889.

The Government shortly intend setting up a Board of Commissioners for the management of the New Zealand Railways, and I should like to be informed if I may expect a reply to my letter of the 1st December last to yourself and others *re* Vaile's system of management.

A. H. Nathan, Esq., Auckland.

E. MITCHELSON.

DEAR SIR,—

Auckland, 12th January, 1889.

We have to acknowledge the receipt of your letter of the 1st ultimo, which would have been replied to sooner had not the intervention of the holidays and the many business engagements consequent upon the closing of the year rendered it difficult for us all to meet together. We would remind you that the object of our interview was to ascertain what amount of money-guarantee the Government would require from an association that was willing to lease the Auckland lines. To this question there is no reply. As the letter before us deals entirely with the details of Mr. Vaile's scheme, he has, at our request, drawn up a memorandum in reply, which we now enclose.

We have, &c.,

A. H. NATHAN.

HENRY GREEN.

JOHN REID.

A. BELL.

The Hon. E. Mitchelson, Minister for Public Works, Wellington.

GENTLEMEN,—

Auckland, 20th December, 1888.

In compliance with your request, I have drawn up the following memorandum in reply to the letter received from the Hon. the Minister for Public Works, and bearing date the 1st instant.

I am, &c.,

Messrs. H. Green, A. H. Nathan, A. Bell, and J. Reid.

SAMUEL VAILE.

(Memorandum.)

Auckland, 20th December, 1888.

In reply to the statements made in the second and third paragraphs of this letter, I may mention that a parliamentary Committee, composed of the present Premier and Minister for Public Works, three ex-Ministers for Public Works, and five other well-known members of Parliament, spent nearly ten weeks in investigating my system, and reported that "The Committee, bearing in mind the great importance of the subject, is of opinion that a trial should be given to the system on an isolated section of our railways." It is quite clear that mere "indications of the outline on which ordinary passenger fares were proposed to be based" could not be tried. When a new goods tariff