

(No. 42.)



1880.

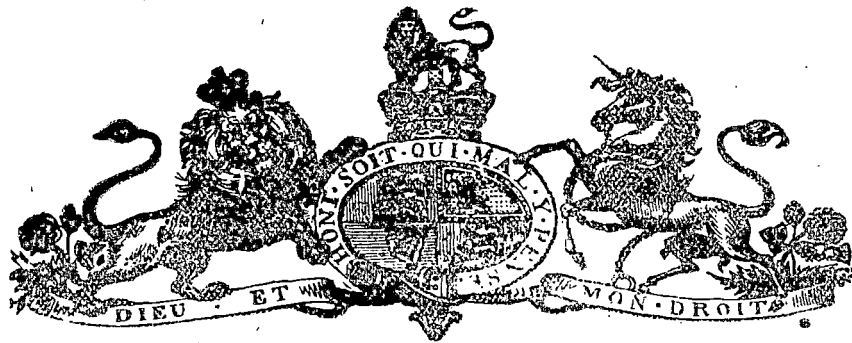
TASMANIA.

HOUSE OF ASSEMBLY.

MAIN LINE RAILWAY:

TREASURY CORRESPONDENCE.

Laid upon the Table by the Colonial Treasurer, and ordered by the House to be printed, August 10, 1880.



*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 14th April, 1880.*

SIR,

HEREWITH I have the honor to send you an Abstract, so far as it can be made up in this Colony, of the Traffic Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, for the quarter ending the 31st March of the present year.

Although the figures compare favourably with the corresponding quarter in 1879, especially in regard to the proportion of receipts and expenditure, there remains a large debit balance due against the working of the line, and therefore the full quarterly proportion of the guaranteed interest is payable. I enclose an account for the same, amounting to eight thousand one hundred and twenty-five pounds.

I have again to remark with satisfaction upon the very largely increased use that is made of the line by residents thereon, both in respect to passenger and goods traffic; but, on the other hand, the "through" traffic (particularly that derived from visitors to this Colony) decreases, and has done so almost continuously since the first season after the opening of the line.

In rendering this claim, it is necessarily made without prejudice to the questions in dispute between the Government and the Company, and to the action at law now being carried on, but which I should most gladly see concluded.

I have, &c.

C. H. GRANT.

The Hon. W. R. GIBLIN, Colonial Treasurer.

TASMANIAN MAIN LINE RAILWAY COMPANY.

Hobart Town, April 15, 1880.

AN Abstract of Receipts and Expenditure on account of Traffic, &c. conveyed over the Tasmanian Main Line Railway for the Three Months ending March 31, 1880.

DR.	£	s.	d.	CR.	£	s.	d.
To Balance from last Quarter	34,404	1	0	By Receipts—			
Expenditure on Permanent Way	4787	2	0	Passengers	9427	18	6
Locomotive Power	3630	8	8	Parcels	430	3	7
Carriage and Wagon Repairs ..	474	4	9	Horses, Carriages, and Dogs ...	247	1	6
Traffic Expenses.....	2020	13	5	Excess Luggage	76	4	4
General Charges, London, esti-				Left Luggage	11	14	6
mated	800	0	0	Telegrams	46	10	6
Ditto, Tasmania.....	774	14	6	Mails	718	5	0
Miscellaneous Expenses	147	10	6	Goods	3598	11	8
Launceston and Western Railway				Minerals	276	0	0
Toll	1037	10	0	Live Stock	558	5	8
				Rents and Sundries.....	125	13	0
				Balance to next Quarter	32,559	16	7
	<u>£48,076</u>	<u>4</u>	<u>10</u>		<u>£48,076</u>	<u>4</u>	<u>10</u>

R. J. ELLIS, *Accountant.*

C. H. GRANT, *General Manager.*

TASMANIA.

THE GOVERNMENT OF TASMANIA *Dr.*

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1880.	<i>Guaranteed Interest Department.</i>	£	s.	d.
Jan. 1 to March 31.	To One full Quarter's Interest due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, at the rate of 5 per cent. per annum on the full sum of £650,000 expended on the construction of the Railway, as shown by previous Accounts and Vouchers in the possession of the Government—One full Quarter of Guarantee of £32,500 per annum.....	8125	0	0

Amounting to Eight thousand one hundred and twenty-five Pounds sterling.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
by their Attorney—£8125 Os. 0d.

C. H. GRANT.

R. J. ELLIS, *Accountant.*NOTE.—This claim has reference to the Quarter mentioned *only*, and is rendered without prejudice in any way to the claims made in accounts previously sent to the Government, and which still remain unsettled.

WITH this claim the question again arises, what is the meaning of the Eighth Section of the Contract respecting the interest payable upon the production of each quarter's abstract of account? that is, supposing there should be a profit on one quarter's working and a loss on another, whether the Treasury would be entitled to deduct the profit in the first instance without regard to the loss in the second. On the 15th November, 1878, the Attorney-General of the day gave an opinion upon this point.—See H.A. Paper, No. 34, p. 91, of Session 1878; also Correspondence, in print, herewith, showing the views entertained by the late Colonial Treasurer on this subject, letter dated 22 July, 1879, who asked on the 29th of the same month to be favoured with the opinion of the Attorney-General as to the proper interpretation of the clause of the Contract referred to.

Will the Hon. the Attorney-General be good enough to furnish me with the joint opinion of the Law Officers of the Crown upon this question for the guidance of this Department?

W. R. GIBLIN, *Colonial Treasurer.*
1 May, 1880.

Will the Solicitor-General be good enough to prepare a joint opinion on this matter?

J. S. DODDS.
1 May, 1880.

OPINION of Attorney-General referred to, and Letter of late Colonial Treasurer, the Hon. D. LEWIS.

I HAVE carefully perused the Contract with a view to ascertain its construction as to the question raised by the Auditor, and am of opinion that the Accounts for each quarter should be made up and taken quite separately and distinctly. If there happened to be a deficiency in profit for any particular quarter, the Treasurer would of course pay to the Company such sum as would make up the guaranteed interest of £5 per cent. for that quarter, so that, to quote Clause 14, the Company would at all times during the 30 years receive interest at the rate of at least £5 per cent. per annum upon the money expended either from the profits of the undertaking or from the Governor; but it is not, in my opinion, the meaning or intention of the Contract that a balance of profit and loss account should be kept open and carried from quarter to quarter for the period of 30 years. To take the case suggested by the Auditor, suppose there should be a profit on one quarter's working of the Railway and a loss upon another quarter, then the Government would be entitled to deduct the profit in the first instance without reference to the loss in the second.

ALFRED DOBSON.

Attorney-General's Chambers, 15th November, 1878.

DEAR SIR,

Colonial Treasury, Hobart Town, 22nd July, 1879.

I BEG to draw your attention to the necessity of an audit being made of the Quarterly Accounts rendered by the Main Line Railway Company from 1st October, 1878, to 30th June, 1879.

The Manager of the Railway Company sends in his Accounts showing balance from last quarter brought forward, whilst the Colonial Auditor's letter to the Honorable Colonial Secretary of 24th January last, Paper No 34, 1878, page 88, states that the Law Officers have given it as their opinion that the accounts should be from quarter to quarter without bringing forward balances.

If the Law Officers' view be taken as correct the effect will be:—In No. 1 quarter a sum greatly in excess of the receipts will have been expended in large outlay for maintenance of the works, new rails, sleepers, and rolling stock, and the Railway will not have any claim on the succeeding quarters' receipts—quarters two and three—in which the revenue might exceed the expenditure. If this view passes I do not consider it *meum et tuum*.

On the other hand the Manager takes the usual business view. "I spend largely one quarter to maintain the Railway in working order in all respects, and in future quarters I reduce that by more favourable returns of receipt and expenditure, and this system I intend to continue until the Profit and Loss of each quarter brought forward as per my Quarterly Accounts represent that the loss of preceding quarters has been written off before I can allow any demand from the Tasmanian Government for any surplus as against interest to be recognised."

The Auditor's letter of 9th November last, and the Attorney-General's opinion on this point, will be found on page 91 of Paper 34, 1878.

I differ entirely from the Attorney-General's opinion that such Quarterly Accounts as those represented by the Auditor in pages 89 and 90 show completely closed accounts. They show balances, and balances must be carried forward. No business man ever understood that an account with a balance showing was a closed account; such a thing is quite impossible. You might as well tell your banker that your account is closed, and that you do not owe him anything at the end of the year because you write "Balance."

The Main Line Railway has now become a general charge, and its account with the Government is interminable, notwithstanding the Attorney-General's opinion, because as the account is never closed absolutely whilst it shows a balance it cannot be so. This is in accordance with the simple rule—take 3 from 4 and 1 remains; and this is the nature of the Main Line Railway Accounts,—and a rule no law construction can over-ride. If the Legislature sought to have a closed account in the way stated it meditated a sheer impossibility, an absurdity entirely at variance with the well-known fact to Legislators that receipts and expenditure rarely agree unless provided by special votes, and therefore the Legislature must be acquitted of any intention to try and square an account with a balance due on either side. They may as well say 2 and 3 shall be 4 every quarter the Railway Accounts are sent in. The balance, if on our side, we want to write off interest, but when it is on the other side we are not to notice it. Such an idea would be dishonest if intended; if you recognise the one you must the other. The late Attorney-General's opinion, therefore, on this matter of account and figures must be held to be contrary to common sense and reason, and as it will not make a balance of that which is not balanced it cannot be law. If the Legislature is presumed to have ordained the closing of an account with a balance not to be carried forward it committed an unentertainable absurdity, but as the Contract, Section 8, refers to from quarter to quarter it means a continuation with the balance to be brought forward as a matter of course.

I am therefore convinced of the continuance of the account by the balances being brought forward as part of the fundamental and unerring principles of Debtor and Creditor, and Receipts and Expenditure, which no sponge can blot out,—the balances on either side must remain. No law has ever attempted it because it is impossible.

I am, &c.

The Hon. Colonial Secretary.

D. LEWIS.

OPINION.

In the absence of the Honorable the Attorney-General I comply with the request of the Honorable the Colonial Treasurer, and forward my individual opinion on the question referred to the Law Officers as to the meaning of the 8th Clause of the Railway Contract.

Having perused the whole of the correspondence laid before me, including the opinion, dated 15th November, 1878, of Mr. Alfred Dobson (then Attorney-General), and the Honorable D. Lewis's letter of the 22nd July, 1879, addressed to the then Colonial Secretary, commenting on Mr. Dobson's opinion, I may say I concur in that opinion, and consider it to be supported by Clauses 5, 8, 9, 12, 13, and 14 of the Railway Contract, all of which must be read together.

I will thus explain my view of the Contract on this subject:—If the Railway is worked at a loss in any one quarter the Governor must pay interest at £5 per centum per annum on the cost of construction (not exceeding £650,000) for such quarter; and if in any quarter a profit accrues on the working of the line the Company will retain such profit, but the Governor will be entitled to take it into account, to this extent, that the amount of profit for that quarter should be treated as so much money received by the Company on account of guaranteed interest for that quarter.

If I am right in this view a balance can and must be struck showing the profit or loss in each quarter, and the difficulties suggested in Mr. Lewis's letter will have no existence.

Solicitor-General's Office, 12th May, 1880.

ROBT. P. ADAMS.

Colonial Treasury, Hobart Town, 12th May, 1880.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 14th ultimo, submitting the claim of your Company for guaranteed interest for the quarter ending 31st March last; and as the operations for the period named showed that the receipts of the Railway had exceeded the expenditure for the quarter by a sum of £1844 4s. 5d., it became necessary for me to seek the opinion of the Law Officers of the Crown upon the point raised by the Colonial Auditor on the 9th November, 1878, (Parliamentary Paper, No. 34, of Session 1878, page 91), having regard to the payment of each quarter's interest under the terms of the Contract.

On reference to the paper quoted you will find that the Attorney-General of the day, the Hon. A. Dobson, gave an opinion adverse to the view held by your Company on this provision of the Contract; and I am now advised by the Solicitor-General that he concurs in the opinion before referred to. I have therefore the honor to inform you that in accordance with this view I shall be prepared to comply with the provisions of the Contract, and pay the Company interest at the rate of £5 per cent. upon the sum of £650,000, less the profit shown by the account to the 31st March last to have resulted from the quarter's working of the line.

The receipts for the quarter are shown to be £15,516 8s. 3d., and the expenditure £13,672 3s. 10d., leaving a profit to the Company of £1844 4s. 5d., which, with £6280 15s. 7d., will make the sum of £8125 or interest at the rate of £5 per cent. upon £650,000 as provided for under the Contract of the Government with your Company. I have to request that you will cause the account to be amended accordingly, when the amount due will be paid at once.

I have, &c.

W. R. GIBLIN, *Colonial Treasurer.*

The Manager T.M.L.R. Co., Hobart Town.

APPROVED. Six thousand Pounds to be paid on account. See Correspondence.

W. R. GIBLIN, *Colonial Treasurer.*
12 May, 1880.

£6000 0 0

Hobart Town, 12th May, 1880.

RECEIVED from the Honorable the Colonial Treasurer of Tasmania the sum of Six Thousand Pounds on account of one quarter's interest claimed to be due to the Tasmanian Main Line Railway Company, Limited, under the Main Line Railway Contract.

The above sum is paid by the Colonial Treasurer and is received on behalf of the Tasmanian Main Line Railway Company, Limited, without prejudice to the respective rights and liabilities of the Government and of the Company under the Main Line Railway Contract.

The Tasmanian Main Line Railway Company, Limited, by their Attorney—

C. H. GRANT.

Witness to the payment—

JAMES S. MORRIS.
12. 5. 80.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 13th May, 1880.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant, in which you inform me that, in accordance with the legal opinion of a late Attorney-General, and of the Solicitor-General, you are prepared to comply with the provisions of the Contract, and to pay the Tasmanian Main Line Railway Company, Limited, interest at the rate of five pounds per cent. upon the sum of £650,000, but adding the words "less the profits shown by the account to the 31st March last to have resulted from the quarter's working of the line."

The amount offered is, therefore, £6280 15s. 7d.; but by arrangement with you I accepted the sum of £6000 on account, under protest, and without prejudice to the respective rights and liabilities of the Government and of the Company under their Contract, considering that my doing so would make it apparent to the Company, and to all interested in the matter, that the Government are simply acting on the legal advice received, and had no desire to lessen their contract obligations.

It may appear presumptuous in me to contest the opinion of such very high and learned authorities; but inasmuch as the Company have been legally advised that the Contract bears a different interpretation to that they put upon it, I venture to trouble you with a few remarks.

The Parliamentary authority on which the Contract was based, being "An Act to amend the Main Line of Railway Act" (18th October, 1870, 34 Vict. No. 13), gives the Governor in Council power to contract with the Company—

"Guaranteeing to such person or Company interest at the rate of Five Pounds per centum per annum upon any sum of money, not exceeding in the whole the sum of £650,000, which the said person or Company may actually expend in the construction of the said Main Line of Railway; such guarantee to be payable in such manner as to secure to the said person or Company interest at the rate aforesaid upon the actual expenditure within such limit as is hereinbefore expressed.

"Such guarantee shall continue for 30 years from the date at which the said line shall be opened for traffic; provided that such person or Company shall continue to work and maintain the said line. * * * *"

"In such Contract provision shall be made, amongst other things,—

"That should the profits of the Railway arising from the traffic thereon amount in any year to less than Five Pounds per cent., the Government guarantee shall be payable for such year only to the extent of the difference between such profits and Five Pounds per centum on the cost of construction as before limited."

The Contract founded hereon—

"Witnesseth that, in pursuance and exercise of the powers given by the Acts of the Parliament of Tasmania, 33 Vict. No. 1, * * * * and 34 Vict. No. 13, passed the 18th October, 1870, * * * * it is agreed as follows:—

"4. The Governor hereby confers upon the Company all rights, powers, privileges, and immunities, and guarantees to the Company all benefits—which by the said Main Line Railway Acts, * * * * the Governor is authorised to confer, create, use, exercise, delegate, or guarantee, for the purposes, or in reference to the said undertaking. * * *

"5. The Governor hereby especially guarantees to the Company interest at the rate of Five Pounds per cent. per annum upon the money actually expended in and for the purposes of the construction of the said Main Line Railway up to and not exceeding the sum of £650,000, during four years of the period of construction, commencing from the date of this Contract, and for a period of thirty years from the opening of the entire line for traffic."

(On this occasion I presume there can be no contention as to the expenditure by the Company of upwards of £650,000, since such *bonâ fide* outlay is certified by the Colonial Auditor to be duly vouched for.)

"8. After the entire line is opened for traffic the Company shall furnish to the Governor at the close of each quarter * * * an abstract of their *receipts and expenditure* for the preceding quarter, so far as the same can be made up in the Colony; and the Governor shall be bound to pay to the Company in Hobart Town, quarterly, within fourteen days next after the delivery of each of such abstracts, such amount of money as will, with *the profit* (if any) of the preceding quarter, make up interest at the rate of £5 per cent. per annum on £650,000 * * * ; and so on from quarter to quarter."

I have underlined the words "receipts and expenditure," and the "profits," to show that the word "profits" does not mean the balance of the former; for in such case it must have been expressly so stated. It can, therefore, only refer to profits actually derived and accrued to the Company.

The following clause provides how the balance of receipts and expenditure shall be dealt with, by prescribing:—

"9. Any accounts not adjusted by the Company in any one quarter shall be brought into account in the succeeding quarter, or as soon as the same can be adjusted in the Colony."

which last expression I apprehend can only refer to the clearing off a balance of liabilities, and the commencement or resumption of "profits."

It very clearly appears that the Act of Parliament creating the authority for and forming part of the Contract, and the Contract itself, so far expresses an unqualified guarantee of £5 per cent. per annum upon a cost of £650,000; and unlimited in regard either to quarters or to years; and is supplemented and enforced by the latter part of Clause 14, which quite lucidly explains that:—

"The true meaning and intention of this Agreement, and of the contracting parties, being, that the Company may at all times during the said period receive interest at the rate of £5 per cent. per annum upon the money expended by them (limited as aforesaid to the said sum of £650,000), either from the profits of the undertaking or from the Governor."

To substantiate the opinion of the Law Officers of the Crown, and reconcile it with the Contract, it would be necessary for the Company to have the power at will of creating a fund out of which to pay the losses on any quarter, so as to make up the amount of the guaranteed interest, since the payment of £32,500 cannot be considered contingent or affected by reference to any quarterly periods in the Contract: it was guaranteed in full by the Government to the Company, who on their part transferred such guarantee to their bondholders. The Company having expended

their whole obtainable funds in the construction and equipment of the Line, have no means whatever of making up the guarantee, should it fall short; and in such default both the statute law and the contract obligations of the Government and of the Company would be violated.

I apprehend that the opinion of the Crown Law Officers must be founded on a misconception as to the word "profits," which they appear to understand as simply the difference between receipts and expenditure shown in any one quarter. I venture to believe that no commercial man could so misinterpret the word; for it might as reasonably be contended that the balance of a banker's pass-book at the end of each quarter expressed the clear gain thereon of its owner.

As to the quarter under review, I omitted to include in the accounts some large cash payments for stores, &c. that had been made in London during the quarter, because the goods had not arrived in the Colony. Such payments are undoubtedly "expenditure" under the Contract, and if brought to account would have nearly absorbed the excess of receipts over expenditure. To arrive at the profits, under any interpretation of the Contract, such payments are chargeable.

Unfortunately, both for the Colony and the Company, the word "profits" is still wholly inapplicable. Were the £32,559 16s. 7d., balance of profit and loss shown on the last account, debited against the Company, it could only be paid out of future guaranteed interest; in which case—should no further loss occur—the Company would not receive the interest guaranteed them under the Contract of £5 per cent. per annum for 30 years from the opening of the Line, but only for 29 years.

I think it must be admitted that Clauses 12 and 13 have no present application to the question, either directly or indirectly; and the first part of Clause 14 appears expressly to confine the meaning of the word "profits" to that I contend for, and not make it the mere balance of the figures for the quarter: while the concluding words of the clause (already quoted) seem expressly added to remove any possible ambiguity or misunderstanding as to the right of the Company to receive, at all times during 30 years, interest at the rate of £5 per cent. per annum, either from actually realised profits of the undertaking or from the Governor.

It would surely be a misuse of words to apply the term "profits" to the commercial results of working the Line, which resulted in a net loss during 1876 of £7157 19s. 6d.; in 1877, of £10,571 5s. 10d.; in 1878, of £10,782 4s. 9d.; and in 1879, of £5898 10s. 11d.; during which the balance of receipts and expenditure fluctuated greatly, and in two cases showed a surplus, viz., on 31st March, 1878, of £2820 8s. 8d., and on 30th June, 1879, of £126 1s. 7d.

The Government must then have had the same view of the Contract I now contend for, since the full guarantee was paid without demur on the above occasions. The Government were also aware of the terms of issue of the £650,000 debentures under which the Company assured their bondholders a Government guarantee of £5 per cent. per annum, subject only to contingencies respecting the proper working of the Line. In fact the Government have never before given the very smallest intimation that their opinion coincides with that of their advisers, and by which the guarantee would either be reduced to less than £5 per cent. per annum on £650,000, or would be shortened of the 30 years contract period prescribed.

In conclusion, I must apologise for the great length of this communication, which is entailed by my quoting in full the clauses of the Acts of Parliament and of the Contract on which I venture to impugn the opinion of the Crown Law Officers, and to request your reconsideration of the question, and the payment of the balance of interest now owing, amounting to £2125.

I have, &c.

The Hon. W. R. GIBLIN, Colonial Treasurer.

C. H. GRANT.

REFERRED to the Law Officers of the Crown for their observations.

W. R. GIBLIN, *Colonial Treasurer.*
17th May, 1880.

Colonial Treasury, 17th May, 1880.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 13th instant, in reply to mine of the previous day, respecting the payment of guaranteed interest to your Company for the quarter ending 31st March, 1880, and I have forwarded your letter to the Law Officers of the Crown for their observations.

I have, &c.

C. H. GRANT, *Esq., Manager T.M.L.R. Co., Hobart Town.*

W. R. GIBLIN.

Colonial Treasury, Hobart Town, 18th May, 1880.

MEMO.

WILL the Hon. the Colonial Secretary be good enough to arrange for the Main Line Railway Accounts up to, and including, the quarter ending 31 March, 1880, being audited by Mr. R. M. Johnston, of the Launceston and Western Railway Department, through the Colonial Auditor.

I have &c.

The Hon. the Colonial Secretary.

W. R. GIBLIN, *Colonial Treasurer.*

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 16th July, 1880.*

SIR,

I HAVE the honor to forward you herewith an abstract of the Traffic Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, for the quarter ending the 30th June last, such having been prepared in accordance with the terms of the Contract between the Government of Tasmania and the Railway Company.

It is with much regret I have to show a serious decline in the Receipts, as compared with the corresponding traffic of last year. This, however, is wholly due to a diminution of the "Through" traffic between Hobart Town and Launceston, arising, I believe, from a falling off in the Inter-colonial communication. The "Local" traffic (which exemplifies the use of the Railway to the Colony) exhibits a continued and satisfactory increase. The Expenditure shows a decrease corresponding to that of the Receipts, although enlarged by an outlay rendered necessary through damage done to the railway by an extraordinary high flood in the South Esk River at Clarendon.

Since no profit has yet accrued from working the Railway, (the balance of loss thereon being in the past quarter increased by the sum of £188 16s. 7d.), the full amount of the guaranteed interest is still payable. I therefore enclose account for Eight thousand one hundred and twenty-five pounds (£8125), which is due on the last three months only, irrespective of the sum of £2125 underpaid for the previous quarter and still owing, and of the former balances claimed by the Company that are now the subject of litigation.

I must again most respectfully remind you that no reply has yet been given to the Company's request that the dispute as to the amount payable for the quarter ending the 31st March last should be referred to their Honors the Judges of the Supreme Court on a special case, in which the question of the liability of the Government for the guaranteed interest between the 15th March and 1st November, 1876, should be included, unless the Government have altered their views on these matters. This delay has greatly embarrassed the Company, by preventing a decision being obtained in the present term. I trust, therefore, that an immediate reply will now be made, expressing the concurrence of the Government in the course proposed by the Company, as such would expedite a settlement and avoid very heavy legal expenses.

I have, &c.

C. H. GRANT.

The Hon. W. R. GIBLIN, M.H.A., Colonial Treasurer.

T A S M A N I A.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1880.	<i>Guaranteed Interest Department.</i>	£ s. d.
April 1st to June 30th.	To One full Quarter's Interest due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, at the rate of 5 per cent. per annum on the full sum of £650,000 expended on the construction of the Railway, as shown by previous Accounts and Vouchers in the possession of the Government—One full Quarter of Guarantee of £32,500 per annum.....	8125 0 0

Amounting to Eight thousand one hundred and twenty-five Pounds sterling.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,
by their Attorney—*

£8125 Os. 0d.

C. H. GRANT.

R. J. ELLIS, *Accountant.*

MEMO.—This claim has reference to the Quarter mentioned *only*, and is rendered without prejudice in any way to the claims made in previous accounts sent to the Government and which still remain unsettled.

TASMANIAN MAIN LINE RAILWAY COMPANY.

Hobart Town, 16th July, 1880.

AN Abstract of Receipts and Expenditure on account of Traffic, &c. conveyed over the Tasmanian Main Line Railway for the Three Months ending June 30, 1880.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance from last Quarter	32,559	16	7	By Receipts—			
Expenditure—Permanent Way..	3539	8	8	Passengers.....	5952	4	0
Locomotive Power.....	3348	8	1	Parcels.....	425	16	4
Car and Waggon Repairs.....	241	7	1	Horses, Carriages, and Dogs ..	135	18	3
Traffic Expenses.....	1901	4	11	Excess Luggage.....	59	10	9
General Charges, London, estimated	800	0	0	Left Luggage.....	6	13	8
Ditto, Tasmania.....	774	4	2	Telegrams	35	1	6
Miscellaneous Expenses.....	128	17	5	Mails	718	5	0
Launceston and Western Railway				Goods.....	3311	15	8
Toll.....	1037	10	0	Minerals.....	339	19	6
				Live Stock.....	525	4	6
				Rents and Sundries.....	71	14	7
				Balance to next Quarter.....	32,748	13	2
	<u>£44,330</u>	<u>16</u>	<u>11</u>		<u>£44,330</u>	<u>16</u>	<u>11</u>

R. J. ELLIS, *Accountant.*C. H. GRANT, *General Manager.*

MR. Grant's letter of the 16th instant is forwarded herewith to the Hon. the Attorney-General, who is already in communication with the Solicitors to the Company, on the subject of the settlement of matters in dispute between the Government and Company.

W. R. GIBLIN, *Colonial Treasurer.*
20 July, 1880.

Colonial Treasury, Hobart Town, 20th July, 1880.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 16th instant, enclosing the Company's claim for subsidy for the quarter ended 30th June last.

The claim will be looked into and passed on for payment within the time named in the contract.

In respect to the manner in which certain matters in dispute between the Treasury and the Company shall be settled, I have the honor to inform you that the third paragraph of your letter now under acknowledgment has been carefully perused by me, and that I have laid the same before the Hon. the Attorney-General for his consideration, and with a view to his conferring with the Solicitors of the Company, with whom he is already in communication on matters affecting the interests of the Company.

I have, &c.

W. R. GIBLIN, *Colonial Treasurer.*

C. H. GRANT, *Esq., Manager T.M.L.R. Co.,*
Hobart Town.

Audit Office, 23rd July, 1880.

SIR,

I HAVE the honor to forward Mr. R. M. Johnston's Report upon the Accounts of the Tasmanian Main Line Railway Company for the two quarters ending respectively 31st December, 1879, and 31st March, 1880.

Mr. Johnston having fully explained the Audit of these Accounts, the necessity for more than very brief remark on my part is obviated. It is desirable, however, that attention should be drawn to the remarks respecting the correction in the December quarter's Account, and the unequal distribution of stores against the several quarterly periods. With regard to the latter it will be very difficult to guard against undue charges being made in a particular period, as the issue and apportioning are under the direction of the Company; but any attempt at unfair manipulation may to a certain extent be checked by prompt audit.

Adding the figures for the period of the present Audit to those in my letter of the 11th November last, the Traffic Receipts and Expenditure for three years and five months amount to £155,256 14s. 4d. and £177,077 6s. 10d. respectively, reducing the loss to £21,820 12s. 6d.

I have, &c.

W. LOVETT, *Colonial Auditor.*

The Hon. Colonial Secretary.

FORWARDED to the Hon. the Colonial Treasurer.

WM. MOORE.

26th July, 1880.

(Copy.)

Launceston, 6th July, 1880.

SIR,

ACCORDING to instructions I have carefully examined the books and accounts of the Tasmanian Main Line Railway, with special reference to the quarterly periods ending respectively 31st December, 1879, and 31st March, 1880; and have the honor to submit the following Report.

The accounts are correctly stated, and are fairly apportioned under the several headings of revenue and expenditure, as shown in appended Abstract.

With the exception of the estimated items entered "London Expenses," the accounts are based upon properly accredited vouchers and returns.

In the books of the Company for the quarter ending 31st December, 1879, there is a sum of £1457 10s 3d. charged in adjustment of the estimated items of London Expenses for the year 1878. An estimated sum of £500 for each quarter of that year had already been taken to account, making a total of £2000 for the year. It is now affirmed that the charge for the whole year should be £3457 10s. 3d.; but as the proper vouchers have not yet been sent from England in support of the entry, as required by Clause 10 of the Contract, I have not included the excess over estimates, viz., £1457 10s. 3d., as an adjustment charge against the quarter referred to. As the rejection of this item, however, converts an estimated loss of £1220 18s. for the quarter into an estimated profit of £236 12s. 3d., I submit the matter for your special consideration.

The following is a statement of the various estimated items which still remain to be adjusted. Those marked with an asterisk are the items for which the sum of £3457 10s. 3d. has been submitted as an adjustment:—

London Expenses (estimated).

	£	s.	d.	£	s.	d.
* Quarter ending 31st March, 1878	500	0	0			
* Ditto 30th June, 1878	500	0	0			
* Ditto 30th September, 1878	500	0	0			
* Ditto 31st December, 1878	500	0	0			
				2000	0	0
Ditto 31st March, 1879	750	0	0			
Ditto 30th June, 1879	850	0	0			
Ditto 30th September, 1879	800	0	0			
Ditto 31st December, 1879	800	0	0			
				3200	0	0
Ditto 31st March, 1880			800	0	0
				£6000	0	0
TOTAL						

In my former report to you I drew attention to the unequal distribution of *Stores Charges* against the several quarterly periods of the year ending 30th September, more particularly as regards the Maintenance of Way Department. The charges for the two quarters of the half year ending 31st March, 1880, are much below those for the corresponding periods which immediately preceded them. I infer this to be due partly to the exceptional nature of the former periodic outlay, and partly to the supplies being more equably distributed during the latter period.

Should the adjustment entry £1457 10s. 3d., already referred to as being unsupported by proper vouchers, be rejected for the present, the balances for the two last quarterly periods will show the following profits; viz.—

	£	s.	d.
Quarter ending 31st December, 1879, balance profit	236	12	3
Ditto 31st March, 1880, ditto	1844	4	5

According to the stated opinions of the Law Officers of the Crown these sums are available as abatements of the maximum Government Guarantee, £8125, claimed quarterly by the Tasmanian Main Line Railway Company.

In conclusion I take this opportunity for expressing my sincere appreciation of the ready assistance and uniform courtesy accorded to me in the discharge of my duties as Auditor by Mr. C. H. Grant, Manager, and Mr. R. J. Ellis, Accountant.

I have, &c.

ROBT. M. JOHNSTON, *Auditor.*

W. LOVETT, *Esq., Colonial Auditor.*

ABSTRACT of Traffic Receipts and Expenditure for Quarterly Periods ending respectively 31st December, 1879, and 31st March, 1880.

TRAFFIC RECEIPTS.

	Quarter ending 31st December, 1879.			Quarter ending 31st March, 1880.		
	£	s.	d.	£	s.	d.
Coaching traffic.....	8441	11	9	10,957	17	11
Goods, live stock, &c.	3532	13	5	4432	17	4
Miscellaneous.....	138	6	6	125	13	0
	12,112	11	8	15,516	8	3

EXPENDITURE.

Maintenance of Permanent Way	3771	19	5	4787	2	0
Locomotive power	3545	2	7	3030	8	8
Carriage and wagon repairs	181	11	0	474	4	9
Traffic expenses	1695	19	5	2020	13	5
General charges	853	12	8	774	14	6
Miscellaneous.....	3	11	0	147	10	6
Tolls and compensation, Launceston and Western Railway.....	1024	3	4	1037	10	0
London office expenses	* 800	0	0	* 800	0	0
Ditto, adjustment entry for 1878, £1457 10s. 3d., charged in books to December quarter, but disallowed on account of not being supported by proper vouchers.						
	11,875	19	5	13,672	3	10
Balance, being estimated profit for each particular quarter	236	12	3	1844	4	5
	12,112	11	8	15,516	8	3

* Estimated items subject to amendment in subsequent quarters, in accordance with Clause 9 of Contract.

ROBT. M. JOHNSTON, *Auditor.*

MEMO.

THE audit of the Main Line Railway Accounts for the period named by me on the 18th May last, 31st March, 1880, being done through the Colonial Auditor, I presume that he will call upon the Manager to supply, under the provisions of the Contract, the vouchers which had not been furnished to Mr. R. M. Johnston at the time this Report was made to the Colonial Auditor, and which I am now returning to the Hon. the Colonial Secretary. I am led to believe that there will be no difficulty in obtaining the missing documents, if they have not been already supplied.

I have verbally arranged with the Auditor for the examination of the Accounts for the quarter ended 30th June, 1880, and shall be glad to have Mr. Johnston's Report to the Auditor thereon as soon as possible.

W. R. GIBLIN, *Colonial Treasurer.*
5th August, 1880.

The Hon. the Colonial Secretary.

MAIN LINE RAILWAY.

In continuation of Paper No. 42 of the present Session.

[Laid upon the Table by the Colonial Treasurer, and ordered to be printed, August 17, 1880.]

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 12th August, 1880.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 10th instant, in which you enquire whether the vouchers have yet been received for the sum of £3457 10s. 3d., being the amount of the Tasmanian Main Line Railway Company's expenses in London for the year 1878.

In reply I have to inform you that an instalment of the vouchers for London payments in the years 1878 and 1879 came to hand by the last mail; and I expect the completed accounts by an early post.

The Secretary explains his omission to send them by his having been very busy and short-handed. Immediately that the full accounts and vouchers are received I will inform you thereof.

I have, &c.

C. H. GRANT.

W. LOVETT, *Esq.*, Colonial Auditor.

FORWARDED for the information of the Hon. the Colonial Secretary.

W. LOVETT.

Audit Office, 13th August, 1880.

FORWARDED to the Hon. the Treasurer.

WM. MOORE.

*13th August, 1880.**Audit Office, 12th August, 1880.*

SIR,

I HAVE the honor to inform you that the accounts of the Tasmanian Main Line Railway Company for the quarter ending 30th June last have been audited, and to forward Mr. Johnston's report thereon.

It will be noticed that proper vouchers have not yet been supplied for the London expenditure from the 1st January, 1878; and that the adjustment of an estimated sum of £6800 cannot therefore be arrived at for the quarterly periods in which that amount has been apportioned. Since my previous communication I have written to the Manager of the Company on this subject, and hope to obtain these vouchers without unreasonable delay. In other respects the accounts included in the period audited are correct. The total receipts and expenditure for that period, viz., from 1 November, 1876, to 30th June, 1880, are as follows:—Receipts, £166,838 18s. 1d.; Expenditure, £188,848 7s. 2d.

I have, &c.

W. LOVETT, *Colonial Auditor.**The Hon. Colonial Secretary.*

FORWARDED to the Hon. the Colonial Treasurer.

WM. MOORE.

*12th August, 1880.**Launceston, 7th August, 1880.*

SIR,

ACCORDING to instructions I have again carefully examined the books and accounts of the Tasmanian Main Line Railway Company for the quarterly period ending 30th June, 1880; and I now beg to report as follows:—

The accounts for the period, correctly abstracted in the annexed Table, are properly stated; and, with the usual exception of the "London Office Expenses," are based upon accredited vouchers and returns.

It will be observed that, although there is an agreement in total amounts between the abstract submitted by Mr. Grant, dated 16th July, 1880, and the one now submitted by me, there is a slight difference in the detail. This is due to the circumstance that the former abstract was submitted prior to the necessary adjustment of the accounts relating to the several sub-departments. In the abstract now submitted by me the necessary adjustments have been carried out, and the accounts stand fairly apportioned under their respective headings.

Notwithstanding the fact that the expenditure has been reduced as compared with corresponding period last year, the quarterly account just closed shows a loss of £188 16s. 7d. The maximum guarantee may therefore be claimed by the Company for this particular quarter.

Taken with the £6000 mentioned in my last report, the amount of London office expenses still to be adjusted at this date is £6800.

As usual, the officers of the Company placed every facility at my disposal in connection with the audit of the accounts.

I have, &c.

ROBT. M. JOHNSTON.

W. LOVETT, *Esq.*, Colonial Auditor.

ABSTRACT of Traffic Receipts and Expenditure for the Quarterly Period ending 30th June, 1880.

TRAFFIC RECEIPTS.		£	s.	d.	EXPENDITURE.		£	s.	d.
Coaching traffic		7333	9	6	Maintenance of Permanent Way		3581	4	7
Goods, live stock, &c.....		4176	19	8	Locomotive power		3291	3	10
Miscellaneous		71	14	7	Carriage and wagon repairs		261	19	10
					Traffic expenses		1895	13	5
		11,582	3	9	General charges		774	11	3
Balance, loss.....		188	16	7	Miscellaneous		128	17	5
					Tolls and compensation, Launceston and Western Railway.....		1037	10	0
					* London office expenses		* 800	0	0
		£11,771	0	4			£11,771	0	4

* London office expenses estimated.

ROBT. M. JOHNSTON, *Auditor.*

MAIN LINE RAILWAY.

(In continuation of Paper No. 42, H.A., of Session 1880.)

Tasmanian Main Line Railway Company, Limited.
General Manager's Office, Hobart Town, 12th October, 1880.

SIR,

HEREWITH I have the honor to forward you an Abstract of the Traffic Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, for the quarter ending the 30th September last, which has been prepared in fulfilment of the terms of the Contract between the Government of Tasmania and the Railway Company.

You will doubtless notice, on comparing this account with that of the corresponding quarter in last year, the total receipts amount to very nearly the same, showing a reduction of only £141 14s. 10d., which can be accounted for by the passenger traffic having been affected by the extremely wet weather prevailing during the last quarter, and by a falling off in the freight of live stock, owing to the very large Foreign importation.

It is more satisfactory to notice that the gross expenses show a reduction of £222 5s. 8d., notwithstanding the additional cost that the recent inclement season has imposed upon us in the maintenance, &c. of the line.

The result of the quarter's operations being unfortunately a loss of £2198 17s. 6d., the full amount of the guaranteed interest becomes payable; I therefore enclose an account for the same, amounting to £8125, due on the last three months, and which is claimed without prejudice to any of the questions in dispute between the Government and the Company.

You have been informed through the Company's Solicitors that the Directors are most anxious to close all disputes between the Government and the Company by any reasonable compromise. I trust, therefore, that the Government will meet the Company in the same liberal spirit the latter desire to show; and that the unfortunate differences which exist, and to some extent hamper the business and prevent the proper development of the Railway, may be amicably adjusted.

I have, &c.

C. H. GRANT, *General Manager.*

*The Hon. W. R. GIBLIN, M.H.A., Premier
and Colonial Treasurer.*

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1880.	<i>Guaranteed Interest Department.</i>	£ s. d.
1st July to 30th September.	To One full Quarter's Interest due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, at the rate of 5 per cent. per annum on the full sum of £650,000 expended on the Construction of the Railway, as shown by previous accounts and vouchers in the possession of the Government. One full Quarter of guarantee of £32,500 per annum.....	£8125 0 0

Amounting to Eight thousand one hundred and twenty-five Pounds sterling.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
By their Attorney—

£8125 0 0

C. H. GRANT.

MEMO.—This claim has reference to the Quarter mentioned *only* and is rendered without prejudice in any way to the claims made in previous accounts sent to the Government and which still remain unsettled.

R. J. ELLIS, *Accountant.*

RECEIVED from the Honorable the Colonial Treasurer the Sum of Eight thousand one hundred and twenty-five Pounds, being the amount of the above Account of Particulars: but such payment is made and received without prejudice to any further or other claim by or against the Government of Tasmania and the Tasmanian Main Line Railway Company under or arising out of the Contract between the Government and the Company.

The Tasmanian Main Line Railway Company, Limited,
By their Attorney—

C. H. GRANT.

Witness to payment—J. BENNISON,
26. 10. 80.

TASMANIAN MAIN LINE RAILWAY COMPANY.

Hobart Town, October 12, 1880.

AN Abstract of Receipts and Expenditure on account of Traffic, &c. conveyed over the Tasmanian Main Line Railway for the Three Months ending September 30, 1880.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance from last Quarter	32,748	13	2	By Receipts—			
Expenditure—				Passengers.....	4944	15	10
Permanent Way	3485	19	9	Parcels.....	410	17	11
Locomotive Power.....	3618	13	3	Horses, Carriages, and Dogs.....	114	19	0
Carriages and Wagons.....	356	19	11	Excess Luggage.....	67	18	11
Traffic Expenses	1926	17	4	Left Luggage	5	7	6
General Charges, London, estimated	800	0	0	Telegrams	29	16	4
Less over-estimated Year 1879.....	83	15	0	Mails.....	718	5	0
			716	Goods.....	2402	0	0
			5	Minerals	427	1	6
General Charges, Tasmania.....			721	Live Stock	522	14	4
Miscellaneous Expenses			14	Rent and Sundries	59	2	6
Launceston and Western Railway Toll.....			16	Balance to next Quarter.....	34,947	10	8
			1087				
			10				
			0				
			<u>£44,650</u>				<u>9</u>
			9				<u>6</u>
			6				<u>£44,650</u>
			<u>£44,650</u>				<u>9</u>
			9				<u>6</u>
			6				<u>£44,650</u>

R. J. ELLIS, Accountant.

C. H. GRANT, General Manager.