

(No. 47.)



1885.

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PARLIAMENT OF TASMANIA

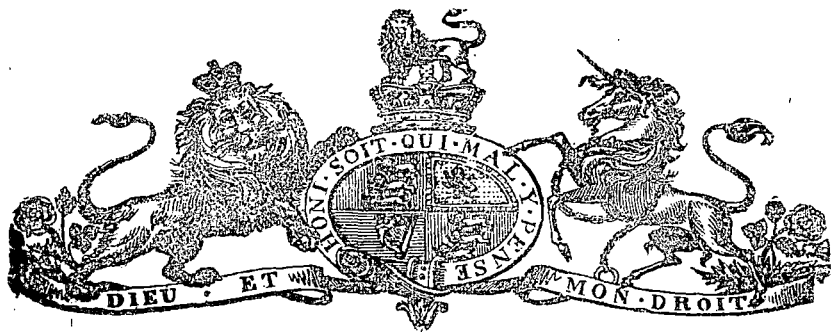
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MAIN LINE RAILWAY:

TREASURY CORRESPONDENCE.

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Presented to both Houses of Parliament by His Excellency's Command.



## TASMANIAN MAIN LINE RAILWAY.

### TREASURY CORRESPONDENCE.

*Tasmanian Main Line Railway Company, Limited,  
General Manager's Office, Hobart, 14th January, 1885.*

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, so far as it can be made up in this Colony, for the quarter ending the 31st December last.

It is gratifying to notice that the large increase in the traffic of the past quarter, as compared with that of the corresponding period of any former year, has wiped off the debit shown in the Accounts of previous quarters, and leaves a profit on the year's operations of £447 7s., which is deducted from the guaranteed interest usually payable, thus reducing the guarantee on the whole year to £32,052 13s.

In replying to the desire of your predecessor expressed in July, 1883, that I should estimate the financial effect of working the Main Line Railway during the year 1884, I stated that were the construction of the Branch Lines to be in full operation throughout that year, and were the traffic of the Main Line Railway to increase in the proportion that it had previously done, we might reasonably expect a profit of £10,000 on the year, besides meeting all other expenses which it would be desirable to incur.

I therefore calculated that the expenses would remain at about the same amount as those of 1883, and that the estimated surplus receipts of £10,000 would all be available in reduction of the guaranteed interest; hence it is with great regret I have to show that the gross increase of traffic of 1884 over 1883 has amounted to but £316 16s. 3d. I am, however, correct as regards expenses, of which the amounts are respectively £68,381 9s. 3d. in 1883, and £68,879 13s. 2d. in 1884; last year, therefore, showing an increase of but £498 3s. 11d.

In previous communications to the Hon. the Treasurer, as also to the Hon. the Chief Secretary, I have alluded to the absolute necessity for increasing the supply of engine power, trucks, and wagons, which I especially dwelt upon in my letter to your predecessor dated the 14th January last. This I have been enabled to do to a considerable extent during the last year, and therefore the Line is now working in a far more economical and satisfactory manner, and the great risk attendant upon the insufficient and improper accommodation for passenger and goods traffic is to a great extent obviated.

Not being successful in my predictions as to the past year, I am perhaps not entitled to credit when anticipating the result of the current year's operations, which I had the honor to inform your predecessor would certainly result in a profit of at least £5000. As, however, the traffic receipts of the year up to the present time already show a considerable increase over those of 1884, I do not feel the least doubt in assuring you that my moderate estimate of the profit on the current year will be fully borne out.

Herewith I enclose an Account for guaranteed interest now due, amounting to Eight thousand and two pounds eighteen shillings and four pence, of which £7677 13s. is for interest payable on the December quarter, and the balance of £325 5s. 4d. for amounts owing on the previous quarterly Accounts of 1884. I shall feel greatly obliged by your directing the payment of this Account, in accordance with the terms of the contract.

I have, &c.

C. H. GRANT.

Hon. W. H. BURGESS, M.H.A., Treasurer.

## TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

Accountant's Office, Hobart, 14th January, 1885.

AN ABSTRACT showing the Receipts and Expenditure on Account of Traffic, &amp;c., conveyed over the Tasmanian Main Line Railway for the Three Months ending 31st December, 1884.

Dr.	£ s. d.	Cr.	£ s. d.
To Expenditure—		By Receipts—	
Permanent Way .....	2614 4 10	Passengers .....	10,196 7 5
Locomotive Power .....	3978 18 8	Parcels .....	568 14 2
Carriages and Wagons .....	1018 19 10	Horses, Carriages, and Dogs .....	298 1 4
Traffic Expenses .....	2499 17 5	Excess Luggage .....	95 18 8
General Charges, London .....	800 0 0	Left Luggage .....	12 14 9
Ditto, Tasmania .....	905 0 9	Telegrams .....	76 16 4
Miscellaneous Expenses .....	13 2 10	Mails .....	810 0 0
Launceston and Western Railway Toll .....	1059 7 6	Goods .....	5001 0 3
	12,889 11 10	Minerals .....	326 5 5
Balance from last quarter .....	4820 7 0	Live Stock .....	596 3 5
	17,709 18 10	Rents and Sundries .....	175 4 1
Balance .....	447 7 0		
	£18,157 5 10		£18,157 5 10

R. J. ELLIS, Accountant.

C. H. GRANT, General Manager.

## TASMANIA.

## THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1884.	Guaranteed Interest Department.	£ s. d.	£ s. d.
Oct. 1.	Balance due upon Accounts rendered to September 30, 1884 .....	...	325 5 4
Oct. 1. to	To One-fourth proportion of the yearly Interest guaranteed by the		
Dec. 31.	Government of Tasmania to the Tasmanian Main Line Railway		
	Company, Limited, at the rate of 5 per cent. on the sum of £650,000		
	expended on the construction of the Railway, and payable according		
	to the terms of the Act of Parliament 46 Victoria, No. 43, Section 5—		
	One-fourth of £32,500 .....	8125 0 0	...
	Less—Balance of Revenue Account for year 1884, as per Abstract		
	herewith .....	447 7 0	...
			7677 13 0
			£8002 18 4

Amounting to Eight thousand and two pounds eighteen shillings and fourpence.

For the Tasmanian Main Line Railway Company, Limited,

C. H. GRANT.

R. J. ELLIS, Accountant.  
January 14th, 1885.

Treasury, 24th January, 1885.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 14th instant, forwarding a claim against the Treasury for the quarter ended 31st December, 1884.

I have, &amp;c.

W. H. BURGESS, Treasurer.

The Manager T.M.L.R.C., Hobart.

Tasmanian Main Line Railway Company, Limited,  
General Manager's Office, Hobart, 29th January, 1885.

SIR,

I HAVE the honor to inform you that having called at the Treasury this morning to collect the subsidy due from the Government of Tasmania to the Tasmanian Main Line Railway Company, Limited, and for which yesterday, the 28th instant, was the latest date allowed for the payment, I was informed by the Assistant Treasurer that no instructions had been given for the payment, and therefore have to request that the amount due, being £8002 18s. 4d., should be forthwith paid.

I take this opportunity to most respectfully point out to you that it would not be possible to legally justify the stoppage of any such amount as is in question between the Government and Company from the positive ascertained contract liability for the guaranteed interest now overdue. The items as to which the Government are now obtaining professional opinion cannot be settled without much discussion and deliberation, and will necessarily occupy considerable time to adjust, with (as the Railway Company believe) the probable result that no set-off can be established against what is due to them. To obviate the extremely serious consequences which any delay would probably cause the Company, they would not object to a small sum being taken off the amount now claimed, for the purpose of showing that their accounts were not accepted; which course the Government have pursued on many previous occasions.

I have, &c.

C. H. GRANT.

Hon. W. H. BURGESS, M.H.A., Treasurer.

Treasury, Hobart, 30th January, 1885.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 29th instant, in reference to the subsidy account of the T.M.L.R. Company for the quarter ended the 31st December, 1884, and stating that you had called at the Treasury but failed to obtain payment of the amount claimed by you on behalf of the Company.

In reply, I beg to draw your attention to my letter of the 29th October last, when I had the honor to pay you the sum of £8100 on account of guaranteed interest for the quarter ended 30th September. On reference to this letter you will observe that I then took the opportunity of entering a protest on behalf of the Government against the payment then made, on the ground that the sum of £5989 17s. 11d. was claimed by the Government as an expenditure improperly made by the Main Line Railway Company, as had been previously intimated to you by my colleague the Honorable the Chief Secretary; and I then informed you that if no satisfactory arrangement was made between the Government and the Company as to the working of the line and proper expenditure for maintenance before the guaranteed interest for the December quarter became due, the sum of £5989 17s. 11d., as well as any other amount to which similar objection can be taken, would be deducted from the next payments to be made under the head of guaranteed interest. You were, therefore, made aware in ample time that unless some satisfactory arrangement was arrived at, the course to be taken by the Treasury was clear.

Mr. Speight, Chairman of Victorian Railways, as you are aware, has been asked by the Government to report on the matter now in dispute, and upon receipt of his decision, which I have every reason to believe will be forwarded next week, I shall be prepared to inform you what course the Government will take.

As I stated when writing you in October last, the Government is most desirous of avoiding any financial embarrassment to the Main Line Company; therefore, if in the meantime it will be any convenience to your Company to receive payment of the difference between your claim and the amount in dispute, I shall be glad to give instructions to carry this out; or would you rather wait until Mr. Speight's report is in the hands of the Government?

I have, &c.

W. H. BURGESS, Treasurer.

The Manager T.M.L.R. Company, Hobart.

Treasury, Hobart, 4th February, 1885.

£6625.

RECEIVED from the Treasury the sum of Six thousand six hundred and twenty-five pounds on account of guaranteed interest for the quarter ending 31 December, 1884; the sum of Fifteen hundred pounds (£1500) having been deducted for and on account of a disputed claim of the Government against the Tasmanian Main Line Railway Company, Limited, of Five thousand nine hundred and eighty-nine pounds seventeen shillings and eleven pence (£5989 17s. 11d.)—Vide Report of Colonial Auditor of 14 July, 1884, Appendix B, Parliamentary Paper No. 46 of 1884.

This payment is made without prejudice to any sum in dispute between the Government and the Company, or to the balance to be struck at the end of the year 1884 according to the terms of the Act of Parliament 46 Vict. No. 43, Section 5.

DOBSON & MITCHELL, Solicitors for the said Company, and  
authorised by Mr. Grant to sign this Receipt.

For the Tasmanian Main Line Railway Company, Limited,

Witness to the payment—W. BENSON.  
4. 2. 85.

C. H. GRANT.

## MAIN LINE RAILWAY RECEIPTS.

(Compiled at the Treasury from Manager's certified Accounts.)

HEAD.	Quarter ending 31 March.	Quarter ending 30 June.	Quarter ending 30 September.	Quarter ending 31 December.	Total for the Year.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1876.					
Traffic Receipts .....	...	7020 5 11	4637 2 11	6878 13 4	£18,536 2 2
1877.					
Passengers, No. 69,621 ...	8081 6 10	5069 13 9	4460 0 8	6164 7 2	
Parcels, &c. ....	402 6 2	512 7 10	541 19 3	542 9 1	
Telegraphs .....	21 17 5	24 1 11	23 15 4	25 16 3	
Goods { 15,154 tons {	2649 16 7	2230 9 10	2100 0 2	2268 12 10	
Minerals {	...	...	61 9 11	113 7 4	
Live Stock .....	241 16 1	632 17 9	709 17 2	308 6 4	
Rents.....	56 10 0	33 8 4	58 12 0	64 15 0	
Mails.....	...	335 16 8	503 15 0	503 15 0	
	11,453 13 1	8838 16 1	8459 9 6	9991 9 0	£38,743 7 8
1878.					
Passengers, No. 89,102 ...	8847 9 8	5943 0 8	4833 13 6	6572 7 0	
Parcels, &c. ....	721 9 0	633 13 10	518 12 9	579 4 10	
Telegraphs .....	54 7 10	35 11 11	29 18 7	31 18 10	
Goods { 20,577 tons {	3371 15 10	2574 7 5	1784 0 0	2984 15 9	
Minerals {	165 4 3	314 17 2	420 9 3	290 2 10	
Live Stock .....	576 7 8	747 14 4	731 2 4	481 10 11	
Rents.....	79 11 0	68 16 0	49 0 0	65 16 0	
Mails.....	503 15 0	505 1 8	{ 718 5 0 } { 141 13 4 }	718 5 0	
	14,320 0 3	10,823 3 0	9226 14 9	11,724 1 2	£46,093 19 2
1879.					
Passengers, No. 157,470 ..	9780 3 10	6590 10 5	4988 4 8	7070 10 9	
Parcels, &c. ....	722 12 4	602 16 5	521 18 10	621 13 11	
Telegraphs .....	42 12 9	28 1 7	24 12 11	31 2 1	
Mails.....	718 5 0	718 5 0	718 5 0	718 5 0	
Goods { 22,426 tons {	3391 11 1	3152 10 9	2337 10 0	2745 17 1	
Minerals {	273 11 4	347 5 2	480 18 0	380 1 7	
Live Stock .....	557 7 8	769 0 6	728 2 3	406 14 9	
Rents.....	25 0 0	50 10 0	45 2 0	138 6 6	
	15,511 4 0	12,258 19 10	9844 13 8	12,112 11 8	£49,727 9 2
1880.					
Passengers, No. 163,454 ..	9427 18 6	5952 4 0	4944 15 10	7867 17 1	
Parcels .....	430 3 7	425 16 4	410 17 11	419 0 7	
Horses, Carriages, & Dogs	247 1 6	135 18 3	114 19 0	158 10 5	
Excess of Luggage .....	76 4 4	59 10 9	67 18 11	58 18 6	
Left Luggage .....	11 14 6	6 13 8	5 7 6	6 10 7	
Telegrams.....	46 10 6	35 1 6	29 16 4	37 13 7	
Mails.....	718 5 0	718 5 0	718 5 0	718 5 0	
Goods { 25,350 tons {	3598 11 8	3311 15 8	2402 0 0	3221 7 3	
Minerals {	276 0 0	339 19 6	427 1 6	274 6 4	
Live Stock .....	558 5 8	525 4 6	522 14 4	513 2 2	
Rents and Sundries.....	125 13 0	71 14 7	59 2 6	102 15 10	
	15,516 8 3	11,582 3 9	9702 18 10	13,378 7 4	£50,179 18 2
1881.					
Passengers, No. 179,106 ..	10,554 2 7	6873 11 5	6047 3 9	9027 19 3	
Parcels .....	464 5 5	515 12 8	447 3 8	483 0 7	
Horses, Carriages, & Dogs	293 16 8	173 3 4	108 15 10	235 17 10	
Excess of Luggage .....	92 0 2	66 13 9	47 5 1	82 19 6	
Left Luggage .....	7 1 4	7 2 5	4 14 11	7 14 9	
Telegrams.....	51 14 2	45 18 3	42 3 10	56 17 10	
Mails.....	868 5 0	748 5 0	718 5 0	748 5 0	
Goods { 23,558 tons {	3827 15 5	3236 18 4	2200 13 8	3269 4 2	
Minerals {	226 5 5	359 12 5	282 16 6	287 1 6	
Live Stock .....	323 19 9	562 18 4	531 17 10	420 11 4	
Rents and Sundries.....	134 0 10	116 7 2	103 11 11	89 12 10	
	16,843 6 9	12,706 3 1	10,534 12 0	14,709 4 7	£54,793 6 5

HEAD.	Quarter ending 31 March.	Quarter ending 30 June.	Quarter ending 30 September.	Quarter ending 31 December.	Total for the Year.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1882.					
Passengers, No. 218,130...	10,636 5 1	8039 9 1	7362 15 1	9828 3 2	
Parcels .....	499 8 6	516 17 3	500 18 1	534 11 6	
Horses, Carriages, & Dogs	312 16 6	182 18 11	199 3 2	210 18 10	
Excess Luggage .....	97 18 1	78 5 10	83 10 6	81 14 8	
Left Luggage .....	10 3 6	6 0 3	4 16 1	6 17 4	
Telegrams.....	69 11 0	53 13 3	61 3 1	62 19 7	
Mails .....	718 5 0	718 5 0	718 5 0	718 5 0	
Goods { 29,256 tons }	3661 11 3	3553 6 4	2740 0 10	3605 10 1	
Minerals { }	178 4 3	277 6 0	422 3 8	370 9 1	
Live Stock .....	564 8 10	761 15 8	857 12 5	474 7 10	
Rents and Sundries.....	192 8 10	129 1 9	99 0 4	127 2 8	
	16,941 0 10	14,316 19 4	13,049 16 4	16,020 19 9	60,328 8 2
1883.					
Passengers, No. 261,974...	14,557 6 6	8609 4 0	7607 12 0	10,300 13 10	
Parcels .....	587 19 11	561 8 4	488 19 9	550 16 3	
Horses, Carriages, & Dogs	321 8 0	219 11 9	216 9 10	269 10 1	
Excess Luggage .....	116 9 8	86 6 6	102 1 8	127 15 6	
Left Luggage .....	9 9 10	3 14 2	3 6 4	8 4 9	
Telegrams.....	91 14 6	69 16 7	57 1 10	69 5 1	
Mails .....	718 5 0	718 5 0	778 5 0	748 5 0	
Goods { 35,889 tons }	4270 10 8	4993 6 4	3383 4 0	4093 14 0	
Minerals { }	284 10 10	398 13 6	420 3 0	289 19 11	
Live Stock .....	453 11 4	659 6 6	655 2 5	516 4 2	
Rents and Sundries.....	212 15 6	135 3 9	127 5 5	117 5 11	
	21,624 1 9	16,454 16 5	13,839 11 3	17,091 14 6	69,010 3 11
1884.					
Passengers, No. 298,146...	12,280 5 5	8349 1 3	7213 17 1	10,196 7 5	
Parcels .....	537 17 1	523 6 6	520 1 7	568 14 2	
Horses, Carriages, & Dogs	314 12 5	242 3 7	212 5 6	298 1 4	
Excess Luggage .....	115 16 2	114 13 5	122 13 7	95 18 8	
Left Luggage .....	8 2 6	5 1 2	16 2 9	12 14 9	
Telegrams.....	77 11 2	60 7 0	54 11 5	76 16 4	
Mails .....	745 15 0	565 15 0	1028 10 0	810 0 0	
Goods { 41,238 tons }	4637 1 7	4775 0 9	4270 14 7	5001 0 3	
Mineral { }	324 2 1	432 9 2	468 11 8	326 5 5	
Live Stock .....	577 17 5	884 12 0	879 16 4	596 3 5	
Rents and Sundries.....	182 17 1	169 5 11	158 16 2	175 4 1	
	19,801 17 11	16,421 15 9	14,946 0 8	18,157 5 10	69,327 0 2

*Melbourne, 2nd March, 1885.*

SIR,

IN accordance with the request contained in the letter of the 31st December addressed by the Honorable the Premier of Tasmania to the Honorable the Premier of Victoria, and with the permission of the Victorian Cabinet, I have considered the question in dispute between the Tasmanian Government and the Tasmanian Main Line Railway Company as to whether certain charges defrayed out of the earnings of the Railway are, in accordance with the terms of the contract, chargeable to Maintenance or Construction.

Clause 1 of the contract between the Government and the Railway Company provides that the latter shall construct, maintain, and work the Railway between Hobart Town and Launceston or to its junction with the Launceston and Western Railway.

Clause 5 guarantees the Company, for periods therein defined, interest at the rate of 5 per cent. per annum upon a sum not exceeding £650,000, or an aggregate guaranteed interest of £32,500 per annum.

Clause 6 provides that such interest will not be paid if the Company does not maintain and efficiently work the Railway.

Clause 16 imposes upon the Company the obligations to keep and maintain the undertaking in good and efficient repair and working condition.

The essence of the Contract, therefore, was, that in consideration of a certain guarantee the Railway Company undertook to provide efficient railway accommodation between Hobart and Launceston.

Both parties undertook their respective obligations and consequent responsibilities on the basis that one required a railway to be properly constructed and worked, under a maximum guarantee of £32,500 per annum, and the other was willing to incur the obligation of providing and working such a railway in consideration of the guarantee in question.

No provision is made in the agreement as to additional capital, and the inference is that the Company was prepared to provide whatever money was necessary for them to carry out their obligation.

The Government have from time to time paid the amount of their guarantee, and therefore have discharged to the full the obligation they incurred.

The Company have constructed and are working the Railway, but, having no unexpended capital, have no means for providing any additional works or stock necessary for the growing requirements of the traffic.

The proviso for the Government purchasing the undertaking (Clause 16) merely leaves it to Arbitrators to determine the terms, without laying down the principles upon which such terms should be ascertained.

A clear line should therefore be drawn, in view of the powers of the clause being exercised, between expenditure properly chargeable to working expenses and capital, or an unintentional injustice might be done to the Government through improvements effected at the cost of revenue being treated by the Arbitrators as capital items, and therefore enhancing the value of the undertaking to be taken over.

In dealing with the question it would be undesirable in the interests of the Colony to overlook the necessity for properly meeting the growing requirements of the traffic; and as it is admitted that the Railway Company have no capital out of which the accommodation necessary for such additional requirements can be provided, an understanding should be arrived at between the Government and the Railway Company to meet these contingencies.

It may be said that this is the business of the Company, but, as all improvements and increased facilities benefit the Colony, to restrict them would be unwise.

The Railway Company having no money, and their credit not being good enough to enable them to raise more capital, they would be unable to give facilities for the traffic if debarred from expending out of revenue moneys necessary for improving the undertaking.

On the other hand, it is unfair to the Government to have revenue drawn upon for expenditure of this character unless they assent to the outlay, and such outlay is earmarked, so that whenever the undertaking is required by the Government the valuers may identify and take it into account as a fund provided by the Government, and not by the Railway Company.

The whole of the expenditure enumerated in the list submitted to me, amounting to £5987 7s. 11d., with the exception of £125 19s. 2d. for restoring the damage done by fire at Bridgewater, is properly a capital charge, and would have been so provided by a Company with any capital at its disposal; but if the Revenue Account for 1883 was credited with £1707 10s., the amount realised from the sale of one engine and 10 wagons, the value of the working stock provided out of capital would be reduced by that sum, and it should therefore be deducted from the £5989 17s. 11d. before the net improvement in accommodation for the year 1883, properly chargeable to capital, could be ascertained.

If the Tasmanian Main Line Company are to continue to run and work the Railway, and the Government are willing to waive the contention that any capital required to efficiently work and maintain the Railway should be provided by the Company,—and this I recommend them to do,—there should be a clear understanding as to how the amount now in dispute is to be dealt with, and the circumstances under which future expenditure of a like character should be incurred.

The simplest settlement would be to ear-mark the outlay, so that it can be identified whenever a valuation takes place, and in future the Company should obtain the assent of the Government before incurring expenditure of that character, and be agreed as to how the money is to be provided.

But, looking at all the circumstances and the future of the Tasmanian Railways, the desirability of not having two systems of Railway ownership in the Colony, and the liability to dispute and divergence of opinion as to what are the interests of the Company and those of the Colony, I strongly advise the Government to come to some equitable arrangement with the Railway Company for acquiring the Railway.

I have the honor to be,  
Sir,

Your obedient Servant,

R. SPEIGHT.

*The Hon. W. H. BURGESS, Treasurer, Tasmania.*

*The Treasury, 9th March, 1885.*

SIR,

REFERRING to Mr. Speight's Report of the 2nd instant, which was forwarded to you for perusal shortly after its receipt, I have now the honor to enclose for your information a printed copy of the Report, and also the papers which were submitted to Mr. Speight when he was asked to consider the subject of dispute between the Government and the Company. In doing so I desire to draw your attention to clause 17 of the Report, and I shall feel obliged if you will let me know if the Revenue Account for 1883 was credited with the sum of £1707 10s., amount realised from the sale of one engine and ten wagons.

I have, &c.

*The Colonial Auditor.*

W. H. BURGESS, *Treasurer.*

*Audit Office, Hobart, 16th March, 1885.*

SIR,

IN reply to your letter of the 9th instant, covering a printed copy of Mr. Speight's Report on the dispute between the Government and the Tasmanian Main Line Railway Company, and papers connected therewith, I have the honor to inform you that the sum of £1707 10s., realised from the sale of one engine and ten wagons, was credited to the Revenue Account of 1883. (See my Report of 14th July, 1884.)

In Clause 17 of the Report, Mr. Speight is of opinion that if the above sum of £1707 10s. has been credited to the Revenue Account of 1883, it should be deducted from the sum of £5989 17s. 11d. before the net improvement in accommodation for the year 1883 properly chargeable to capital can be ascertained. It is probable, however, in giving this opinion, that Mr. Speight has not been aware that the cost of new and improved rolling stock to replace those sold had been charged to the Revenue Account of 1883 as renewals, and that this charge formed no part of the item £5989 17s. 11d., which is considered to be properly chargeable to capital account, as it is noticed that these facts have not been specially mentioned in the Report on the Audit examination of the Railway accounts for that year. The cost of the renewal rolling stock amounts to at least £6000; the Company have been allowed the benefit of the new rolling stock without question because it was considered right that the old stock should be replaced with new of an equal original value, and because, for reasons not necessary to be stated here, it would be very difficult indeed, if not impossible, to arrive at the difference in value of the old and the new; it was also thought desirable to treat the Company in this respect in a fair, if not liberal spirit, as by the improved accommodation, which gives greater facilities for traffic and more comfort to the travelling public, the Colony is

benefited; besides it was considered that the cost of renewals is always treated as a proper charge to working expenses, and that the old stock was worn out in earning revenue, and therefore should be credited with a certain percentage annually for depreciation at least.

It will be noticed that the Revenue Account is charged with new and improved rolling stock in lieu of the old to the advantage of the Company: should it not therefore receive as a set-off the value of the old stock which it replaces at a considerable additional expense? If the amount realised on sale of the latter be credited to capital, the Company evidently derives a twofold advantage, and the power is placed in its hands of greatly improving its property out of the revenue, for it would then be possible to sell year by year large quantities of rolling stock in use and replace the same by improved and more costly material when the necessity to renew did not actually exist.

It would perhaps be desirable before finally dealing with the matter in dispute that Mr. Speight be asked to consider the question raised in this letter.

I have, &c.

W. LOVETT, *Colonial Auditor:*

*The Hon. the Treasurer.*

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*Tasmanian Main Line Railway Company, Limited,  
General Manager's Office, Hobart, 24th March, 1885.*

SIR,

I HAVE the honor to inform you that having, from a paragraph in the *Mercury* of this date, obtained the opinion of the Colonial Auditor on my proposal made you verbally as to the deduction of £1707 10s. from the £5989 17s. 11d., being figures mentioned in the Report of Mr. Speight, I have looked into the matter, and find that the Colonial Auditor's views are correct, the ten wagons sold during the year 1883 having been renewed.

The engine being also replaced in 1884, there is no reason why the sum of £1707 10s. should be considered as affecting the larger amount in question.

Regretting that I should have troubled you through my misapprehension of the matter,

I have, &c.

*The Hon. the Treasurer.*

C. H. GRANT.

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*Tasmanian Main Line Railway Company, Limited,  
General Manager's Office, Hobart, 14th April, 1885.*

SIR,

I HAVE the honor to forward you herewith an Abstract of the Traffic Receipts and Expenditure (so far as it can be made up in this Colony) of the Tasmanian Main Line Railway Company, Limited, for the quarter ending the 31st March, 1885.

You will notice that the quarter's revenue has increased from £19,801 17s. 11d. in 1884 to £21,683 12s. in the present year, and that the expenses show a diminution of from £19,366 13s. 5d. to £18,194 11s. 7d. I have every reason to hope that the increase in the Traffic Receipts will continue during the remainder of the year.

Acting on former precedents, I forward herewith an account for the full amount of the guaranteed interest on the past quarter, amounting to £8125, to which is added the balance of previous accounts, or £1377 18s. 4d., making a total of £9502 18s. 4d., which, I trust, you will direct the payment of within the usual period allowed under the contract.

In regard to the negotiations which I have had the honor to enter into with the Premier for a final settlement of various matters in dispute, I can only observe that up to the present time I have not been favoured by the receipt of his statement of the views of the Government, which was promised when I last had the honor of conferring with him on the subject.

I have, &c.

C. H. GRANT

*Hon. W. H. BURGESS, M.H.A., Treasurer.*

## TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

Accountant's Office, Hobart, 11th April, 1885.

AN ABSTRACT showing the Receipts and Expenditure of Traffic, &amp;c. conveyed over the Tasmanian Main Line Railway for the Three Months ending March 31, 1885.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Expenditure—				By Receipts—			
Permanent Way.....	6455	12	10	Passengers .....	12,691	10	0
Locomotive Power .....	4612	6	5	Parcels .....	606	6	11
Carriages and Wagons .....	1731	11	11	Horses, Carriages, and Dogs....	331	2	0
Traffic Expenses .....	2395	13	0	Excess Luggage .....	118	15	8
General Charges, London .....	800	0	0	Left Luggage .....	14	17	0
Ditto, Tasmania .....	938	8	11	Telegrams.....	102	13	1
Miscellaneous Expenses .....	176	11	0	Mails .....	850	0	0
Launceston & Western Railway				Goods .....	5731	12	0
Toll .....	1084	7	6	Minerals.....	307	8	9
	18,194	11	7	Live Stock ...	678	11	10
Balance carried forward.....	3489	0	5	Rents and Sundries.....	250	14	9
	<u>£21,683</u>	<u>12</u>	<u>0</u>		<u>£21,683</u>	<u>12</u>	<u>0</u>

R. J. ELLIS, Accountant.

C. H. GRANT, General Manager

## T A S M A N I A.

## THE GOVERNMENT OF TASMANIA Dr.

## To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1885.	Guaranteed Interest Department.	£	s.	d.
Jan. 1 to	Balance due upon Accounts rendered to December 31, 1884 .....	1377	18	4
Mar. 31.	To One-fourth proportion of the yearly Interest guaranteed by the Government of Tasmania to the Tasmanian Main Line Railway Company, Limited, at the rate of 5 per cent. per annum on the sum of £650,000 expended on the construction of the Railway, and payable according to the terms of the Act of Parliament 46 Victoria, No. 43, Section 5—			
	One-fourth of £32,500.....	8125	0	0
		<u>£9502</u>	<u>18</u>	<u>4</u>

Amounting to Nine thousand five hundred and two pounds eighteen shillings and fourpence.

For the Tasmanian Main Line Railway Company, Limited,

R. J. ELLIS, Accountant.  
April 11th, 1885.

C. H. GRANT.

28th April, 1885.

SIR,

WITH reference to the Main Line Railway Company's account forwarded by you on the 14th instant, amounting to £9502 18s. 4d., I have the honor to call your attention to my letter of 29th October, 1884, and 30th January last; and have to intimate to you that the Government having received Mr. Speight's report (a copy of which you have been furnished with), intend to deduct from the claim now in the Treasury for the March quarter £4088 13s. 5d., which, together with £1500 withheld when making the last payment, and also various smaller amounts, in all £275 5s. 4d. stopped during 1883, amounts to £5863 18s. 9d., being the sum due to the Colony on account of the year 1883, as shown by the Auditor's Report, and confirmed by Mr. Speight, Chairman of Victorian Railways. In addition to the foregoing I have instructed that the sum of £25 be withheld on account of the March quarter.

I have now to inform you that I have directed the Under-Treasurer to pay you the sum of £4011 6s. 7d.; and in making this payment I have to state that it is made without prejudice to any amounts in dispute between the Government and the Company as to the balance to be struck on account of the year 1884, according to the terms of Act of Parliament, 46 Vict. No. 34, s. 5.

I have, &c.

W. H. BURGESS, *Treasurer.*

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

*Audit Office, Hobart, 5th May, 1885.*

SIR,

I HAVE the honor to enclose herein, for your information, a copy of my Report to the Government on the accounts of the Tasmanian Main Line Railway Company for the year 1884.

I have, &c.

W. LOVETT, *Colonial Auditor.*

*The Honorable the Treasurer.*

*Audit Office, Hobart, 4th May, 1885.*

SIR,

I HAVE the honor to inform you that the Accounts of the Tasmanian Main Line Railway Company (Limited) for the year 1884 have been examined, and to submit my Report thereon for the information of the Government.

The total receipts to be credited to Revenue Account amount to £69,286 1s. 2d., being £40 19s. less than is shown in the Company's books, the latter having included an item added to the receipts of 1883, as noticed in my report of 14th July last. The year's receipts show an increase of £235 over those of the year 1883, the average per train mile being 4s. 2·8d. as compared with 4s. 5·7d. for 1883.

The expenditure debited to Revenue account in the Company's books amounts to £68,879 13s. 2d., showing an excess of £499 on that charged to the account of 1883; but presuming that the expenditure for new works should be considered as properly chargeable to Capital account, this amount would be reduced by £8190 12s. 9d., the following items of expenditure for new works, not being renewals, having been included in the Company's expenditure as charges against Revenue:—

	£	s.	d.
New cart road at Jericho siding.....	50	4	5
Two new engines, Nos. 15 and 16.....	5073	5	6
Five new second-class carriages.....	3014	12	10
Three new horse-boxes.....			
Ten low-sided trucks.....			
Five new cattle trucks.....			
Six new platform trucks.....	15	0	0
Gatekeeper's lodge at Austin's Ferry.....	37	10	0
Ditto at Wilson's and 23rd peg.....			
	£8190	12	9

It is noticed also that a new lathe, costing £440, was imported by the Company during the year 1884, but the General Manager states that this was bought to replace an old one nearly worn out.

The profits on the Revenue account for the year 1884 available for reduction of the guaranteed interest will therefore amount to £8637 19s. 9d.; viz.—

	£	s.	d.	£	s.	d.
Receipts .....	..	..	..	69,286	1	2
Add amount included by Company.....	..	..	..	40	19	0
				69,327	0	2
Expenditure.....	68,879	13	2			
Less items chargeable to Capital.....	8190	12	9	60,689	0	5
				£8637	19	9

The Revenue account has been credited with the following amount for stores and material sold during the year 1884 and work done, either in reduction of expenditure, addition to receipts, or, in a few instances, credits to Stores account:—

	£	s.	d.
Sold to Van Diemen's Land Company—			
Rail-curving machine.....	30	0	0
Dog spikes, 4 tons.....	75	4	0
Points and crossings, 12 sets.....	234	4	2
Repairing tender wheels.....	25	1	8
Three tricycles.....	31	0	0
13,000 passenger tickets.....	1	16	10
Sold to J. C. Climie, O'Brien's Bridge—			
64 tons old rails, 3 sets old points and crossings, &c.....	342	1	0
1 set of old points and crossings.....	21	10	0
Material, labour, engine hire, &c.....	258	8	11
Elwick Railway Company—			
For labour, material, &c.....	20	18	8
H. Chesterman, Public Works Department, Fergus & Blair, and A. Crisp—			
For labour, material, &c.....	274	14	2
A. Crisp—Portable engine.....	200	0	0
Mount Bischoff Tin Mining Company—2 sets of points and crossings..	58	0	0
Launceston and Western Railway—3 tricycles.....	31	0	0
Coal to Officers Tasmanian Main Line Railway.....	7	2	7
Old sleepers.....	21	3	4
Over 200 tons old rails, fish-bolts, scrap iron, &c.....	930	0	0
Western Port Coal Company, Victoria—			
10 wagons (M1 to 10).....	300	0	0
4 engine tyres.....	24	0	0
	<u>£2886</u>	<u>5</u>	<u>4</u>

The estimated amount for London expenses, included in the accounts for the year 1883, has been exceeded by £1156 3s. 1d., and the latter amount has been debited to the year 1884 as an adjustment, in accordance with Clause 9 of the Contract; the total expenditure under this head for 1883 having, therefore, amounted to £4356 3s. 1d.

The Engineer-in-Chief, in a letter addressed to me dated 24th March, states that the excess weight of rails imported during 1884 and to date, chargeable to "Construction," will amount to about 80 tons, as the difference between 40 lbs. and 45 lbs. rails, valued at £600; and that the items of Construction noted, during an inspection of the Railway, as having been carried out since his last examination in May, 1884, were—

Metalled road at Jericho station, value.....	£100	0	0
Urinal, &c. at the Corners.....	30	0	0
New Tea Tree station commenced, incomplete as yet.			

The General Manager of the Company explains:—

1. With reference to the new rails, that the excess weight must be less than is estimated, as only 500 tons' weight had actually been issued, a portion of which replaced 42½ lbs. steel rails; also that the cost of the new rails was £7 1s. 6d. per ton, and that of the rails they replaced was from £10 to £14 per ton, the latter having been purchased when permanent way material was at the highest price it has reached for many years. Mr. Grant is also of opinion that there is no recent precedent in the accounts of any Government or Railway Company for charging any slight addition in the weight of permanent way material used for maintenance to a Capital account, and that in this case it would be certainly wrong to do so.
2. That with respect to the metalled road at Jericho, the cost was only £50 4s. 5d., as stated in the table of new works.
3. That the erection of urinals at the Corners was simply a replacement of others pulled down on the opposite side of the Railway for sanitary reasons.

As this matter is one which can only be decided by Railway experts, I do not think it desirable to express an opinion thereon; and the items, with the exception of one already noticed, have not been dealt with as Capital charges.

With the exceptions noted, the accounts and vouchers have been found correct, and the sums included therein properly apportioned to the different heads of account in the Company's books.

I have, &c.

The Honorable the Chief Secretary.

W. LOVETT, Colonial Auditor.

## APPENDIX to Report on Tasmanian Main Line Railway Accounts for the Year 1884.

## TASMANIAN MAIN LINE RAILWAY.

## LONDON OFFICE EXPENSES, 1883.

	£	s.	d.	£	s.	d.
Salaries of Directors and Auditors .....	...			2031	10	0
Office rent, Salaries, and expenses .....	...			854	16	2
Engineering expenses.....	...			228	12	3
Total shown in Director's Report under General Charges .....	3114	18	5			
Interest and Discount (paid in London) .....	...			197	1	10
Shown in Director's Report under "Net Revenue Account" .....	197	1	10			
Trustees' Remuneration (as voted at General Meeting 26th June, 1883,) 3 Trustees, each £157 10s., for 6 years' services at £26 5s. per year .....	...			472	10	0
Balance of Account with North Western Railway of Monte Video Company.....	...			571	12	10
Claims for rent, &c. were brought to account year by year as "Receipts" until the whole amounted to...	1571	12	10			
The Monte Vido Company being in liquidation the sum of.....	1000	0	0			
was accepted, and the balance had to be written off,—viz.....	571	12	10			
Shown in Director's Report under "Miscellaneous Expenses" .....	1044	2	10			
				£4356	3	1

W. LOVETT, *Colonial Auditor,*  
4th May, 1885.

*Tasmanian Main Line Railway Company, Limited,*  
*General Manager's Office, Hobart, 27th May, 1885.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter dated the 28th ultimo, in which you inform me that the Government having received Mr. Speight's Report intend to act thereon, and to deduct £4088 13s. 5d. from the claim of the Tasmanian Main Line Railway Company, Limited, against the Treasury, on the ground that such sum is due to the Colony on the accounts of the year 1883, as shown by the Colonial Auditor's Report, confirmed by Mr. Speight.

Having had the honor, since the receipt of your letter, of several interviews with the Honorable the Premier and yourself, at each of which I have pointed out that the Government are not adopting the recommendation of Mr. Speight by which this Company would be saved from most serious inconvenience, but are acting most inequitably in deducting money which was necessarily expended by the Company solely for the benefit of the undertaking, that is, for the advantage of the Colony; and that the Company are neither directly nor indirectly financially interested in such outlay.

I must now earnestly protest against the stoppage of any portion of the guaranteed interest, which the accounts of the Company show to be due to them, and of which a portion at least cannot fairly be charged against the Company.

Although a copy of Mr. Speight's Report was sent to my Directors by the first mail after its receipt, there has not yet been time to obtain a reply thereto. I do not, however, apprehend but that the Company would be willing to make an arrangement with the Government on the principles recommended by Mr. Speight, viz.—that amounts in question for 1883 and 1884, and any future capital expenditure, should be so marked that it could be identified and allowed as a credit when the valuation of the Railway on its sale to the Government is made, and that the Company should in future obtain the assent of the Government before incurring expenditure of a "capital" character.

Since the Government have not, up to the present time, informed me of their intention either to consider or to submit to Parliament the equities of the case laid down by Mr. Speight, I am unable to avail myself of your offer to pay a (much reduced) portion of the guaranteed interest; and as the

delay in receiving even this sum must necessarily seriously prejudice the Company, I must earnestly request that a further consideration should be given to the matter, and that I should be assured of the full concurrence of the Government in all the recommendations made by their adviser.

*Hon. W. H. BURGESS, M.H.A., Treasurer.*

I have, &c.

C. H. GRANT.

*Treasury, Hobart, 28th May, 1885.*

SIR,

By direction of the Honorable the Treasurer, I am to acknowledge the receipt of your letter of the 27th instant in reference to the payment of guaranteed interest to your Company, subject to certain deductions, and to state, in reply, that it will receive due consideration.

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

I have, &c.

J. E. PACKER.

*Treasury, Hobart, 3rd June, 1885*

SIR

REFERRING to yours of the 27th ultimo, I have now the honor to inform you that having given the subject my careful consideration, I cannot alter the decision conveyed to you in my letter of 28th April last.

As Treasurer, it is my duty to see that the interests of the Colony are duly protected, and I regret that you should think that the Government "are acting most inequitably in deducting money which was necessarily expended by the Company solely for the benefit of the undertaking, &c."

I desire to draw your special attention to that paragraph in your letter wherein you state "I must now earnestly protest against the stoppage of any portion of the guaranteed interest, which the accounts of the Company show to be due to them, *and of which a portion at least cannot fairly be charged against the Company.*" I presume from this you infer that Mr. Speight has decided that the T.M.L.R. Co. should pay for some objectionable items. If this is so, I shall be very glad to have any items you object to reconsidered, as you may rest assured that the Government do not desire to debit the Company with any item that is not fairly and reasonably chargeable.

With reference to Mr. Speight's Report, I think you are in error. It is true that Mr. Speight points out the position of the Company in reference to new works, &c., and suggests a means of meeting the difficulty, and he also recommends the purchase of the Line; but these are recommendations only, and cannot in any way affect the position as to what is due to the Colony on the accounts in question.

I notice that you state you have not yet received any reply from your Directors with reference to Mr. Speight's Report. This, no doubt, will come to hand shortly, and the Government will then be fully prepared to discuss with you the advisability of arranging a scheme for the guidance of your Company in the future; but this, as I have already informed you, cannot in any way affect the decision arrived at with reference to the accounts for the year 1883.

I have, &c.

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

W. H. BURGESS, *Treasurer.*

*Treasury, 3rd June, 1885.*

SIR,

I HAVE the honor to forward herewith a draft on the Bank of New South Wales, Melbourne, for the sum of one hundred guineas, which I have to request your acceptance of in connection with your recent visit to this Colony to advise the Government on certain points connected with the accounts of the Tasmanian Main Line Railway Company for the year 1883.

I have, &c.

W. H. BURGESS, *Treasurer.*

RICHARD SPEIGHT, *Esq., Chairman Victorian Railways.*

*Treasury, Hobart, 4th June, 1885.*

RECEIVED from the Honorable the Treasurer the sum of Four thousand and eleven pounds six shillings and seven pence, on account of guaranteed interest, for the quarter ending 31st March, 1885; but such payment is made and received without admitting the right of the Government to deduct £5863 8s. 9d., and without prejudice to any further or other claims 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 Company, Limited, by their Attorney,*  
C. H. GRANT.

Witness—THOS. F. DOSSETOR.

*Tasmanian Main Line Railway Company, Limited,*  
*General Manager's Office, Hobart, 12th June, 1885.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter dated the 3rd instant, in answer to my letter of the 27th May last, and beg to express my obligation for the length at which you have entered into the questions in dispute between the Government of Tasmania and the Tasmanian Main Line Railway Company, Limited.

You kindly state that I may rest assured the Government do not desire to debit the Company with any items which are not fairly and reasonably chargeable to Capital Account, and will reconsider any objection I may have to them; while you also refer to the purchase of the Line. You further inform me that on the receipt of a reply from my Directors as to their views on the Report made to you by Mr. Speight, the Government will be prepared to discuss with me the advisability of arranging a scheme for the guidance of the Company in the future; but up to the date of my last advices such Report had not reached them.

Apprehending that the Company might be seriously inconvenienced by the stoppage of a portion of the last quarter's subsidy, and by the Government possibly electing to deal in a similar manner when the next guaranteed interest becomes due, I feel it incumbent upon me, without waiting for the instructions of the Board, to again press the oft repeated views of the Company upon the Government. Acting upon your suggestion verbally made, that I might address either the Premier or yourself in the reply, and inasmuch as the previous correspondence took place with the Premier, I have thought it more convenient to write him. I shall therefore feel obliged if you will consider my communication to him as the reply upon the terms of your letter.

I have, &c.

C. H. GRANT.

*Hon. W. H. BURGESS, M.H.A., Treasurer.*

*Tasmanian Main Line Railway Company, Limited,*  
*General Manager's Office, Hobart, 14th July, 1885.*

SIR,

I HAVE the honor to forward you herewith an Abstract of Receipts and Expenditure on account of Traffic, so far as it can be made up in this Colony, of the Tasmanian Main Line Railway Company, Limited, for the quarter ending the 30th June last, which you will doubtless notice shows a satisfactory increase in receipts on the corresponding quarters of previous years.

The expenditure has not increased in quite the same proportion, but is necessarily larger, as it will be each year, on account of the period of time since the opening of the railway approaching that of a maximum expense attending upon the departments of permanent way and rolling-stock on all new lines.

In rendering the account for the quarter's interest of Eight thousand one hundred and twenty-five Pounds (£8125), I have brought forward the previous debit balance which, notwithstanding that it has not at present been paid by the Government, will I trust shortly be allowed to the Company, since it does not seem reasonable that the Company should be deprived of the interest which is fairly due on their Capital expenditure; the outlay questioned having been wholly for the benefit of the Colony. In the event of your not at present settling the full amount, I have most earnestly to request that you will pay such a large proportion thereof as to relieve the Company from the very serious inconvenience they would otherwise be exposed to, and hope that an equitable arrangement will speedily be arrived at between the Government and the Company, providing for an honorable settlement of every question in dispute.

I am, &c.

*Hon. W. H. BURGESS, M.H.A., Treasurer.*

C. H. GRANT.

## TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

Accountant's Office, Hobart, 14th July, 1885.

AN ABSTRACT showing the Receipts and Expenditure on Account of Traffic, &amp;c., conveyed over the Tasmanian Main Line Railway for the Three Months ending 30th June, 1885.

Dr.	£ s. d.	Cr.	£ s. d.
To Expenditure—		By Receipts—	
Permanent Way .....	6302 6 7	Passengers .....	9212 15 9
Locomotive Power .....	3842 11 7	Parcels .....	603 0 3
Carriages and Wagons .....	2701 3 8	Horses, Carriages, and Dogs .....	248 15 5
Traffic Expenses .....	3003 9 6	Excess Luggage .....	108 9 1
General Charges, London .....	800 0 0	Left Luggage .....	10 5 9
Ditto, Tasmania .....	937 7 8	Telegrams .....	66 17 1
Miscellaneous Expenses .....	64 5 2	Mails .....	750 0 0
Launceston and Western Railway Toll .....	1084 7 6	Goods .....	6066 0 1
		Minerals .....	345 7 10
		Live Stock .....	661 13 2
		Rents and sundries .....	204 17 6
	18,735 11 8		18,283 1 11
Balance carried forward to next quarter .....	3036 10 8	Balance brought forward from last quarter .....	3489 0 5
	<u>£21,772 2 4</u>		<u>£21,772 2 4</u>

R. J. ELLIS, Accountant.

C. H. GRANT, General Manager.

## T A S M A N I A.

## THE GOVERNMENT OF TASMANIA Dr.

## To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1885.	Guaranteed Interest Department.	£ s. d.
April 1 to June 30.	Balance due upon Accounts rendered to March 31, 1885 .....	5491 11 9
	To One-fourth proportion of the yearly Interest guaranteed by the Government of Tasmania to the Tasmanian Main Line Railway Company, Limited, at the rate of 5 per cent. per annum on the sum of £650,000 expended on the construction of the Railway, and payable according to the terms of the Act of Parliament 46 Victoria, No. 43, Section 5—	
	One-fourth of £32,500 .....	8125 0 0
		<u>£13,616 11 9</u>

Amounting to Thirteen thousand six hundred and sixteen pounds and eleven shillings and ninepence.

For the Tasmanian Main Line Railway Company, Limited,

C. H. GRANT.

R. J. ELLIS, Accountant.  
14th July, 1885.

Treasury, 20th July, 1885.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 14th instant, forwarding Abstract of Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, for the quarter ended 30th June last, and I note your appeal that you have most earnestly to request that in dealing with this claim I will pay such a large proportion thereof as will relieve the Company from serious inconvenience.

In previous communications I have assured you that in the discharge of the duty of the Government as to the proper adjustment of accounts there is no desire to embarrass the Company; I can now only confirm that assurance.

I have the honor to enclose herewith for your information copy of the Colonial Auditor's Report on the accounts of your Company for the year 1884, and in doing so I have to draw your attention to the statement that the sum of £8190 12s. 9d. has been expended by the Company on new works which should properly be charged to capital account, and not be treated as part of the cost of the maintenance of the line, to be borne out of receipts. You will also observe that in addition to this sum the Report shows the profit on the working of the line to be £447 7s. for the year 1884, and I should like to draw your particular attention to a charge of £440, cost of a new lathe imported for use in the Company's workshop at Hobart. I shall be glad to have your observations with regard to these items as soon as possible.

In the Appendix to the Auditor's Report allusion is made to the payment in London of £472 10s., being Trustees' remuneration. I most emphatically protest against this charge, and must press you to furnish me with an explanation in regard thereto.

The Auditor's adjustment of accounts for 1884 shows that a considerable reduction in the amount of guaranteed interest has to be made, and that the Treasury is now in no way indebted to the Company, but on the contrary must reconcile the accounts for the year referred to in the manner provided under the Contract. But bearing in mind your earnest request that the Government will make such a payment to you as will relieve the Company from serious inconvenience, I am prepared to sanction the payment of £3500 to meet your present necessities; but at the same time it must be clearly understood that the account for 1884 will be fully adjusted in October next out of moneys to become due to your Company for the September quarter of the year.

I have, &c.

W. H. BURGESS, *Treasurer.*

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

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*Tasmanian Main Line Railway Company, Limited,  
General Manager's Office, Hobart, 27th July, 1885.*

SIR,

I HAVE the honor to acknowledge the due receipt of your letter dated the 20th instant, and beg to thank you for the assurance that the Government have no desire to embarrass the finances of the Tasmanian Main Line Railway Company, Limited.

As regards the outlay on a new lathe, mentioned in the Report of the Colonial Auditor, of which you enclosed a copy, I have to remark that it was imperatively required for the service of the Line, and replaces an old one which had become largely deteriorated in value from constant use. Under ordinary circumstances the old lathe would have been sold, but the Locomotive Superintendent considered that it would realise but a very small sum in proportion to its use to the Company for light work of various kinds, and that it would therefore be injudicious to sell it; and the Colony is not prejudiced by its retention, since all the profit on work done therewith is credited in reduction of the guaranteed interest. The whole amount questioned represents a very small sum indeed in comparison with the general deterioration of the "Shop tools."

The profit on the working of the Line for 1884 is shown as a credit in the Accounts presented on the 14th January last.

The remuneration to Trustees paid in 1884 was simply a small additional allowance to three of the Directors for undertaking the management of the Funded Interest Certificates, created under the Company's Imperial Act, which had been attended to by them for six years before any proper acknowledgment had been made of their services. It would have been better shown as Directors' fees, and so long as the Railway remains the property of a Public Company there must necessarily be expenses under this heading. The annual charge is now only £78 15s., and when the certificates are paid off, as they must shortly be, this charge will cease.

Since you inform me that you are prepared to sanction the payment of £3500 on account of the claim presented on the 14th instant, in order to reduce the inconvenience to the Company, I propose to avail myself of the money, on the same conditions as hitherto, in the hope that the Government will forthwith consider the equitable conditions of the contract, so forcibly submitted by Mr. Speight, and, if necessary, will obtain the opinion of Parliament thereon at its present Session. The instructions from my Directors as to what course should be pursued under all the circumstances of the case have not yet reached me, but I trust they will be anticipated by a final and satisfactory settlement with the Government on the terms I have offered, and which, for a long time, I considered to have the full assent of the Government.

I have, &c.

C. H. GRANT.

*Hon. W. H. BURGESS, M.H.A., Treasurer.*

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*Treasury, Hobart, 29th July, 1885.*

RECEIVED from the Honorable the Treasurer the sum of Three thousand five hundred pounds, on account of the guaranteed interest, for the quarter ending 30th June, 1885; but such payment is made and received without admitting the right of the Government to deduct certain moneys on account of the years 1883 and 1884, and without prejudice to any further or other claims 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.

£3500

Witness—W. BENSON.

*Treasury, 4th August, 1885.*

SIR,

I AM in receipt of your letter of the 27th ultimo in answer to mine of the 20th.

I have noted your explanation with regard to the new lathe purchased for use at the Hobart workshop, and I will consider the same when dealing with the item in dispute.

On reference to the account presented on the 14th January last, I observe that the profit on the working of the line for 1884 is shown as a credit.

I cannot accept your explanation with regard to remuneration to Trustees paid in London in 1884 as satisfactory, and therefore I shall be glad if you will record my strongest protest against the charge, and intimate to your directors that I press for some more satisfactory explanation than that tendered in your letter of the 27th ultimo.

In the concluding paragraph of your letter you express the hope that the Government will forthwith consider the equitable conditions of the contract, so forcibly submitted by Mr. Speight. In answer to this I must refer you to my communication of the 3rd June last, in which I informed you that I thought you were in error with regard to Mr. Speight's report. I still think so, and must draw your attention to what I said on the date referred to.

The Government does not desire to do otherwise than consider the equitable conditions of the contract, and in dealing with the Company simply demands that contract rights shall be observed alike by both parties thereto.

As you are now in communication with the Hon. the Chief Secretary, it is not necessary for me to enlarge upon this subject.

I have &c.,

W. H. BURGESS, *Treasurer.*

*The Manager T.M.L.R. Co.*