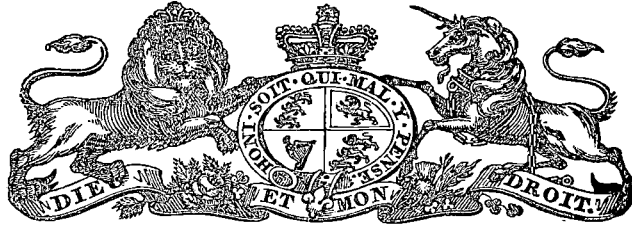


(No. 88.)



1887.

PARLIAMENT OF TASMANIA.

AGENT-GENERAL AND CHAIRMAN MAIN LINE
RAILWAY COMPANY:

WITHDRAWAL OF MONEYS DEPOSITED IN CONSOLIDATED
BANK, LONDON, IN JOINT NAMES OF.

Return to an Order of the House of Assembly. (Mr. Burgess.)

Laid upon the Table by the Treasurer, August 9, 1887, and ordered by the House
of Assembly to be printed.



MAIN LINE RAILWAY.

On the issue of the Prospectus of the Tasmanian £1,000,000 Loan on the 6th July, the Bankers acting for the Tasmanian Government in London had notice from the Secretary of the Tasmanian Main Line Railway Company that steps would be taken with a view to obstruct the successful issue of the Loan, and that the Company had written to the Agent-General asking him to attend at their office on the following day. A meeting took place accordingly, at which the Bankers of the Government were also present, and after a discussion of three (3) hours the Directors of the Company, only at the last moment, agreed not to obstruct the Loan, on condition of having the sum of Fourteen thousand five hundred Pounds (£14,500) lodged jointly in their names and that of the Agent-General of Tasmania, pending a settlement of the points in dispute.

Out of moneys at the command of the Agent-General, the sum of Fourteen thousand five hundred Pounds (£14,500) has been placed by him to a special account at the Consolidated Bank, London, in the joint names of the Agent-General of Tasmania and the Tasmanian Main Line Railway Company, Limited, pending the settlement of certain matters in dispute between the Company and the Government of this Colony. Immediately upon receipt of advices from England intimating that this course had been taken, Ministers, both by cable and letter, declined to recognise the transaction, as being without their knowledge or authority.

Subsequently, on the 12th and 13th August, 1886, the following correspondence took place between the Agent-General and the Secretary:—

(Copy.)

Tasmanian Main Line Railway Company, 12th August, 1886.

SIR,

I AM instructed to inform you that the Board of this Company have unanimously decided that unless an agreement of the matters in dispute be arrived at, or the moneys withheld be paid under protest (pending a decision of the Courts or agreement), before the application for a settlement and quotation of the new Loan is made to the Stock Exchange Committee they will be reluctantly compelled to ask for a postponement of the said settlement and quotation.

I am,

Sir,

Your obedient Servant,

(Signed) WM. DAVIDSON, *Secretary.*

The Hon. ADYE DOUGLAS, Agent-General.

(Copy.)

13th August, 1886.

SIR,

I HAVE this morning received your letter of 12th instant, informing me that the Board of the Tasmanian Main Line Railway Company have unanimously decided that unless an agreement of the matters in dispute be arrived at, or the moneys withheld be paid under protest pending a decision of the Courts or agreement, before the application for a settlement and quotation of the new Loan is made to the Stock Exchange Committee they will be reluctantly compelled to ask for a postponement of the said settlement and quotation.

This threat will not induce me to enter into any arrangement with the Company which I consider undesirable, and until this threat is withdrawn I shall not attempt to further negotiate with the Company.

I am, &c.

(Signed) ADYE DOUGLAS.

W. DAVIDSON, *Esq., Secretary Tasmanian Main Line Railway Company,*
79½, Gracechurch-street, E.C.

Extract from Consolidated Bank Letter of 9th July, 1886.

I HAVE now to advise that the Honorable Adye Douglas, Agent-General for Tasmania, has agreed with the Directors of the Tasmanian Main Line Railway Company that he will deposit with us, in the joint names of the Agent-General for Tasmania and the Tasmanian Main Line Railway Company, the sum of Fourteen thousand five hundred Pounds (£14,500), pending the settlement of the matters in dispute between the Government of Tasmania and the Railway Company in respect to that amount. He has directed me to deduct this sum from the forthcoming Loan and deposit it in this Bank, and we purpose carrying out this arrangement accordingly.

Extract.

TELEGRAM.

LETTER of 9th July received to-day. Mine of 23rd June gave explicit instructions *re* disposal of Loan, and must be adhered to. Agent-General had no authority to make agreement with Railway for deposit of money. Government decline to recognise it.

Consolidated, London.

TREASURER.
Tasmania, 18. 8. 86.

Extract from Treasury Letter, 19th August, 1886.

THE paragraph in your letter *re* the agreement between the Agent-General and the Main Line Railway Company surprised me very much, and was the first intimation I had received of any such negotiation, and, until the receipt this morning of a letter from the Agent-General, the Cabinet were in like ignorance.

The Instructions of the Agent-General, a copy of which I have already forwarded you, expressly forbid his incurring any liability on behalf of the Government without authority.

Mr. Douglas had not received any instructions which would authorise his agreeing to a deposit of money, and also to what practically amounts to a compromise of the action now pending in respect to the disputes between the Government and the Company.

A meeting of the Cabinet was immediately held, and it was decided to forward the following cablegram to you:—"Letter of 9th July received to-day. Mine of 23rd June gave explicit instructions *re* disposal of Loan, and must be adhered to. Agent-General had no authority to make agreement with Railway for deposit of money. Government decline to recognise it."

The Premier has also telegraphed to the Agent-General on this subject.

Extract from Treasury Letter, 27th August, 1886.

ON the 19th inst. I wrote you fully with regard to the unexpected action of the Agent-General in placing to a Special Account with you the sum of £14,500, pending the settlement of certain amounts in dispute between the Government and the Tasmanian Main Line Railway Company. This communication will inform you that the action taken is not approved of, and, as the Government did not authorise the step taken, they decline to be compromised thereby.

Extract.

Via Brindisi.

*The Consolidated Bank, Limited, 52, Threadneedle-street,
London, 20th August, 1886.*

Tasmanian 4 per cent. Loan, 1886.

SIR,

I HAVE the honor to acknowledge the receipt of your telegram of the 18th instant, as follows:—

"Letter of 9th July received to-day. Mine of 23rd June gave explicit instructions *re* disposal of Loan, and must be adhered to. Agent-General had no authority to make agreement with Railway for deposit of money. Government decline to recognise it."

This telegram, I think, must have been sent without full knowledge of the facts which led to the money being deposited as mentioned in my letter of the 9th July.

I therefore beg to inform you that on the issue of the Prospectus of the Loan, on the 6th July, we had notice from the Secretary of the Tasmanian Main Line Railway Company that steps would be taken with a view to obstruct the successful issue of the Loan; and that the Company had written to the Honorable Adye Douglas, asking him to attend at their office on the following day. At the meeting held on the 7th July (at which I was present by request), a long discussion took

place extending to between two and three hours, and it was only at the last moment that the Directors of the Main Line Railway Company agreed not to obstruct the Loan, on condition of having the £14,500 lodged jointly in their names and that of the Agent-General of Tasmania, pending a settlement of the points in dispute.

At the time Mr. Douglas entered into this Agreement, and gave instructions to this Bank to place the money in the joint names, there existed no evidence that he was in any way exceeding his powers, as we were not put in possession of the printed Instructions to the Agent-General until the 26th of July.

By this document we see that Clause 9 states that the Agent-General is "not to incur any liability or enter into any contract on behalf of the Government of Tasmania, without authority in writing previously obtained."

Had these instructions been in our possession at the time, we should not have taken the responsibility of acting upon the Agent-General's orders, however much we might have considered that it would be expedient to do so: and with regard to your letter as to the disposal of the proceeds of the Loan, it did not reach until the 3rd of August.

The Directors of this Bank do not wish to incur any responsibility when it can possibly be avoided; but, in this instance, they feel that they would have been neglecting the best interest of your Colony had they refused to recognise and to act upon the undertaking of your Agent-General.

My Directors think that, upon consideration of these circumstances, and bearing in mind that the New South Wales Loan of £5,500,000 was announced before the Loan of your Government was tendered for, and that they had no evidence before them that the Agent-General was exceeding his instructions, and being solicitous for the success of your Loan, you will be of opinion that the steps taken on the 7th of July with regard to the deposit of the £14,500 were not only prudent, but advisable, in the best interest of your Government, and were a material factor in bringing about the successful issue of the Loan.

With regard to the disposal of the proceeds, we will make the payments as directed, adjusting the deposits of £14,500 by making the payments to the "Public Account of the Colony of Tasmania operated upon by the Agent-General" £75,500, instead of £90,000, so as to make the figures balance.

You will of course understand that the money being placed in joint names does not commit your Government in any way beyond the amount being held in abeyance until the points in dispute with the Main Line Railway Company are settled either mutually or by law.

We regret that it has been necessary to act without your definite instructions, but feel sure that this explanation will be satisfactory.

I have, &c.

JAS. TULLOCH, *Manager.*

Extract.

Treasury, Hobart, 13th October, 1886.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 20th of August last, informing me that you duly received my telegram declining, on the part of the Government of this Colony, to recognise the special deposit of £14,500 made by the Agent-General of Tasmania as a preliminary to negotiations for a final settlement of certain matters in dispute between the Government and the Main Line Railway Company.

I have carefully perused your explanation, for which I have to thank you; at the same time I think that in a matter of so much importance it would have been more satisfactory if you had telegraphed to this Government for immediate instructions, particularly as the Agent-General was unable to show you any authority from this Government to enter into any arrangement of the kind.

I regret that you had not a copy of the printed instructions issued for Mr. Douglas's guidance. At the same time I do not see that the possession of a copy would relieve the Bank from the necessity of having special instruction on so important a point as the payment referred to, because there are obvious and strong objections to an Agent-General or any official of the Government being allowed to operate without direct authority on the general Banking account of the Colony.

When I issued my instructions to you on the appointment of the Agent-General, you will remember that I did not in any way sanction his being permitted to operate upon any other account than the one I stated he would open with your Bank.

I trust that in future when the General Government Account is to be interfered with you will demand a direct and specific instruction, which will be most convenient, and prevent complications arising.

I fully recognise that in this instance your Directors acted, as they believed, in the best interests of the Colony, and I trust that the explicit instructions now forwarded will prevent a recurrence of any similar action.

You have acted in accordance with my wishes in deducting the amount of the special deposit from the funds authorised by me to be placed at the disposal of the Agent-General.

I have, &c.

W. H. BURGESS, *Treasurer.*

*The Manager Consolidated Bank, Limited,
52, Threadneedle-street, London.*

Extract.

Vià Brindisi.

*The Consolidated Bank, Limited, 52, Threadneedle-street,
London, 1st October, 1886.*

Tasmanian. 4 per cent. Loan.

SIR,

I HAVE the honor to acknowledge the receipt of your valued letters of the 4th and 18th August last, in the latter of which reference is made to the agreement entered into by the Agent-General and the Main Line Railway Company. My letter to you of the 20th August last went so fully into the subject that I have nothing further to add.

(Covering Despatch, Premier to Agent-General.)

Treasury, Hobart, 1st March, 1887.

Re SPECIAL DEPOSIT, £14,500.

SIR,

I HAVE the honor to enclose herewith copy of a letter addressed by me to the Manager of the Consolidated Bank, London, requesting that, as the Government of this Colony has not agreed to the terms suggested by the Agent-General and Main Line Railway Company for settlement of differences between the Colony and the Company, the Manager of the Bank will be good enough to cause the Special Deposit of £14,500, with accrued interest thereon, to be transferred to the credit of the Public Account of the Colony of Tasmania.

I shall be glad if you will inform the Agent-General of this decision, and direct him to wait upon the Manager of the Bank and afford him any information he may desire.

I have, &c.

W. H. BURGESS, *Treasurer.*

The Hon. the Premier.

1st March, 1887.

Re SPECIAL DEPOSIT, £14,500.

SIR,

REFERRING to the question of the settlement of certain matters in dispute between the Government of this Colony and the Main Line Railway Company, and which induced the Agent-General for Tasmania to assent to the special deposit of £14,500, pending the adjustment of the differences, I have now the honor to request that as the Government of this Colony has not agreed to the terms proposed at the time the special deposit was made by the Agent-General under pressure on the part of the Main Line Company, you will be good enough to cause the sum so deposited, with accrued interest thereon, to be transferred to the credit of the Public Account of the Colony of Tasmania.

On your making the transfer, the Government of this Colony will undertake to hold the Bank harmless against loss in the event of the Main Line Railway Company taking any action on account of the sum referred to being transferred, in accordance with this request, to the credit of the Public Account of the Colony of Tasmania.

The Agent-General has been instructed to communicate with you on the subject.

I have, &c.

W. H. BURGESS, *Treasurer.*

*The Manager Consolidated Bank, Limited,
52, Threadneedle-street, London.*

THE PREMIER TO THE AGENT-GENERAL.

*Hobart, 7th April, 1887.**Extract.*

REFERRING to my Despatch, No. 59, use utmost endeavours to cancel letter of 1st March,
 Treasurer to Bank.

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TELEGRAM.

London, 7th April, 1887, 11 A.M.

DESPATCH fifty-nine expected Monday reply after recent.

TASMAN, *Hobart.*

THE AGENT-GENERAL TO THE PREMIER.

*London, 14th April, 1887.**Extract.*

CANCELLED letter 1st March ; Bank prefer another.

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DOUGLAS.

*Office of the Agent-General for Tasmania,
 3, Westminster Chambers, Victoria-street, London, S.W., 15th April, 1887.*

SIR,

I HAVE the honor to inform you that in pursuance of the instructions contained in your telegram dated the 7th inst., *re* special deposit of £14,500, I immediately communicated with the Manager of the Consolidated Bank, and requested him not to take any action with reference to the letter of the Honorable the Treasurer mentioned in the telegram until I had seen him. Immediately on receipt of your Despatch No. 59, of the 2nd March, forwarding me a copy of the letter to the Bank Manager, I waited on him and arranged that the letter should be cancelled, as stated in my cable to you dated 14th current.

I have, &c.

ADYE DOUGLAS, *Agent-General.**The Hon. the Premier.**Via BRINDISI.*

*The Consolidated Bank, Limited,
 52, Threadneedle-street, London, 15th April, 1887.*

SIR,

I HAVE the honor to acknowledge the receipt, on the 4th inst., of your letter of the 17th February last, and, on the 12th inst., of your letter of the 1st ultimo. With reference to the latter, I have since had an interview with Mr. Adye Douglas, and, acting upon his instructions, as you will no doubt have anticipated, will not take any steps in the matter therein referred to.

Enclosing a copy of my letter to you of the 1st inst., with copies of its enclosures,

I have, &c.

JAS. TULLOCH, *Manager.**The Hon. the Treasurer of Tasmania, Hobart.*

FORWARDED to the Hon. the Premier.

B. STAFFORD BIRD.
 25. 5. 87.

PERUSED and returned.

P. O. FYSH.
 27. 5. 87.

The Hon. the Treasurer.