

(No. 108.)



1883.

T A S M A N I A.

H O U S E O F A S S E M B L Y.

PROPOSED RAILWAYS :

**CORRESPONDENCE WITH MANAGER TASMANIAN MAIN
LINE RAILWAY COMPANY.**

Laid upon the Table by the Minister of Lands, and ordered by the House to be
printed, September 4, 1883.



CORRESPONDENCE with the Manager of the Main Line Railway on the working of the proposed Branch Lines of Railway to Fingal and St. Mary's, and the proposed Branch Line from Bridgewater to Hamilton, in connection with the Main Line Railway.

Lands and Works Office, Hobart, 5th July, 1883.

SIR,

REFERRING to the Correspondence which passed between the Honorable the Premier and yourself last year, relative to the proposal made by you on behalf of the Tasmanian Main Line Railway Company, Limited, with regard to a contemplated Line of Railway to Fingal, I have the honor to request that you will state, for the information of the Cabinet, whether you are now disposed to renew that proposal.

I shall be glad if you can also inform me whether you are now in possession of the views of your Directors on the subject.

I have, &c.

NICHOLAS J. BROWN, *Minister of Lands and Works.*

C. H. GRANT, *Esq., Manager T. M. L.
Railway Company, Limited.*

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart, 12th July, 1883.*

SIR,

I HAVE the honor to acknowledge the due receipt of your letter, dated the 5th instant, which arrived during my absence from town, thus causing some delay in the reply.

You desire to know whether I am now disposed to renew the proposal made on behalf of the Tasmanian Main Line Railway Company, Limited, in regard to a contemplated Line of Railway to Fingal, and also whether I am in possession of the views of my Directors on this subject. I presume you refer to my letter dated the 23rd September last, and addressed to the Honorable the Premier, respecting a Line from the Corners Railway Station to St. Mary's, wherein I expressed the opinion that the Railway Company would be willing to pay from their revenue receipts the interest on the cost of construction, or, say, a maximum of £8000 per annum, and also to undertake the cost of maintenance and working.

On being informed that Parliament refused to assent to such an arrangement, my Directors instruct me that their Proprietors should have as full an opportunity of endorsing such a proposal as the Colony have assumed; and therefore—that although most anxious to assist in the development of the railway traffic in every manner—they consider that as the interests of the various classes of security holders would be affected under the operation of the 13th clause of the Contract, it will now be advisable to obtain their assent in general meeting to the proposal before it can be made legally binding.

My Directors desire that I should candidly mention the probable difficulty of getting the Bond and Shareholders to surrender any of their present advantages for the ultimate benefit of the undertaking, under the circumstances that successive Governments have recommended Parliament to forthwith exercise its option of purchasing the Line; and, moreover, that the whole advantage of any increase of traffic must from the present time, and for the next 24 years, be secured wholly by the Colony. They therefore recommend that the Government entrust them with the working of the Line, when constructed, on one of the following principles:—

1st. At net cost price.

2nd. At an agreed per-centage of receipts, with a minimum sum specified.

3rd. The surplus revenue receipts of the Main Line Railway to be used in defraying any part of the interest on cost of construction not covered by the revenue of the branch; but in such case the Main Line Company to have credit for its payments from revenue as being a repayment to the Governor under the 13th clause of the Contract. Otherwise the Government to surrender its present right under the same clause to receive half profits over six per cent. until all moneys previously received from the Government on account of the guarantee are repaid.

As regards the first proposition, it may be noted that the cost price of working the branch Line can be accurately ascertained, and that the Government under the present Contract have the fullest possible powers of audit to ascertain that it is correctly stated. Further, that the Company would have no interest whatever in working the Branch Line less economically, or less efficiently, or in any way different from the Main Line, since the pecuniary interests of the Colony could alone be affected.

On the 2nd proposition, the per-centage of receipts in other instances has varied from 35 per cent. to 90 per cent., and would therefore be difficult to fairly apportion, until the result of the first year's working is ascertained. The minimum would be founded on the cost per mile open of working the Main Line Railway, but be proportionately less allowing for the much easier grades and diminished wear and tear of the branch, and much reduced general expenses.

As to the 3rd proposition, which would involve the consent of the Company in General Meeting, it may be very positively stated that the surplus revenue of the Main Line, when the branch is opened, would be very ample to cover any unearned cost of interest on outlay, or other expense of such branch Line, and also of the New Norfolk Branch,—supposing that the revenues of such branches did not (after the first year) meet all such charges, as I am strongly of opinion that they would do if worked as branches of the trunk Line.

I am aware that it has been suggested the Government should work the Branch Lines themselves, and exercise running powers over the Main Line; but I cannot think that such an unnecessary, inconvenient, dangerous, and extravagantly costly system of management can be seriously contemplated.

It will give me much pleasure to assist in the arrangement of either of the proposals now submitted, and which I trust will be found to contain the answers you desire.

I have, &c.

C. H. GRANT.

Hon. N. J. BROWN, M.H.A., Minister of Lands and Works.

Lands and Works Office, Hobart, 23rd August, 1883.

SIR,

REFERRING to the proposals now before the House of Assembly to construct Branch Lines of Railway from the Corners Station on the Main Line Railway to Fingal and St Mary's, and from the New Norfolk Road Station of the Main Line Railway to Hamilton, I shall be obliged if you will furnish me with detailed information as to the nature of any proposition or propositions which you would be prepared to make to the Government on behalf of the Tasmanian Main Line Railway Company, Limited, to work the traffic on those lines should they be constructed.

I have, &c.

NICHOLAS J. BROWN, *Minister of Lands and Works.*

C. H. GRANT, *Esq., Manager Main Line Railway Company, Hobart.*

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart, 28th August, 1883.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter dated the 23rd instant, in which you ask for detailed information as to nature of the proposition or propositions that the Tasmanian Main Line Railway Company desire to make to the Government for working the traffic on Branch Lines from the Main Line Railway to Fingal and to Hamilton.

In replying thereto, I have to remind you that, of the propositions I ventured to submit to your acceptance in my letter of the 12th July, I gave the first place to the system of working at "net cost price," and this, it appears to me, would be the most advantageous course, both for the Government and the Company.

In this system there is little to explain, except to give you the assurance that only the actual cost proper to the Branches would be debited thereto—that is to say, the wages of station-masters, porters, drivers, firemen, and guards, also the permanent-way men, specially employed on the Branch, would be debited thereto. Similarly, the exact cost of materials used in the maintenance of the Line, and of the rolling-stock appertaining to the Branch, and of the stores necessary for running it, would be charged. I do not propose that any per-centage should be added for management expenses, or for terminal charges or disbursements at the Junction Stations (except such be incurred especially on account of the Branch Lines), because of the benefit the increase of the traffic therefrom would bring to the Main Line Company. The expenses would, therefore, represent the actual cost to the Main Line Railway Company of working each Branch.

As regards the receipts, I think it only fair and reasonable that the same passenger fares and rates for the transport of goods and live stock should apply to the Branch Lines as are current on the Main Line Railway; and that the Branch Lines should be credited with the full mileage proportion of the receipts, without any deduction on account of terminals or other charges.

Supposing that the Branches be fully supplied with rolling-stock, I would suggest that the engines proper to each Branch should, as a general rule, be kept thereon; but that when engines, wagons, or trucks run from the Branch Lines to the Main Line Railway, their mileage should be credited to the Branches at the rates current in England, as proved by the well-known regulations of the London Clearing-house. Similarly, Main Line engines or rolling-stock passing on to the Branch would be credited to the Main Line Railway on the same data.

It would, of course, be necessary that the Stock of the branch Lines and Main Line should be thoroughly interchangeable, and that there should be no hindrance to the passage of the Stock of one Line over that of another.

The Accounts of the branch Lines will of course be kept by the Main Line Company, but will be subject, as now, to the careful audit of the Government.

The maintenance of the branches would also be performed at the discretion of the Main Line Company, but be subject to inspection by the Government Engineers, in accordance with the terms of the present Contract. These matters could, however, be mutually arranged without any difficulty whatever, as also the period for rendering the Accounts to the Government, which I would propose should be quarterly, at the time that the Main Line Railway Accounts are presented.

I prefer this net cost system, because I regard the Main Line Railway as being at the present time worked wholly for the account of the Government, as regards the profits to be derived therefrom. It is certain that any profit arising from the working of the branches would be directly received by the Government, as a reduction of the guaranteed interest payable to the Company. I do not apprehend any loss on such working; but in the improbable event of this occurring, it would be as simple for the Government to pay such direct, as through the Main Line guaranteed interest.

I can see no advantage either to the Government or to the Company that the Main Line or Branch Line Accounts should be prejudiced as the result of any fixed working agreement between the two, and therefore recommend your adoption of the net cost system.

It would be difficult before the completion of the Lines to fix upon any per-centage of the gross receipts that could be appropriated to the Government, leaving the Main Line Company to take the balance of such, or to contribute from their revenue any loss. For the first 12 months it can hardly be expected that the branches would do much more than pay their working expenses, except that portion of the Hamilton Branch to New Norfolk, which would pay good interest on the cost of its construction from the date of opening. I do not therefore think that an agreement to work the Lines at an agreed per-centage of receipts, with a minimum sum specified, could be arranged at the present time.

As regards the other proposition, that the surplus revenue receipts of the Main Line Railway should be used in defraying any interest on cost of construction not covered by the revenue of the Branch, there would appear little to be gained by such an agreement, as the Colony would simply be paying as guaranteed interest to the Main Line Company what should properly be chargeable to the Branch Lines. Should, however, the Government prefer this alternative, I shall be happy to submit the proposition to my Directors, in order that a legal agreement may be drawn up; but I believe it would be necessary to obtain the consent of the Shareholders to this course.

It can, I think, scarcely be necessary I should assure you that whatever may be the terms arranged between the Government and the Company for the working of the Branches, it is advisable, in the interest of the Colony, that the Company should be left free to work the Lines in the most economical manner according to their judgment.

I cannot conceive any possible combination of circumstances under which it would be advantageous that the Government should manipulate the Branches as distinct systems from the Main Line, or in which they could promote either the efficiency or the economy of the Railway service thereby. In the early days of Railway construction, numerous and complicated agreements were adopted between the Trunk Lines of England and their Branches, as made and partly controlled by distinct proprietaries; but in practice it was abundantly proved better to leave all working arrangements to the management of the Main Lines, and the result has been that nearly the whole of the Railway system of Great Britain is in the hands of a very few Companies, which are being reduced in number year by year. In proof of this, I would ask you to refer to the long list of English Railway Companies 15 years ago, with the very abbreviated one which you now see published.

I have, &c.

C. H. GRANT.

Hon. N. J. BROWN, *M.H.A., Minister of Lands and Works.*

REFERRED to the Engineer-in-Chief for his remarks.

NICHOLAS J. BROWN.
4. 9. 83.

I THINK there is much in the proposals that is objectionable as far as the interests of the Colony are concerned; and after carefully reconsidering the whole question, am confirmed in the opinions expressed in Memo. dated 6th September, 1883, signed by Manager of L. & W. Railway and myself.

J. FINCHAM, *Engineer-in-Chief.*
6. 9. 83.

I CONCUR in the remarks of the Engineer-in-Chief.

R. W. LORD.
6. 9. 83.

Lands and Works Office, Hobart, 3rd September, 1883.

SIR,

REFERRING to your letter of the 28th ult., in which you state that your Company would be willing to undertake the working at net cost of the Line of Railway from the Corners Station on the Main Line Railway to Fingal and St. Mary's, and the Line from New Norfolk Road Station to Hamilton, if such Lines should be constructed by the Government, will you please inform me what is your estimate of the amount that would probably be chargeable against the Government for the working of these two Lines at net cost, stating the amount for each Line separately?

I have, &c.

NICHOLAS J. BROWN, *Minister of Lands and Works.*

C. H. GRANT, *Esq., Manager*
Tasmanian Main Line Railway Company, Limited.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart, 4th September, 1883.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 3rd instant, in which you desire to know what I estimate as the net cost that would be chargeable against the Government for working the branch Line of Railway from the Corners Station to St. Mary's, and from the New Norfolk Road Station to Hamilton, if undertaken by the Main Line Railway Company?

In preparing my reply, I have assumed that these branch Lines would be worked as integral portions of the Main Line Railway system, and that therefore it would not be necessary to allow for establishment charges, including expenses of management, but simply to debit each branch Line with the actual net cost incurred thereon, and necessary thereto; since it would be only reasonable for the Main Line Railway Company to undertake any other incidental expenses in consideration of the increased traffic that the branch Lines would necessarily bring to the trunk. I also assume that the Lines would be fully equipped with rolling stock, duplicates, and every necessary accommodation for commencing operations and making repairs.

In the case of the St. Mary's branch, I presume that, in the first instance, one train per day in each direction would suffice for the ordinary traffic, independent of minerals, in which case the cost

per annum would not be likely to exceed £4900 chargeable against the branch Railway, *i.e.*, against the Government. If, however, we make the very reasonable assumption that at least 60,000 tons of coal will pass over the Line during the first year of its working, the *extra* cost of its transport would be £4100.

As regards the Derwent Valley Line, I am not in a position to fully estimate the traffic expenses, not knowing the position or length of the branch to Macquarie Plains, but omitting any extra expenses due to working this as a branch Line (that is, assuming it to be on the main branch), the cost of running one train per day in each direction, for the whole length of 36 miles, and of providing for all necessary traffic requirements, would be about £4360 per annum. It would, however, certainly be necessary to run at least two trains per day between our New Norfolk Road Station and New Norfolk, and also one or more Sunday trains: this would involve an extra cost of £600 per annum.

In giving these figures I have based them upon the high rate of wages now paid by the Main Line Railway Company, and other expenses in due proportion to their present cost to the Company.

You do not ask any questions as to the prospective traffic, but I may state that a careful estimate of actual traffic for the current year (of which two-thirds have now expired) passing through the Corners Station, and which would be taken by the branch Line, assures me that it would be worth upwards of £5000 per annum; but I maintain that this would be no criterion for the very largely enhanced traffic that would arise on the construction of the Railway.

I have not the same means of estimating the traffic on the New Norfolk branch, but feel assured that the large number of passengers travelling thereon would be sufficient (independent of the goods traffic) to more than pay all expenses.

I have, &c.

C. H. GRANT.

*Hon. N. J. BROWN, M.H.A.,
Minister of Lands and Works.*

(Continuation of Paper No. 108, House of Assembly, 1883).

Lands and Works Office, Hobart, 15th September, 1883.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 4th instant, favouring me with an estimate (as requested in my letter to you of the 3rd instant) of the net cost that would be chargeable against the Government for working the proposed Branch Lines of Railway from the Corners Station to St. Mary's, and from the New Norfolk Road Station to Hamilton, if undertaken by the Main Line Railway Company.

I have to thank you for the information contained therein, and to intimate that the subject is now engaging the attention of the Cabinet.

I have, &c.

NICHOLAS J. BROWN,
Minister Lands and Works.

C. H. GRANT, *Esq., Manager*
Tasmanian Main Line Railway Company (Limited).

Lands and Works Office, Hobart, 20th September, 1883.

SIR,

REFERRING to previous correspondence on the subject of working the traffic upon the proposed Branch Lines of Railway from the Corners Station on the Main Line Railway to Fingal and St. Mary's, and from the New Norfolk Road Station on the Main Line Railway to Glenora, I have the honor to inform you that the subject has now been fully considered by the Cabinet, and I have to intimate to you that it has been decided to allow the question of arrangements with your Company to work the traffic on the above mentioned Branch Lines to stand over for future consideration. I am of opinion that all present requirements will be met by obtaining, in the Bills to be submitted to Parliament providing for the construction of the several lines, the usual running powers over the Main Line Railway. I do not apprehend that any serious difficulty will arise in making satisfactory arrangements for the working of the traffic when the necessity for making such arrangements shall have become more immediately pressing than it is at the present moment.

I have, &c.

NICHOLAS J. BROWN,
Minister Lands and Works.

C. H. GRANT, *Esq., Manager*
Tasmanian Main Line Railway Company (Limited).