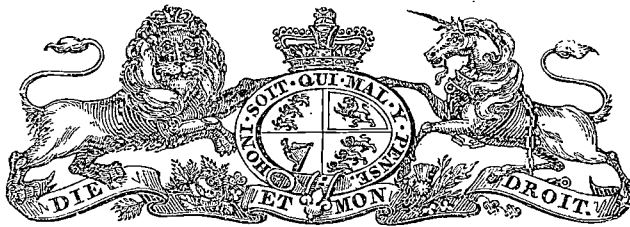


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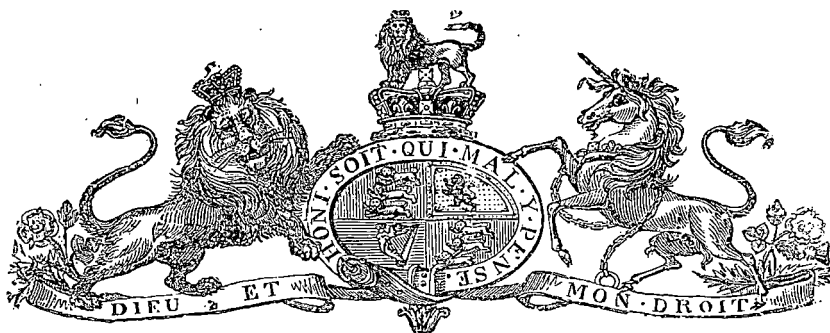
PARLIAMENT OF TASMANIA.

LAUNCESTON AND WESTERN RAILWAY
COMPANY :

REPORT OF SELECT COMMITTEE, WITH MINUTES OF
PROCEEDINGS, EVIDENCE, AND APPENDIX.

Brought up by Mr. Hartnoll, October 7, 1898, and ordered by the House of
Assembly to be printed.

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SELECT COMMITTEE appointed, on the 16th September, 1898, to inquire and report as to the rights of the Shareholders of the Launceston and Western Railway Company to a refund from the Crown of £50,000, the amount paid into the Treasury by the Shareholders towards the construction of this pioneer Railway in Tasmania: with power to send for Persons and Papers.

MEMBERS OF THE COMMITTEE.

MR. LEWIS.
MR. MINISTER OF LANDS AND WORKS.
MR. DUMARESQU.
MR. BIRD.

MR. ATTORNEY-GENERAL.
MR. MACKENZIE.
MR. HARTNOLL. (*Mover.*)

DAYS OF MEETING.

Friday, September 23; Wednesday, September 28; Thursday, September 29; Thursday, October 6;
Friday, October 7.

R E P O R T.

The Select Committee appointed by your Honourable House to consider the claims of the Launceston and Western Railway Company on the Government, have taken the evidence of the Under Treasurer, the Statistician, and the General Manager of Railways, and have examined the Records of the House and other documentary evidence.

The Committee has perused the Resolutions passed by both branches of the Legislature, referred to in the Preamble of the Act 37 Vict. No. 20, and it is apparent that the £27,000 mentioned in Section 24 of that Act, and which is now in force, was calculated as interest at 6 per cent. on the capital sum of £400,000, and 5 per cent. on the capital sum of £60,000, expended in the construction of the Railway. The amount of £18,600 is the interest which is now chargeable to the State in respect of the two several sums of £400,000 and £60,000, and this amount of interest will be further reduced by £3000 in the next three years.

It appears that Accounts of the net earnings of the Launceston and Deloraine Section of the Launceston and Western Railway have not been kept separately from the total earnings of this Railway. While accurate accounts of the net earnings cannot be kept without incurring considerable expense, it is stated that such earnings can be very approximately ascertained upon a basis explained in the evidence of the General Manager of Railways and of the Statistician.

The Committee recommend—

1. That the General Manager of Railways and the Statistician be requested to forthwith make an approximate calculation of the net earnings of the Launceston and Deloraine Section of the said Railway for the year 1897 upon the basis above referred to.
2. That for the year 1898 and succeeding years, approximate calculations of such net earnings be made, and published in the Annual Report of the General Manager of Railways.
3. Regarding the whole circumstances of the position of the Launceston and Western Railway shareholders, the Committee is of opinion that a fair and reasonable compromise should be effected to finally extinguish the shareholders' claims.

WILLIAM HARTNOLL, *Chairman.*

*Committee Room, House of Assembly,
7th October, 1898.*

MINUTES OF PROCEEDINGS.

FRIDAY, SEPTEMBER 23, 1898.

The Committee met at 3 o'clock.

Members present.—Mr. Dumaresq, Mr. Hartnoll, Mr. Lewis, and Mr. Mackenzie.

Mr. Hartnoll was appointed Chairman.

The Clerk read the Order of the House appointing the Committee.

The Committee deliberated.

Mr. Minister of Lands and Works took his seat.

Mr. Attorney-General took his seat.

Ordered, That Mr. Alexander Reid, Under Treasurer; Mr. R. M. Johnston, Government Statistician; and Mr. Back, General Manager of Railways, be summoned to give evidence on Wednesday next, the two former at 11 o'clock, and Mr. Back at 11:45.

The Committee adjourned till Wednesday next, at 11 o'clock.

WEDNESDAY, SEPTEMBER 28, 1898.

The Committee met at 11 o'clock.

Members present.—Mr. Hartnoll (Chairman), Mr. Minister of Lands and Works, Mr. Dumaresq, Mr. Mackenzie, Mr. Lewis, and Mr. Attorney-General.

The Minutes of the last Meeting were read and confirmed.

Mr. Alexander Reid, Under Treasurer, was called in and examined.

Mr. Reid handed in Return showing particulars of Loans raised by the Government prior to and at time of transfer from Company. (Appendix B.)

Mr. Reid withdrew.

Mr. R. M. Johnston, Government Statistician, was called in and examined.

M. Johnston withdrew.

The Committee adjourned till 11:30 o'clock to-morrow.

THURSDAY, SEPTEMBER 29th, 1898.

Members present.—Mr. Hartnoll (Chairman), Mr. Minister of Lands and Works, Mr. Dumaresq, Mr. Mackenzie, and Mr. Attorney-General.

The Minutes of last meeting were read and confirmed.

Mr. Frederick Back, General Manager of Government Railways was called in and examined.

Mr. Lewis took his seat.

Mr. Back withdrew.

The Committee deliberated.

The Committee adjourned *sine die*.

THURSDAY, OCTOBER 6, 1898.

The Committee met at 11:30 o'clock.

Members present—Mr. Hartnoll (Chairman), Mr. Dumaresq, Mr. Lewis, Mr. Mackenzie, Mr. Attorney-General, and Mr. Minister of Lands and Works.

The Minutes of last meeting were read and confirmed.

The Committee deliberated.

The Chairman laid before the Committee a list of the original Shareholders in the Launceston and Western Railway Company.

Resolved—That in the opinion of this Committee—

It appears that Accounts of the net earnings of the Launceston and Deloraine Section of the Launceston and Western Railway have not been kept separately from the total earnings of this Railway. While accurate accounts of the net earnings cannot be kept without incurring considerable expense, it is stated that such earnings can be very approximately ascertained upon a basis explained in the evidence of the General Manager of Railways and of the Statistician.

The Committee recommend—

1. That the General Manager of Railways and the Statistician be requested to forthwith make an approximate calculation of the net earnings of the Launceston and Deloraine Section of the said Railway for the year 1897 upon the basis above referred to.
2. That for the year 1898 and succeeding years, approximate calculations of such net earnings be made and published in the Annual Report of the General Manager of Railways. (*Mr. Lewis.*)

The Committee adjourned till 11:30 o'clock to-morrow.

FRIDAY, OCTOBER 7, 1898.

The Committee met at 11:30 o'clock.

Members present.—Mr. Hartnoll (Chairman), Mr. Lewis, Mr. Mackenzie, Mr. Bird, Mr. Attorney-General, and Mr. Minister of Lands and Works.

The Minutes of last meeting were read and confirmed.

The Committee deliberated.

Resolved, That in the opinion of this Committee, from a perusal of the Resolutions passed by both branches of the Legislature, referred to in the Preamble of the Act 37 Vict. No. 20, it is apparent that the £27,000 mentioned in Section 24 of that Act, and which is now in force, was calculated as interest at 6 per cent. on the capital sum of £400,000, and 5 per cent. on the capital sum of £60,000, expended in the construction of the railway. The amount £18,000 is the interest which is now chargeable to the State in respect of the two several sums of £400,000 and £60,000, and this amount of interest will be further reduced by £3000 in the next three years. (*Mr. Lewis.*)

Motion made (Mr. Hartnoll)—Regarding the whole circumstances of the position of the Launceston and Western Railway shareholders, the Committee is of opinion, in the interest of all concerned, that a fair and reasonable compromise should be effected to finally extinguish the shareholders' claims.

Question being put—That the Resolution be agreed to;

Committee divided.

AYES.
Mr. Attorney-General.
Mr. Bird.
Mr. Mackenzie.
Mr. Minister of Lands.

NOES.
Mr. Lewis.

So it was resolved in the Affirmative.

Draft Report, embodying the Resolutions as agreed to by Committee, brought up, and agreed to.

The Committee adjourned *sine die*.

EVIDENCE.

WEDNESDAY, SEPTEMBER 28, 1898.

MR. ALEXANDER REID, *called in and examined.*

1. *By the Chairman.*—What is your full name, Mr. Reid? Alexander Reid.
2. You are Under Treasurer of this Colony? Yes.
3. You are aware I spoke to you and asked you if you would kindly give us a statement showing what the original debentures in the Launceston and Western Railway were issued at, and also a further statement showing those debentures which had fallen in and had been reissued at a lower rate of interest? Yes; that is the statement (*handing in document*).
4. That shows £460,000? Yes.
5. They were originally issued at 6 per cent.? £400,000 were issued at 6 per cent., and £60,000 at 5 per cent. Of these, £360,000 have been reissued at 3½ per cent. and £100,000 still carry 6 per cent.
6. So that all the original ones with the exception of £100,000 bear interest at 3½ per cent. as against 6 per cent.? Yes.
7. We have always understood that there were £450,000: you make it £460,000? You will see if you look at the Votes and Proceedings just before the Bill was passed how this was made up—the Votes and Proceedings of August, 1872. They would show how the £27,000 interest was made up. £400,000 at 6 per cent. would give £24,000, and £60,000 at 5 per cent. made £3000, which gives the total—£27,000.
8. I suppose the statement shows whether these debentures were converted? Yes, it shows when they came to maturity.
9. *By Mr. Lewis.*—When did you say these fell in? They fell in at various dates.
10. You are issuing inscribed stock now at 3 per cent.? That is only local inscribed stock.
11. What was the stock issued at at that time? At 3½ per cent. The stock would be made chargeable by Act of Parliament with the redemption of the debentures falling due in certain years.
12. When is this inscribed stock redeemable? In the year 1940, with the option to the Government of redeeming in 1920—either 1920 or 1940.

MR. R. M. JOHNSTON, *called in and examined.*

13. *By the Chairman.*—Your name is Robert Mackenzie Johnston? Yes.
14. You are Statistician of this Colony? I am.
15. Originally, I understand, you occupied a position as railway accountant on the Launceston and Western Railway? Yes.
16. Going back to that old date, can you remember, Mr. Johnston, the reasons and the conditions of the transfer of the company made from the shareholders to the Government? The reasons were that the receipts, owing to the great depression—the greatest depression that has happened in Tasmanian history—there was such a reduction in the number of passengers and the quantity of goods carried that they did not suffice to pay the working expenses of the line, and the shareholders were so embarrassed that they were obliged to accept the terms offered by the Government.
17. These conditions were set forth in an Act of Parliament? Yes.
18. I was going to ask you how the £27,000 was arrived at, but there is no necessity for it now, as we have the amounts completely and directly from the Under Treasurer. But I would like to ask you whether these original shareholders—would you regard them, or would any one regard them, solely in the light of investors in this stock? No, I don't think they should be so regarded. I gave a pretty good account of the case for the Launceston Railway Company in a pamphlet which I published at the time.
19. Would that be this pamphlet (produced)? No, that is not it. I, perhaps, could produce a copy. I saw one the other day, and if I can get it it might be of interest to Members, as showing the condition under which the shareholders were obliged to invest their moneys, and the troubles they had to encounter in carrying on the work. I think it would be a great advantage to have that before you in view of the circumstances which have since arisen. It was written by me at the request of the directors, because I knew the whole of the circumstances, and it was published by Mr. H. Dowling, who was secretary of the company at that time.
20. You think you could supply us with a copy? I think I could find a copy.
21. I notice that there was a Select Committee some years ago, in which the present railway accountant gave evidence, and he said that no accounts had been kept showing the earnings of this particular section of our railways, but that they had approximated them upon the train mileage system. Now, would that train mileage system give you not only approximately, but would it, from your knowledge of railway matters, give you a definite idea of what the earnings and disbursements for the railway would be? I believe by this method you can get almost complete accuracy as regards a fair division of receipts on the basis of the work done on each section. The tabulation each month credits each section of the railway with the actual miles travelled by each passenger and each ton of goods. For example, the distance between Launceston and Ulverstone is 93½ miles. If, say, 100 tons of goods travelled the whole

distance—over the Launceston to Deloraine section, 45 miles, and over the Ulverstone to Deloraine section, 48 $\frac{3}{4}$ miles—that would represent what would be termed 9375 ton miles. Of this 4500 ton miles ($\frac{45}{93.75}$) would be credited to the Launceston and Deloraine section, and the remainder, 4875 ton miles ($\frac{48\frac{3}{4}}{93.75}$) to the Ulverstone section. Similarly, the passenger miles travelled would be aggregated and duly credited to each section. At any time the gross receipts could be fairly allocated to each section by the aid of the actual proportion of ton miles and passenger miles travelled standing to the credit of each section. No attempt is made to go to the refinement of distinguishing different classes of passengers and goods, as it would involve so much book-keeping that what might be gained by greater accuracy would be lost by the extra expense in book-keeping.

22. I understand that is a reason against the more elaborate system of keeping accounts? Yes; it would cost more to keep such accounts, and, in addition, it would cause more error than under the method I speak of. I am responsible for this method. I initiated this method when I introduced the system of accounts on the railways, viz., to determine the value of each section, even for the various portions of the Launceston and Western Railway itself, and that, by my influence, was carried on by Mr. Israel, who succeeded me, and by Mr. Lovett, who followed him; and all this time we have been in communication with each other, and advising each other, knowing that such a condition of affairs as this might arise.

23. I notice in that Committee that the same Mr. Lovett of whom you have spoken, says that the profits on the railway from Launceston to Deloraine were 2.75 per cent. With what might be fairly presumed to be, I think, a considerable increase in the traffic, that railway now only shows a profit of about 1 per cent. Could you possibly give any indication to the Committee how so serious a falling off could take place in the face of what we know would be a large increase from passengers and goods? With regard to the year 1889, it is not satisfactory to me, because I have no analysis of the division between the 45 miles and the remainder of that section; but I can give an illustration. In 1882 there was a profit of 2.24 per cent. on the 45 miles. In 1897 the figures on the plan I have shown show a profit on goods of 1.61 per cent., which is, therefore, a decrease of 28 per cent. in profit as compared with 1882: now if you ask me what is the cause of that, I will endeavour to show you, because it is a very important matter. The profit in 1882, as I said, was 2.24, nearly 2 $\frac{1}{4}$ per cent. on the original capital of £450,000.

24. Would you like to make any correction in regard to the capital? I am speaking of the original capital, £450,000, which, like capital that has been invested by the Government on other lines, is increased by fresh additions to capital equipment. As I have said, the earnings were reduced in 1897 to 1.61 or 1 $\frac{3}{4}$ per cent. I want to give you reasons now from the figures themselves why, with an apparent increase in passenger traffic, in passengers and in mileage, and apparently a very great increase in tonnage, why such an anomalous result should appear, and yet giving each section its fair due. In the first place, prior to the transfer of the Main Line to the Government, the Tasmanian Main Line Railway paid from £4000 to £5000 in a lump sum as a toll for exercising running powers over the Launceston and Evandale section. The traffic carried over this section by the Tasmanian Main Line Railway during this time was not shown on the accounts of the Launceston and Western Railway. It was concealed, so to speak, in the lump sum paid as toll. After the transfer the lump sum for toll disappears from the miscellaneous column; but, to make up for this, there is the Main Line traffic and traffic receipts credited to the section. The increase in passengers and tonnage since transfer is, therefore, more apparent than real, and hence any comparison as to the actual amount of traffic carried between the two periods would lead to false conclusions without this light upon it. But the true way of comparing is in the rates of traffic. I find, for instance, that for every mile a passenger travelled there is 1.37*d.* received in 1882.

25. *By Mr. Urquhart.*—That is all over the Colony? No, on that section, and there was a reduction in 1897 to .99*d.* That is a reduction as regards the rate per passenger. That might be due to two reasons,—either the Government have been giving more favourable terms to the passengers, or that the increase was mainly in second-class passengers; consequently a reduction might happen in that direction, and still it is quite possible the reduction in the rate is proving that although there might be an increase in the passenger traffic, even if absolute, there might be a decrease in the receipts. Now, it is more significant in tonnage. That is a matter of very great importance. The average tonnage rate was then 3*d.* per ton per mile—that was for every actual mile travelled, and there were different classes of goods. Now, it would be impossible to declare whether the fall in the average rate per ton per mile from 3.02*d.* to 1.66*d.* is due to a reduction in freight rates or to a greater comparative increase in the proportion of the lower classes of goods. I believe the result is due to a combination of these causes. I believe the Government have tried to encourage industries, and have given facilities with that end in view on the railways. In addition, the greater increase has been in the lower class goods, such as the carriage of wool, coal, &c. Hence it would be quite consistent with the 3*d.* per ton per mile in 1882 being reduced to 1.66 in 1897. That is a reduction of 1.36*d.* per ton per mile—a wonderful reduction, and quite a sufficient reason why the profit on the Launceston and Western Railway, which was £9878 over working expenses, became £7235 in 1897, with a larger traffic, and therefore a decrease of £2643 compared with 1882, making a decrease of 26 per cent. in the profits. The working expenses, also, which amounted to £17,880 in 1882, rose to £19,741 in 1897, or an increase in expenditure of £1861. These are, as far as I can give you, the reasons for what appear to be anomalies in the matter of extra work done on the railway, and yet showing a smaller revenue.

26. *By the Chairman.*—Does not that all go to prove that the general community has got the benefit of what would have been the benefit to the shareholders if they had kept the line themselves? Yes. To show the measure of that, I might point out that I have prepared a statement of one of the hidden benefits of railway construction which the shareholder does not receive any direct result therefrom, and no Treasurer can show in his balance-sheet. For instance, our shareholders received no direct benefit from the construction of the line, neither has the Treasurer; on the contrary, there is apparently a very great loss, as the Treasurer has had to pay interest all these years, and has not had sufficient funds from the profits to clear off the loss. But, while the Treasury and the Launceston and Western shareholder suffered a loss from the railway regarded as an undertaking, the Colony itself, by the great reduction in the rate of transport effected by

the railway, was from the first a great gainer. For it is well established, that for every pound of gross receipts earned by a railway there are two pounds going to the pockets of the producers in the saving effected by the reduction in cost of transit. As the proportion of gross receipts for the Launceston and Western Railway section averages about £27,500 per year, it follows, the saving to the Colony in the reduced cost of transit represents yearly an advantage valued at £55,000.

27. In the one year? Yes. And although all these years the Treasurer got no direct benefit, and the shareholder received no benefit, yet the country has benefited, and the shareholder might therefore be regarded in some other light than as a mere investor. The shareholder has received no benefit; but during all these years the Colony has been receiving the benefit derivable from a reduction in rates equivalent to £55,000 yearly in the diminished cost of production.

28. Coming back to what you have just indicated about tolls on the main line, it lost £4800 a year. Now that that has merged into the ownership of the Government, supposing instead of putting the toll at £4800 the accounts could be shown as to the goods and passengers coming from that section from Evandale Junction to Launceston, would not that be a very much increased amount to the £4800? It may be increased, but not very much, as I have shown. The main increase would be in tonnage coming from the Fingal section. I think that is the only way it would show an increase.

29. But, if it would show an increase—that is, in the Fingal traffic—that traffic alone would be a material increase? It would be a material increase, only the rate is so low, and if you take the working expenses into account it is a question whether it would be an increase at all.

30. Then £4800 to £5000 would give fair compensation? Yes, it would.

31. *By Mr. Mackenzie.*—You said that the diminished earnings of the railway might happen probably from a larger proportion of the passengers being carried second-class? That is quite possible, as one of many reasons which would bring that result about. It is quite conceivable.

32. In calculating the traffic, is the cost of maintaining the line taken into consideration? I took that into consideration in regard to the actual miles to be run by the train, and whether it carries traffic or not. Therefore, my opinions as regards working expenses are not based upon the other method for determining the just allocation of receipts but upon a principle which is approximately correct, that is, the mileage. Three or four extra trains a day would not make very much difference in the cost of maintaining the line from end to end. I think maintenance should be based on the actual mileage of the line, and the rest of the expenses on the basis of train mileage.

33. A new railway would not require the same amount of repair? At the very first it would require more. The maintenance is more burthensome in the very first stages.

34. You don't think this an increase in the revenue, but not because there was at first less expense in maintaining the line than there is at present? No. This had to be decided at a later stage, and is often determined by the train mileage run on it.

35. You don't think there would be much difficulty in finding out the earnings of that line by the average mileage? Mileage joined to the actual distance travelled by each ton and passenger.

36. *By Mr. Pillinger.*—How do you account for that result? By keeping an account of each ton travelled on each section and how far it travelled. By that method you can get a truer estimate.

37. *By Mr. Mackenzie.*—Are you aware that, under the Bill under which the Western ran, it was provided that after a certain amount, £27,000, and the working expenses were paid, all in excess of that should go to the shareholders? I forget the exact amount. I am not sure of it.

38. Would there be any difficulty in ascertaining the expenses of the Launceston and Deloraine section so as to particularise the amount earned by that section? No. I think it would be quite an easy matter.

39. Then, you think it would be possible to come within a few hundred pounds of the actual earnings of that line? I am confident of it, by the method I have referred to, which was somewhat similar to that adopted on English railways, modified to suit our own conditions I am certain we could approximate very closely to the truth. This work I have spoken of, and a very laborious work it is for the Accountant of Railways, has been religiously kept up from the very first.

40. Would not the extension of that line westward increase the traffic of the line between Deloraine and Launceston? In connection with that, it depends upon the natural drainage of traffic to a port. I believe that the Launceston and Western Railway has gained in passengers and lost in goods. I believe there is a drainage—Mr. Dumaresq perhaps knows better—between Longford and Deloraine, that formerly passed into Launceston, that is, went the opposite way, but that the Launceston-Western section has gained in passenger traffic through the connection. I question whether the tonnage of goods per mile is more now than it was.

41. When this railway was contemplated, it was only, I presume, to be built as far as Deloraine. If the feeders or the extension of that line has increased the traffic, would you consider that increase to be a fair thing to calculate in making the amount of the excess £27,000? I think at the time that there was not much consideration given to the point first mentioned. The whole consideration was to keep the line open, and both shareholders and the Government were impressed with the fact that something must be done at once.

42. *By the Chairman.*—Mr. Mackenzie's question is as to the additional traffic passing over the railway. Would not that increase the financial position of the original shareholders? Certainly, and in that sense far more than any section under the Government, that is, in regard to the Fingal and such other portion of the western traffic as would go through towards Launceston.

43. And in that case, do you think it would be right that this company should be credited with that increase? Certainly so, because not only the present, but future value of property is always taken into consideration. For instance, if it would be contemplated that in 50 years such and such would be the result, that could be always reduced to its present value.

44. In regard to the maintenance of certain railways—in regard to new and old railways—is it not a well known fact amongst railway men that the Launceston and Western Railway section cost far less for its maintenance than any new section built by the Government? I know of no section with which to compare it on the same terms.

45. I will put it to you in another way. You are an old railway man and versed in those matters. Is it not known that the Launceston and Deloraine section, being originally a broad gauge, and built on very expensive lines indeed, has cost less in maintenance than in the case of newer railways which have been built since? There are no other lines that I can compare very well with it. I could not give an answer to that, because there is nothing to compare it with. The very fact that it was substantially built no doubt explains that it costs less to maintain than it otherwise would.

46. Is it not known that sleepers, some of them originally laid when the line was made, have only been taken up within the last few years, and the whole construction of that length has cost less in general maintenance than, say, the section from Deloraine to Ulverstone? I could not say in respect of that. I know the working expenses have been very satisfactory; but I have not materials to judge so as to answer the question.

47. Originally these bonds were issued, some at 6 per cent. and a few at 5 per cent.,—making up altogether £27,000. These debentures have been reissued at a lower rate of interest. Do you not think it a fair thing, in reissuing these debentures at a lower rate of interest, that the shareholders should get the benefit? Ethically, I think they should, both working for the common good. I believe that nearly all the people were interested, not merely as investors; they all worked for the one object, the common good, that was, to secure cheap transit for their produce to a market.

48. *By Mr. Urquhart.*—I see that, according to Section 2 of the Company's Act, if the earnings exceed the sum of £27,000 in any one year, such excess shall be carried to the credit of the shareholders of the company, but there is no provision for the Government being reimbursed, should there be a loss. Do you consider that a fair clause? I should think that was not a thoughtful clause, if in any one year there was a serious loss to the Government. From a legal point of view, you are perfectly correct. The Government did not get it recouped.

49. *By Mr. Lewis.*—When were you first connected with the company, Mr. Johnston? In the year 1870.

50. Had the £50,000 been then subscribed? Yes.

51. Do you know as a fact that £50,000 was subscribed by the shareholders of the company? Yes.

52. And was it all spent in *bonâ fide* construction? It was, and no person had a better knowledge of that fact than I had. In fact, if there had been a knowledge it would have had to come through myself at the time.

53. *By Mr. Urquhart.*—A lot of that £50,000 did not go in complimentary shares, did it? No. Many false statements of this kind were circulated at the time owing to extreme bitterness of party feeling. I wrote the pamphlet at the time, when I contemplated leaving the colony.

54. Do you think you will find a copy? I will try and do so. In 1872 I issued the pamphlet showing, for the year 1862, the probable traffic, the amount of produce grown in the district, and so on, showing what a very profitable thing it would have been for the shareholders had it been constructed then; and their hopes, if the line had been carried out at that time, would have been amply justified.

THURSDAY, SEPTEMBER 29, 1898.

FREDERICK BACK, *called and examined.*

55. *By the Chairman.*—Your name is Frederick Back? Yes.

56. And you are General Manager of Tasmanian Railways? Yes.

57. In what year did you take charge? In March, 1886.

58. We are desirous, if we can, of ascertaining from your control of the railways if you can tell us, approximately, the earnings of the Western Railway from Launceston to Evandale Junction. Would it be possible, under the present system of keeping the accounts, to give us some idea of the earnings, say for the last year or so, that might give us a guide in coming to a decision as to the actual earnings of that portion of the railway system? Yes, I can give you a very good approximation on the basis of train mileage.

59. Is there any reason you could give us to account for this. It is shown that about the time you took charge this portion of the line earned 2·75 that was profit; the total earnings now is one per cent., or something like that? I ran the figures out thinking you might want information of the kind, but I must ask you to be lenient with me, as I have been away and have not been able to give my whole time to it. If you will formulate any questions I will answer them in writing. As far as 1897 is concerned the approximation is 1·16, as against 2·75 some years ago.

60. What is the explanation of that? The explanation is that it is mainly due to the reduction of the rates on agricultural produce. The agricultural produce carried over the Western Line forms nearly one-half of the total traffic. Of the goods traffic on the line more than 46 per cent. is agricultural produce. The rates have been reduced on that by very nearly 50 per cent. My figures show the average cost in the years you mention. In the earlier years the rate for moving a ton of agricultural produce was 6·4 shillings; to-day it is 3·6 shillings, nearly a reduction of 50 per cent. Then, for minerals, manures, and other freight the rates have all been reduced about 50 per cent. Another item, and an important one, is the reduction in the minimum charges on the line between Deloraine and Launceston for merchandise, such articles as we carry at a rate per ton. These minimum rates are reduced 50 per cent. Then, at the time the Western Railway was constructed, agricultural produce fetched much higher rates than it does at present. At the time the railway was constructed, I have been told, and amongst others of my informants was Mr. Douglas, that the rate for the carriage of grain from Deloraine to Launceston was a shilling per bushel.

61. Yes, it was a shilling for oats and ten pence halfpenny for wheat? On its construction the railway had the effect of reducing the rates to 11s. per ton; that would be about 36 bushels to the ton, or say 50 bushels for all sorts; take it at that. At the present day the charge is 5s. per ton. The reason the

rates have been reduced is in consequence of the fall of all kinds of labour, the price of horse-keep, and so on, and with good roads the farmers can cart for very much less than the old rate. The rate we now have in operation is one more suitable to the present time and prices. If it had not been for the railway, I believe the bulk of the land round Deloraine and Westbury would have gone out of cultivation; the only thing that keeps that land in cultivation is cheap transit by railway. As to charges on merchandise, we may say that the minimum charges have been reduced practically 50 per cent. As the bulk of the merchandise is carried, or a large portion of it, under minimum charges, you may say that the bulk of the merchandise rates have also been reduced 50 per cent.

62. The passenger traffic has not been much reduced, I understand? There is not much difference, I believe. I have not had time to make a comparison.

63. These very large reductions in the cost of transit of all kinds of farm produce from Deloraine to Launceston have undoubtedly been a great advantage to all the producers in that district, but they have been of no advantage to the shareholders? Well, are there any shareholders?

64. Oh, yes, and they put £50,000 and incurred a liability besides. Of the shareholders there were 332 originally, of whom 274 are now dead, but most of them are represented? You mean the shares are alive.

65. Oh, yes? Yes; well the shareholders originally subscribed one-ninth of the cost of constructing the line. They paid £50,000, and the capital cost of construction was £450,000; that is, they assisted to the extent of one-ninth.

66. These original shareholders were the promoters of railway construction; they put £50,000 into the venture, borrowing and becoming liable for £400,000 besides. As through their exertions, and by their putting £50,000 into the venture the district has received a benefit, and they have received a large benefit, being able to bring their produce to market at cheap rates, while the shareholders have got nothing back of their original capital. Is not that so? I believe so, but I have not read it up.

67. The district has benefited from the shareholders' action, and they received nothing? Yes, in the case they have contributed one-ninth of the cost, and, were it not for the railway, cultivation would be carried on to a very limited extent.

68. Should the shareholders not receive some recognition of their efforts in saving this large tract of agricultural country from going out of cultivation: you said that if it were not for the railway the land would have gone out of cultivation? It might have been utilised for cattle or sheep.

69. But that would not have been so good for the State? Probably not. We should perhaps have got beef and mutton cheaper, but I would point out that is hardly a question for a railway manager to answer. If anybody is entitled to consideration the *bonâ fide* shareholders who make the railway would be entitled—I mean those whose children remain.

70. Any evidence we may get is *bonâ fide* to show the true position between the Government and the actual shareholders. Do you think, without much trouble, you could give us an actual statement of the earnings of that branch of the railway from Launceston to Evandale—I mean the earnings of last year? It is practically impossible. Up to the time the Mersey Line was constructed, when the two were merged, I believe they tried to keep separate accounts, but before I came, I think, they had dropped it.

71. Accounts were kept separate up to the time of the alteration of the gauge, I think—it was first 5 ft. 3 in., and then 3 ft. 6 in.? No, I think not. I think, to get what you ask for is possible, but it is not practicable to get it accurately. You would have to apportion every portion of the receipts in detail. It could be done, but it would entail an amount of labour that renders it impracticable. You could not accurately apportion the expenditure; you could never get the exact proportion of the work of repairs to an engine on the line, for instance. It is the same with the stores: you could not tell how much of the stores issued were used on one portion of the line, and how much on the other. Take oil, for instance, how could you apportion that?

72. Could you do it approximately? We could do it on the basis of train mileage; we could give an approximation that would be taken in the event of any arbitration or legal proceeding that would be accepted by a Court.

73. Your train mileage is, I think, detailed by Mr. Lovett in his evidence before a Committee of the Legislative Council held previously, that if 4000 or 5000 passengers went from Launceston to Ulverstone, the proportion would be 45 miles to the Launceston and Western Line and 37 miles for the branch from Launceston to Devonport? Yes, that would be right.

74. Well, supposing 50 tons of stuff went from Launceston to Chudleigh Junction, how would that be apportioned? In precisely the same way.

75. What proportion would the Launceston and Western Railway get of it? It would be the mileage proportion; you would have 45 miles—it would be as 45 miles is to 47 miles. In making up the account I should credit the initial station with the terminal.

76. What is the distance from Deloraine to the Chudleigh Junction—two miles? Yes, two miles—one line would get 45 miles, and the other, two. I should take an arbitrary means of apportioning the terminal. I should give the terminal to the initial station.

77. How long would it take you to make up such an account? I can give you an approximation at once. I have prepared some figures which show it approximately. Receipts (based on passenger and ton mileage), £26,991; expenditure (based on train mileage), £21,754; approximate profit, £5237; original debenture capital, £400,000; share capital (Launceston and Western Railway Co.), £50,000; total £450,000; profit on working per £100 capital, 1.16.

78. Then, you would add £4800 on to that, which is the mere round sum the Main Line Company paid for running over the line from Evandale Junction to Launceston; those figures are for the Western Line only; do you take into account the proportion of the Fingal and Northern Districts' traffic? That takes in all traffic. I could not tell you for certain whether the passengers are credited in those figures.

79. If a man got in at the Corners you would not show the proportion as between Evandale Junction and Launceston in that? Probably not. You say we should show the comparison on a basis the same as the Main Line paid the Western Line.

80. *By Mr. Urquhart.*—Assuming that the Fingal Line belonged to a foreign company, and the Main Line to a foreign company, are your figures you submit not exclusive of the other? I think not.

They would have to be inclusive. You must not run away with the idea that the amount paid by the Main Line Company would be the equivalent. There was the disturbance of traffic which the Main Line Company paid for.

81. *By the Chairman.*—If the Western Line was in the hands of the shareholders they would be entitled to all the profit of that section of the line between Evandale Junction and Launceston—I mean the profit on all the traffic that would come over the line—would they not? Yes, if you were to say that precisely the same circumstances were existing at the time the line belonged to the shareholders instead of the Government: under the same circumstances the tolls would have been fair; but there were special circumstances. You, yourself, Sir, have often travelled out by express train from Launceston to Evandale Junction, and paid your fare to the Main Line Company. That robbed the Western Line of that particular fare, and there was a sum allowed in the award for the displacement of the natural traffic of the Western Line. The more important question for you to consider is the value of the line as a whole—what is the value of the Western Line.

82. Yes; I want to get at that, and to find out what are the real earnings of that section of the railway, and whether the displacement of traffic would be more than compensated for by the additional traffic from Fingal and other places that might run over the line between Evandale Junction and Launceston? No, I don't see that.

83. Well, the Main Line Company would not have given you £4800 if that were the absolute amount they would make by running over the line; they would be sure to leave a margin for their own profit, which profit you would get now? You can't take up a small section of a line and speak of profit. I don't think the Main Line Company made any profit over the section in question.

84. You have recommended that there should be a compromise with the shareholders, have you not? That is the case. I am quite satisfied that no satisfactory statement of account of an absolutely correct character can be arrived at, and that whatever is given must be only approximate. I referred to a suggestion which was made some years ago, and said if an equitable agreement could be entered into; I should be glad to see it. Now take our working expenses on the Western Line; they are made up of maintenance of road, £12,449; locomotives, carriages, and waggons, £11,756; traffic charges, £7550; general charges, £17,144. The receipts per train mile are 4s. 3-93d., as compared with 4s. 4-34d. on all other lines. The expenses per train mile are 3s. 1-12d., against 3s. 4-33d. on all other lines.

85. Supposing you had the Launceston and Western section of the Western Railway as your own *bonâ fide* property, unhampered by considerations either of the Government or of individuals—you would want to work it profitably. What, in your judgement, could you make that railway earn in twelve months? You mean if I had it as a private individual?

86. Yes, if, as a private individual, you brought your ability into play to create business, with your experience in management, what could you make the line earn? Well, I should say from 3½ to 4 per cent. over working expenses.

87. *By Mr. Pillinger.*—After paying interest? Oh, no.

88. *By the Chairman.*—Do you think that would be all you could earn if the line were in your own hands? I am afraid so. Look at the distance, it is 45 miles by train, and by road it is 30 miles. A man can do 30 miles in a day. To show how close-cutting a question it has been, they are carting flour into Launceston from Perth at 2s. per ton. Our contract with the principal miller in the District, is this—we carry between Launceston and Longford, grain and flour at 2s. 6d. per ton. It was then a toss-up whether he would not have carted, but the consideration of expedition and so forth gave it to us. The mills at Perth won't pay 2s. 6d. per ton. In the good old days they paid 5s. a ton from Perth on the railway; now they won't pay 2s. 6d., that is how they bring down our rates.

89. *By Mr. Dumaresq.*—The surrounding traffic, is that not considerable? We could never get it.

90. *By the Chairman.*—You would get all the outside traffic from Cressy and thereabouts; the farmers could never cart it in at the price? Yes, they take it in. I tried to make a tender to take all the stuff; we were very friendly over it, and they were inclined to work with us, but found they could not do it.

91. The farmer would take it direct from the farm? Yes, and he saves the delivery at the terminus.

92. Yes, and he would also take back all their supplies, that is his profit? Yes. You see after he reaches the railway terminus he has to pay 1s. 6d. per ton. Then our live stock rates here are 50 per cent. below the New Zealand rates. Your questions have not taken me by surprise, but I think the Western Line ought to be made to pay 4 per cent.; that is a fair thing that it should earn under present circumstances. The whole rates in this colony are very low.

93. *By Mr. Mackenzie.*—You say that if you had the line between Launceston and Deloraine you could make it earn 4 per cent.? Yes, in the course of two years or so. I should have to fight the public.

94. Is that on the basis of the line costing £450,000, or on what was the actual cost? It was not £450,000; however there is only £10,000 difference between my figures and the others.

95. That would be 4 per cent. after paying working expenses? Yes.

96. *By the Chairman.*—That would not include any tollage you would get from the Government railway, which is now the Main Line? No.

97. But you would take that in as well? You may take it that we would take in everything we could scrape together. We would get everything in we could think of and could make 4 per cent. on it, and probably 3 per cent. on the Fingal Line.

98. Three per cent. on the Fingal Line, and only four per cent. on the Western. The Fingal is a Coal Line: that would not charge tollage at all? No, but our working expenses are so much less. Every train is a full train. The working expenses there are 3s. 1d., on the Western, 1-12d.; it is 3s. 0-44d. on the Western Line.

99. Are not the expenses of maintenance on the Western Line from Deloraine to Ulverstone far greater than from Launceston to Deloraine? It was so before the line was put in order.

100. To-day, if you were to run the same quantity of stuff over the length from Deloraine to Ulverstone, would it not cost you more for the maintenance of that the section than the Main Line would cost? No, it would not.

101. *By Mr. Mackenzie.*—I suppose, Mr. Back, the line from Evandale Junction to Deloraine has

better gradients and curves than any other part of the railway system? Yes. There are one or two pinches, however, especially near Longford.

102. You could carry larger loads on that section than on any other? Yes, but you get a steep pinch or two from Deloraine to Longford.

103. The curves are better? Yes.

104. You have no 5-chain curves on the Western Line; have you? Yes, when you come to Deloraine you have curves of 5 chains: the conditions would not vary very much.

105. *By Mr. Pillinger.*—You say that the rates have been reduced 50 per cent. since the opening of the Western Line? Yes.

106. Can you tell us or give us your opinion as to what would have been the effect on the line if these rates had not been reduced? I think in that district the produce would not have gone by rail, they would have carted. The prices they received for produce would not allow them to pay the rates.

107. And the railway would not have been in the same position? No; we would have carried a lot of wool, but would not have got the other produce and the smaller things which small farmers send in all the year round; and they are the best customers of the railway. The wool comes once a year: at other times nothing comes from them. The produce of the small farms comes almost daily. I think the rates have been reduced too much; but without a large reduction the produce would not have come to the railway.

108. Then, by reduction of rates, the railway has benefited the country more than when the shareholders had it? Well, the country has gone on receiving benefit from the railway; the shareholders have remained *in statu quo*.

Mr. Hartnoll.—Yes, they have only lost their £50,000 on the line. By this expenditure, they practically inaugurated railways in Tasmania,—the effect being the construction of this railway, which, according to Mr. Back's evidence, has saved a large tract of country from going out of cultivation.

Mr. Pillinger.—You can't say the shareholders have lost revenue they would have otherwise received on that they have lost by the reduction of freights.

Mr. Hartnoll.—Yes, they have lost the difference as between 1·26 per cent. now earned, and 4 per cent. which would have been earned had Mr. Back been Manager for the old shareholders.

109. *By Mr. Pillinger.*—But Mr. Back does not admit they have lost anything, do you, Mr. Back? I understand that while the shareholders have parted with £50,000, the line of railway, from the opening until now, has been of advantage to the country. The shareholders remain as they were, but the country has benefited by the railway.

110. I did not ask the question in that sense. You reduced the freights; if you had not done so, would the shareholders have had a chance of receiving profit on that railway? I think not.

Mr. Hartnoll. Yes, clearly. They would have earned 4 per cent., which Mr. Back says he could earn in a year or two, instead of 1·26 per cent. they now earn; that is perfectly clear. The district is now getting an advantage, which the shareholders are not getting, in the reduction of freights. If this was a private line the shareholders would get more profit.

111. *By Mr. Pillinger.*—The shareholders built the line for the purpose of giving a benefit to the country. I will ask one more question, Mr. Back. You know the legal position in which the company stands in reference to the fund? I am not quite sure I do. I believe that, legally, they have no claim.

112. Well, legally, they have a claim after the railway pays £27,000 profit. From the time you took charge, no matter how the railway is managed, is there any possibility of the shareholders receiving any sum of money as to that? I think not.

Mr. Hartnoll.—Would you let me revive your memory, as it makes a great alteration. You will find that under the resolution which Mr. Reid brought yesterday, that when the £27,000 was carried it said distinctly for interest. If it was for interest then it should be for interest now; and the interest now is very little over £15,000.

Mr. Pillinger.—Well I don't know whether Mr. Back understands how the interest is.

(The statement submitted by Mr. Reid was shown to the witness.)

113. *By the Chairman.*—The statement you have seen leaves now £16,800 for interest. In a few years it will be £15,600—you understand? Yes, that is if they get the money at 3 per cent.

114. They have got it at 3½ per cent. now? Well, they are within a half per cent. of it.

115. *By Mr. Pillinger.*—I ask for your opinion, if the accounts had been kept up in the legal position which the shareholders in the company occupy, could they have received any money under that Act? No, not by any process of accounting; you could not have shown any profit.

116. In reference to keeping the accounts, would this train mileage system you propose keeping give approximately correct accounts? Oh, yes, it would be the fairest approximation we could have.

117. Mr. Johnston said under a certain system of train mileage, accounts could be kept very correctly? Yes, approximately. That process is one that would be adopted in the Law Courts or in an Arbitration Court in any case of dispute. As to the Courts generally, all settlements made in English companies are done almost entirely on that basis.

118. In what sense or for what reason do you recommend there should be a compromise in this case? As I before explained, speaking as a railway manager, I have nothing to say about it. If you ask me as a colonist, I think it would be a very good thing to see justice done to these folks.

119. *By Mr. Urquhart.*—What do you mean by justice? I mean the settlement of any claim they may properly have.

120. Then if the Emu Bay Company's line came into the hands of Government now, would it be just to compensate them too. Not necessarily—that is different. In the one case you have a live line, in the other the line is not even completed.

121. Well, take the Zeehan-Dundas Railway the Government are working now—that is part of the railway system? No; it is only an excrescence.

121. You are running trains up to Dundas? If that line came into our hands I should recommend the Government to restrict expenditure—probably to shut it up altogether. There is not a parallel case in Tasmania.

122. You see a difference between the two classes of shareholders; both lines do not stand in the same light? I speak as a colonist.

123. *By the Chairman.*—Was it as a colonist, Mr. Back, you signed this Report—there is your Report to your Minister of Railways, signed by you as General Manager? Yes; that was written on the Report of a Select Committee which sat in 1892. That was their opinion, based on the figures before them, which had not the explanation I have given to-day. The Committee recommended that correct accounts should be kept on the approximate basis, and also recommended that a sum of money should be placed on the estimates to compromise with the original shareholders. The Report says—

124. *By Mr. Urquhart.*—That is, of course, only the recommendation in the Report? There are two cases, but they are not parallel.

125. *By the Chairman.*—They are not parallel at all—they have no claim kept alive under an Act of Parliament which others have? No.

Mr. Urquhart.—We are speaking of sympathy now, not equity.

Mr. Hartnoll.—We don't want your sympathy without your sovereigns.

The witness withdrew.

APPENDIX A.

LAUNCESTON AND DELORAINÉ RAILWAY.

MEMORANDUM for Hon. Minister of Railways.

25th February, 1892.

Launceston and Deloraine Railway Accounts.

WITH regard to the Report of the Select Committee on the Launceston and Deloraine Railway (Parliamentary Paper No. 164, Session 1891), I beg to state that in my opinion it is practically impossible to get a detailed return of the Receipts and Expenditure of this portion of the system.

Upon my appointment to the management of your railways, one of the first questions I asked the Accountant was whether any attempt had been made under the Launceston and Western Railway Act to keep the traffic of the various lines separate, and I was informed that it had not been deemed necessary to do so.

During the past few years the purchases of rolling stock and renewals have been charged to Railways generally. It will be impossible at this date to apportion these charges accurately. To attempt to apportion the expenditure as now proposed would necessitate a large staff of clerks. Every item of expenditure would have to be apportioned separately; so many tenths of the wages of each signalman, pointsman, porter, station-master, &c., would have to be debited to the Launceston and Western Line, and credit under similar circumstances allowed; every entry for traffic, whether passengers, goods, or parcels, affecting the line would have to be dealt with in a similar manner.

As a matter of fact, I consider that such a proceeding is not worth the expenditure. I submitted an approximation to the Hon. Adye Douglas, the Chairman of the Committee before mentioned, and he was not satisfied with it. The Government Statistician formulated a proposal for an approximation on almost exactly similar lines. This, however, was not acceptable. If the case was submitted to Arbitrators I am perfectly satisfied that they would arrive at their decision by an approximation.

I would point out that by Section 24 of "The Launceston and Western Railway Act, 1873," provision is made that if in any one year the net earnings or profits of the Launceston and Western Railway exceeded the sum of £27,000 per annum such excess shall be carried in the books of the Colonial Treasurer to the credit of the Launceston and Western Railway Company, Limited, which amount should be at the disposal of the said Company.

It is well known that the Tasmanian Railways have not paid in full their cost of working, let alone the interest on cost of construction. Consequently, the period when any payment can be made to the shareholders of the Launceston and Western Railway Company is still remote.

I should like to suggest for your consideration whether it would not be worth while to place a sum of money on the Estimates to extinguish the claims of the original shareholders. This sum advanced in full would, I think, be above £50,000. Few, if any, of the shares are held by the original guarantors. If we assume the value of the present shares at £25,000, this capital sum, at $3\frac{1}{2}$ per cent. interest, would represent £875 a sum less than it would cost for the clerical labour of keeping the accounts separately, as it is proposed to do in the Report.

FRED. BACK, *General Manager.*

Hon. Attorney-General.

WILL you please advise me as to the legal responsibility of the Government under "The Launceston and Western Railway Act, 1873," to keep separate Accounts of such railway, and upon such other points as you may consider desirable in connection with General Manager's Memo.

ALFRED PILLINGER.
26. 2. 92.

REFERRED to the Solicitor-General.

A. INGLIS CLARK.
27 Feb. 1892.

FORWARDED to the Hon. the Minister of Lands, with the opinion of the Solicitor-General, in which I concur.

A. INGLIS CLARK.
10 March, 1892.

By "The Launceston and Western Railway Act, 1873," (37 Vict. No. 20), the railway and all the rights, &c. of the Company are vested in Her Majesty, but it is provided by Section 24 of the Act that if in any year the net earnings or profits of the railway exceed £27,000 per annum, such excess shall be carried in the books of the Treasurer to the credit of the Company, which amount shall be at the disposal of the Company. This Section is enacted in pursuance of the recital in the Preamble of the Act. The Act was repealed by "The Railway Management Act, 1891," (55 Vict. No. 40), with the exception of the Preamble and Sections 23 and 24, so that, as far as I am at present advised upon the facts of the case, it would appear that the Company are entitled to the rights mentioned in the said Section 24. The Select Committee, whose Report is dated 18 November, 1891, are of opinion that the receipts of the Launceston and Western Railway should be kept separate, so as clearly to show the revenue and expenditure of the line. *Prima facie*, I should think it but just and equitable that the Accounts should be so kept, so that the amount due to the Company (if any) may be ascertained. On the other hand, if it is quite clear that "the period when any payment can be made to the shareholders of the Company is still remote," as stated by Mr. Back, then the keeping of separate Accounts, which, it is stated, would involve very considerable outlay, would be a useless expense, and, in the absence of instructions from the Legislature, I should advise the Department not to incur any such expense. There is nothing in the Act to compel the keeping of separate Accounts. So far as I can gather, the Select Committee do not furnish any evidence showing that the profits exceed the £27,000.

ALFRED DOBSON.
8. 3. 92.

APPENDIX B.

LAUNCESTON AND DELORAINÉ RAILWAY.

RETURN showing particulars of Loans raised by the Government prior to and at time of Transfer from Company for the purposes of above Railway, also particulars of Loans raised for Renewals of Debentures which have matured, and Amount of Interest now payable.

DEBENTURES ORIGINALLY RAISED.						LOANS RAISED FOR REDEMPTION OF DEBENTURES WHICH HAVE MATURED.	INTEREST NOW PAYABLE.				
Act.	Amount.	Interest.		Redeemable.			Rate per cent.	Annual Amount.			
		Per cent.	Annual Amount.	Date.	Amount.						
31 Vict. No. 9	£ 300,000	6	£ 18,000	1 July, 1893	99,700	Inscribed Stock, 55 Vict. No. 82.....	£ 199,700	3½	10,500		
				1 July, 1894	100,000					Ditto, 58 Vict. No. 40	100,300
				1 July, 1895	2,000						
				1 July, 1896	98,300						
					300,000						
33 Vict. No. 38	100,000	6	6000	1 July, 1901	100,000	6	6000		
36 Vict. No. 4	60,000	5	3000	1 Sept. 1892	30,000	Inscribed Stock, 55 Vict. No. 82.....	60,000	3½	2100		
				1 Jan. 1893	11,100						
				1 Sept. 1893	3,000						
				1 Oct. 1893	15,900						
					60,000						
	460,000		27,000						18,600		

A. REID, *Under Treasurer.*

J. E. BENNISON, *Accountant,*

Treasury, Hobart, 27th September, 1898.

APPENDIX C.

*General Manager's Office, Railway Department,
Hobart, 30th September, 1898.*

DEAR SIR,

WHEN called to give evidence before the Select Committee yesterday, I explained that I had been out of town, and had not been able to make any preparation for giving my evidence, and, therefore, I trust that I may be permitted to verify the figures that I gave you. When looking over my notes in my office, I should like to modify one answer in reply to the following question :—

The question was, "If I were working the Western Line for a private company, and had an absolutely free hand in the matter, what percentage could I return?" My reply was, "that in two years I thought I could return 4 per cent." In looking into the figures, I find that I had probably overstated the amount, and will, therefore, ask you to alter my reply to 3 per cent.

Apologising for troubling you,

I am,

Sir,

Yours faithfully,

FRED. BACK, *General Manager.*

*Hon. W. HARTNOLL, Chairman,
Launceston and Western Railway Co. Select Committee.*