

(No. 29.)



1875.

TASMANIA.

HOUSE OF ASSEMBLY.

MAIN LINE RAILWAY.

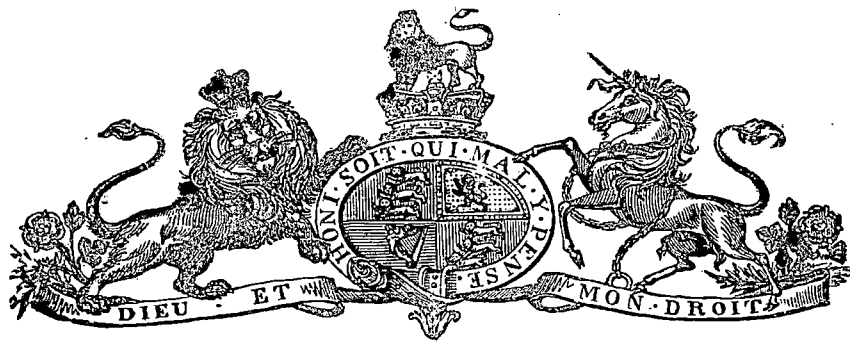
CORRESPONDENCE.

Laid upon the Table by the Attorney-General, and ordered by the House to be printed, July 27, 1875.

CONTENTS.

No.	Subject.	Date.	Page.
		1875.	
1	C. H. Grant to Colonial Secretary, requesting decision of Government with regard to necessary alterations at the Launceston Station of the Launceston and Western Railway	15 February	3
2	C. H. Grant to Colonial Secretary, requesting reply.....	19 March	3
3	Minister of Lands and Works, forwarding plan of proposed alterations, and expressing an opinion that the Company should be called upon to furnish specifications.....	24 March	4
4	C. H. Grant to Colonial Secretary, stating that the Contractors are anxious to proceed with the work.....	9 April	4
5	Colonial Secretary to C. H. Grant, stating that the matter is under consideration.....	13 April	5
6	C. H. Grant to Colonial Secretary, acknowledging receipt and forwarding a letter from the Contractors complaining of the delay.....	19 April	5
7	Colonial Secretary to Minister of Lands and Works, forwarding letter from Contractors for the observations of the Manager of the Launceston and Western Railway.....	21 April	6
8	R. W. Lord to Minister of Lands and Works, commenting thereon.....	28 April	6
9	Colonial Secretary to C. H. Grant, requesting him to call at the Colonial Secretary's Office to-morrow at noon.....	21 April	6
10	C. H. Grant to Colonial Secretary, expressing his willingness to do so.....	22 April	7
11	<i>Minutes of a Meeting held at the Colonial Secretary's Office</i>	22 April	7
12	C. H. Grant to Colonial Secretary, forwarding letter from Contractors stating that unless the particulars of the Permanent Way Crossings in the Launceston Station-yard are immediately provided, it will be impossible to procure them in time for the public opening of the Railway.....	3 May	8
13	Colonial Secretary to C. H. Grant, acknowledging receipt and subjoining copy of a memorandum of Minister of Lands and Works.....	6 May	8
14	Colonial Secretary to C. H. Grant, acknowledging letter of 19th ultimo and forwarding copy of Mr. Lord's reply.....	10 May	9
15	C. H. Grant to Colonial Secretary, acknowledging receipt, and stating that he assumes from the memorandum of the Minister of Lands and Works, forwarded to him on the 6th instant, that the Government approves of the plan furnished, and that he will instruct Contractors.....	10 May	9
16	C. H. Grant to Colonial Secretary, suggesting that the arbitration mutually agreed upon should embrace every question arising between authorities of the Main Line and Launceston and Western Railways,—retaining the right of the Company, however, to deliver their passengers and goods at the Evandale Junction.....	26 May	9
17	C. H. Grant to Colonial Secretary, requesting consideration of the position of the Company through the decision of the Minister of Lands and Works that the question of compensation for running powers should be decided before laying down the rail or rails in the Launceston Station-yard.....	2 June	10
18	<i>Minutes of a Meeting held at the Colonial Secretary's Office</i>	5 June	10
19	Colonial Secretary to C. H. Grant, acknowledging his letter of the 26th May, referring to interviews held subsequently, and expressing a hope that he will alter his present purpose and loyally fulfil the letter and spirit of the Contract.....	5 June	11
20	C. H. Grant to Colonial Secretary, acknowledging receipt of letter and commenting thereon.....	8 June	12
21	C. H. Grant to Colonial Secretary, stating that, acting on the advice given him in the letter of the 5th, he had perused the correspondence bearing upon the question, and giving the result of his researches.....	15 June	12
22	Colonial Secretary to C. H. Grant, acknowledging receipt of letters of 8th and 15th, enclosing copies of letters to which he would draw his attention, and renewing the warning contained in his letter of the 5th that, should he persist in making Evandale the terminal Station, the Governor would consider it a breach of the Contract, and the Government relieved of the payment of interest.....	28 June	14
23	Colonial Secretary to C. H. Grant, referring to what passed at the interview on the 5th as to the willingness of the Government to afford every facility towards enabling the Company to complete their Contract; and requesting him to state in detail the work he wishes the Launceston and Western Railway Department to perform for the Company..	30 June	20
24	C. H. Grant to Colonial Secretary, acknowledging receipt of letter of 28th ultimo and commenting thereon.....	5 July	20
25	C. H. Grant to Colonial Secretary, replying to letter of 30th ultimo, stating the services the Company would have rendered by the Launceston and Western Railway Department, and requesting to be informed of the value put upon each.....	6 July	21
26	Colonial Secretary to C. H. Grant, acknowledging receipt of letter of the 5th, controverting the views therein expressed, and stating that the Colony is prepared to fulfil every obligation entailed on it by the Contract.....	10 July	22
27	C. H. Grant to Colonial Secretary, acknowledging receipt, expressing himself greatly surprised at the contents of the letter, correcting some of its statements, and expressing a hope that the Government will, upon reconsidering the matter, see that the Company has ground for complaint.....	12 July	24
28	Colonial Secretary to C. H. Grant, acknowledging receipt and declining to prolong the correspondence, as it could only lead to unfriendly feelings.....	17 July	27
29	Colonial Secretary to William Elsdon, asking him to act as an Arbitrator.....	22 April	27

No.	Subject.	Date.	Page.
		1875.	
30	Colonial Secretary to Chief Secretary, Victoria, requesting that Mr. Mathison may be allowed to act.....	22 April	28
31	Chief Secretary, Victoria, to Colonial Secretary, consenting.....	28 April	28
32	W. Elsdon to Colonial Secretary, expressing inability to act.....	27 April	29
33	Colonial Secretary to W. Elsdon, asking him if he could arrange to come over the first week in June.....	4 May	29
34	W. Elsdon to Colonial Secretary, will come, and will arrange with others.....	11 May	30
35	Colonial Secretary to W. Elsdon, requesting him to telegraph whether he and the other Arbitrators can meet in Launceston on the 2nd of June.....	12 May	30
36	Colonial Secretary to Chief Secretary, Victoria, thanking him for complying with his request and telling him that the Arbitration has been postponed until first week in June..	12 May	31
37	Colonial Secretary to C. H. Grant, asking him whether it will be convenient for the Arbitrators to meet in Launceston on the 2nd June.....	12 May	31
38	C. H. Grant to Colonial Secretary, replying in the affirmative.....	12 May	31
39	W. Elsdon to Colonial Secretary, Arbitrators will leave Melbourne not later than the 1st of June.....	21 May	32
40	Colonial Secretary to W. Elsdon, acknowledging, and expressing a hope of meeting him shortly after his arrival.....	25 May	32
41	W. H. Odgers to Colonial Secretary, stating that Mr. Mathison has been instructed to hold himself in readiness to embark on the 31st.....	21 May	32
42	Colonial Secretary to Chief Secretary, Victoria, telling him that the Arbitration has been unavoidably postponed for a few weeks.....	28 May	32
43	Colonial Secretary to W. Elsdon, informing him to same effect.....	28 May	33
44	Colonial Secretary to W. Elsdon, telling him that it will probably be six weeks before the case for the Arbitrators will be ready.....	29 May	33
45	W. Elsdon to Colonial Secretary, stating that after the 7th proximo he will be unable to act for some time.....	29 May	33
46	C. H. Grant to Colonial Secretary, stating the wish of the Company to establish Telegraphic communication throughout the line, and asking whether the Government will allow the wire for the Railway Telegraph to be suspended on the existing posts between Antill Ponds and Snake Banks, and along the Launceston and Western Railway from Evandale Junction.....	12 May	34
47	Colonial Secretary, Memorandum placing on record the result of an interview with Mr. Grant in the early part of the month.....	30 June	34
48	Colonial Secretary to Chief Secretary, Victoria, asking the Victorian Government to allow Mr. W. H. Greene to inspect the Railway.....	5 July	34
49	Colonial Secretary to W. H. Greene, telling him that the Chief Secretary has been requested to allow him to come over.....	8 July	35
50	W. H. Greene to Colonial Secretary, stating that he leaves by <i>Southern Cross</i> on Wednesday.....	12 July	35
51	Premier, Victoria, to Colonial Secretary, informing him that Mr. Greene embarked yesterday.....	15 July	35
52 to 94	CORRESPONDENCE WITH COLONIAL TREASURER.		



MAIN LINE RAILWAY CORRESPONDENCE.

1.

SIR,

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 15th February, 1875.*

I HAVE the honor to inform you that the Tasmanian Main Line Railway Company, Limited, are now prepared to complete the necessary alteration of the Launceston station ground, in order to prepare it for the additional traffic of the Main Line Railway.

The plans for these alterations were some time since deposited with the Manager of the Launceston and Western Railway; I have therefore to request the favorable consideration of the Government thereto, in order that the work may be at once commenced and completed against the now fast approaching opening throughout for public traffic of the Main Line Railway.

In the hope that this matter may receive the kind and prompt consideration of your Government on behalf of the public convenience.

The Hon. the Colonial Secretary.

I have, &c.,

(Signed)

CHARLES H. GRANT.

FORWARDED to the Honorable the Minister of Lands and Works.

THOS. D. CHAPMAN.
18th February, 1875.

REFERRED to the Manager of the Launceston and Western Railway, who will be good enough to transmit to this office the plans referred to herein, together with a report upon the alterations proposed to be effected.

GEORGE F. LOVETT,
By instructions Minister Lands and Works.
18. 2. 75.

THE only plan I have received I forward: this was shown to the Honorable the Minister of Lands when here some months ago. I would prefer to verbally explain my views to the Honorable the Minister of Lands when he visits the line before reporting if I may be allowed to do so.

R. W. LORD.
19. 2. 75.

2.

SIR,

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 19th March, 1875.*

REFERRING to my letter of the 15th February last, respecting the alterations of the Launceston Railway Station yard, I have most earnestly to request an immediate reply thereto, because the contractors are ready and very anxious to proceed with and complete the work.

I have been pressing this matter for more than 12 months with the Public Works Department, and it is really one that will not allow of any further delay.

The Hon. the Colonial Secretary.

I have, &c.,

(Signed)

CHARLES H. GRANT, *Engineer.*

FORWARDED to the Honorable the Minister of Lands and Works.

THOS. D. CHAPMAN.
22nd March, 1875.

4

3.

MEMORANDUM.

HEREWITH I have the honor to forward a plan of the proposed alterations to the Launceston and Western Railway Station premises at Launceston, submitted by the Engineer-in-Chief of the Tasmanian Main Line Railway Company, and referred to by him in letters addressed to you dated 15th February and 19th March last, the former being the earliest official communication with which this Department has been favored.

The demands of the Main Line Railway Company in reference to the laying of a third rail over the Launceston and Western Railway between the Evandale junction and the Railway station, Launceston, have been conceded, and the work long since carried out under powers conferred by Sections 42 and 43 of "The Launceston and Western Railway Act, 37 Vict. No. 20;" but I cannot construe the provisions of those Sections or of the 4th clause of the Main Line Railway contract to mean that the Main Line Railway Company has anything to do with the station buildings and yards of the Launceston and Western station at Launceston. In any case the question of toll and compensation for running powers over the Launceston and Western Railway between the Evandale junction and Launceston should be settled before any alterations to the station terminus are made; and to that end I submitted certain correspondence bearing upon the subject between the Manager of Launceston and Western Railway and this Department to the Hon. the Colonial Secretary so far back as the 4th September, 1874.

I am of opinion that the Main Line Railway Company should be called upon to furnish specifications of the proposed alterations to the station premises referred to, and to state whether it is contemplated to utilise the officers of the Launceston and Western Railway for the service of the Tasmanian Main Line Railway.

WM. MOORE, *Minister of Lands and Works.*
24th March, 1875.

4.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 9th April, 1875.*

SIR,

HAVING heard from the Honorable the Colonial Treasurer that the question of the exercise by the Main Line Railway Company, Limited, of running powers over the Launceston and Western Railway, and right to make the necessary alterations of the Launceston Station yard to adapt it to the requirements of the Main Line traffic (without prejudice to its use by the owners), is under the consideration of the Government, I have the honor to request that it may receive early attention, since the contractors are most anxious to immediately execute the work.

It would not appear that any question can arise as to the right of the Company to lay down the third rail in the Launceston Station yard, and to erect any necessary buildings for accommodation that cannot be otherwise provided, since this is most clearly given by the fourth condition of the contract.

This work is included in the contract of Messrs. Clark, Punchard, & Reeve with the Company, and they insist on doing it, without further delay, according to the conditions of the contract between the Government and the Company. The plans were made after much consultation with the officers of the Railway Department, and (as deposited with the Railway Manager) are, I believe, approved.

This matter is quite independent of the question of toll, and merely consists of the exercise of the right to carry the third rail (already laid down from Evandale Junction to Launceston Station) into the station yard, and to provide the necessary accommodation for the Main Line Railway traffic; but I may also state that, on behalf of the Company, I am quite prepared to arrange about the tolls.

Trusting that the Government will immediately give the required assent to the plans, in order that the work may be completed before winter makes their execution more difficult,

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. the Colonial Secretary.

5

5.

Colonial Secretary's Office, 13th April, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 9th instant, requesting the authority of the Governor in Council to lay down a third rail into the Launceston and Western Railway Station at Launceston, and to erect any buildings that may be deemed necessary for working the Main Line Railway at Launceston.

In reply, I have the honor of informing you that the subject is under the consideration of the Government, and after the return of the Honorable the Attorney-General from Sydney I hope to be able to name a day early in the ensuing week to see you at this Office in reference to the matters referred to in your letter.

I have, &c.,

(Signed) THOS. D. CHAPMAN.

C. H. GRANT, *Esq., Engineer-in-Chief,
Main Line Railway Company, Hobart Town.*

6.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 19th April, 1875.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 13th instant, in reply to my application for permission to lay down the third rail in the Launceston and Western Station yard, and to erect the necessary buildings for the proper conduct of the Main Line Railway traffic, in which you kindly inform me that probably some day of the ensuing week will be named for an interview at your Office in reference to this matter.

Herewith I have to forward a letter from the Contractors, complaining of serious obstructions to their operations, which a settlement of the questions above referred to would probably obviate.

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. the Colonial Secretary.

(Copy.)

*Tasmanian Main Line Railway,
Contractor's Offices, Hobart Town, 19th April, 1875.*

DEAR SIR,

WE have to request that you will do all in your power to obtain an immediate settlement with the Government respecting the laying of a third rail into the Launceston Station yard, which matter has been so long delayed. Our interests have suffered considerably by the want of proper facilities for passing permanent way materials from the wharf at Launceston to Evandale; and at the present moment the laying of the railway is entirely stopped by the want of this material, and cannot be resumed until a full supply arrives. This causes a serious derangement of our works, and great loss to both the labouring men and ourselves, besides the attendant expense and delay in the final completion of the Line. The Main Line siding at Evandale Junction contains a number of loaded trucks that have stood there *many* days waiting for their freight to be transferred to the trucks that bring up the rails, thus fully freighting them both ways each day; it is therefore somewhat annoying to see long trains of loaded wagons remain in Launceston Station yard through the negligence of the storekeepers in receiving their freight, which wagons would be continuously occupied in our work.

We have requested that the loaded permanent wagons of the Main Line Railway should be allowed to run to Launceston and bring back the rails, these wagons being in first-rate condition and in every way adapted for the service, but this is refused. Were this plan adopted it would obviate all the inconvenience we complain of.

We have, &c.,

C. H. GRANT, *Esq.*

(Signed) CLARK, PUNCHARD, & REEVE.

7.

MEMORANDUM.

THE Colonial Secretary begs to forward to the Minister of Lands and Works a letter from Messrs. Clark, Punchard, & Reeve, dated the 19th instant, addressed to Mr. Grant, Chief Engineer of the Tasmanian Main Line Railway Company, complaining of the delay in forwarding rails and other railway plant from the Launceston and Western Railway Station at Launceston to the Evandale Railway Station.

As Mr. Lord, the Manager of the Launceston and Western Railway, is now in Hobart Town, the Colonial Secretary will feel obliged by the Minister of Lands and Works referring Messrs. Clark, Punchard, & Reeve's letter to Mr. Lord for his observations, to enable the Colonial Secretary to reply to Mr. Grant's letter.

THOS. D. CHAPMAN.

Colonial Secretary's Office, 21st April, 1875.

The Hon. the Minister of Lands and Works.

REFERRED to the Manager of the Launceston and Western Railway by instruction of the Hon. the Minister of Lands and Works.

GEORGE F. LOVETT.

22nd April, 1875.

8.

*Launceston and Western Railway, Manager's Office,
Launceston, Tasmania, 28th April, 1875.*

SIR,

I HAVE the honor to reply to the letter of Messrs. Clark, Punchard, & Reeve, dated the 19th instant, addressed to Mr. Grant.

You will remember that when the exceptionally low rate of 1*d.* per ton per mile was arranged for the conveyance of Main Line material, it was most distinctly stipulated that such material should be conveyed only at the convenience of the Launceston and Western Railway Department, and during the slack season of the year, when the trucks were not fully employed: notwithstanding this stipulation trucks have been continuously supplied for the transit of such material, even during the busy months of February and March, although of course not so many as at other periods.

I do not understand the portion of Messrs. Clark, Punchard, & Reeve's letter wherein they refer to some neglect on the part of the storekeepers in receiving goods, which has, it is said, delayed their traffic. I am not aware that this has in any way interfered with the Main Line Company, inasmuch as the trucks used for grain, which I presume they refer to, are not suitable for carrying their material, which now consists solely of rails, and for which our timber wagons only are suitable. We have only eight of this description of wagon, and Messrs. Clark, Punchard, & Reeve have had them allotted to them whenever they were not required for the ordinary timber traffic of the line.

I have, in conclusion, no hesitation in saying that every facility has at all times been conceded for the speedy transit of Main Line material, although it has generally arrived during the busiest season of the year, when it was not contemplated that it would be received or carried, at the time of the arrangement of the rate.

I have, &c.

(Signed)

R. W. LORD, *Manager.*

The Hon. Minister of Lands and Works.

FORWARDED to the Honorable the Colonial Secretary.

WM. MOORE.

30. 4. 75.

9.

Colonial Secretary's Office, 21st April, 1875.

SIR,

IN accordance with the intimation made to you in my letter of the 13th instant, that I would name an early day for an interview with you to consider your proposals for laying down a third rail into the Launceston and Western Railway Station, and the erection of any buildings that may be deemed necessary for working the Tasmanian Main Line Railway at Launceston, I have now the honor of informing you that I shall be glad to see you at this office, if convenient to you, at noon to-morrow, Thursday, the 22nd instant, when I shall be prepared to consider your proposals.

I have, &c.,

(Signed)

THOS. D. CHAPMAN.

C. H. GRANT, *Esquire, Engineer-in-Chief,
Tasmanian Main Line Railway Company, Hobart Town.*

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 22nd April, 1875.*

SIR,

I SHALL have great pleasure in attending the interview you have done me the honor to arrange for at noon on this day, to confer as to the exercise by the Main Line Railway Company of running powers over the Launceston and Western Railway.

I have, &c.,

The Hon. the Colonial Secretary.

(Signed)

CHARLES H. GRANT.

11.

ARBITRATION RESPECTING TOLLS AND COMPENSATION.

Colonial Secretary's Office, 22nd April, 1875.

MINUTES of a Meeting held this day, in the Colonial Secretary's Office.

PRESENT :

The Honorable the Colonial Secretary.

The Honorable the Colonial Treasurer.

The Honorable the Minister of Lands and Works.

R. W. Lord, Esquire, Manager of the Launceston and Western Railway.

C. H. Grant, Esquire, Engineer-in-Chief of the Main Line Railway.

1. Mr. Grant undertook to name one person as Arbitrator, leaving the Government to name the other.

2. Mr. Grant expressed his consent to the appointment of Mr. William Elsdon as the third Arbitrator.

The Colonial Secretary put the following questions to Mr. Grant, to which he gave the replies severally subjoined:—

Question 1.—Are you now prepared to entertain the question of Toll and Compensation for running powers over portion of the Launceston and Western Line?

Answer.—Yes.

Question 2.—If so, in addition to running powers, do you desire to have accommodation in the Launceston Station, in the goods and passengers stations?

Answer.—Yes.

Question 3.—Do you also propose that the terminal services, both handling and clerical, shall be performed by the officers and staff of the Launceston and Western Department on terms?

Answer.—Yes.

Question 4.—Is it your wish that the whole of the work at Evandale Junction Station should be performed likewise by the Launceston and Western Railway Department?

Answer.—It is, if satisfactory terms can be arranged.

Question 5.—Do you anticipate that stores in any quantities, such as coal or other bulky goods, will be conveyed over the portion of the Launceston and Western Railway from time to time, and if so, do you wish this to form part of the Toll question?

Answer.—Yes; I think this should be included.

Question 6.—For what period do you desire any arrangement to be entered into?

Answer.—For three years, with the right of either party terminating the same at the end of the second year by giving three months notice.

Question 7.—What do you propose for the times of arrival and departure of your trains from each terminus in the day, and also during the night?

Answer.—I am not prepared at the present time to enter into an arrangement on this subject.

Question 8.—Are you prepared to name any sum that you will be willing to pay for the service and accommodation you ask for?

Answer.—I have not considered the question.

In any arrangement that may be entered into, I see no objection to the entire management of the working of the line over the Launceston and Western Railway remaining in the hands of the Launceston and Western Railway Department.

I am prepared, on behalf of the Company, to enter at once into arbitration to settle the terms and conditions upon which these questions shall be settled, or I will name an Arbitrator to do so.

(Signed) THOS. D. CHAPMAN.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 3rd May, 1875.*

SIR,

I HAVE the honor to forward herewith a letter from the Contractors to the Main Line Railway Company, in which they state that unless the particulars of the permanent way crossings in the Launceston station yard are immediately provided, it will be impossible to procure them in time for the public opening of the railway. Having enquired whether these crossings can be made in this country, I am informed by Mr. Lord that he has no rails available for their manufacture, which must therefore be done in England.

Under these circumstances the contractors are quite correct in their statement, and I must request that the plan long since submitted for the additions to the Launceston Station yard be at once considered, and either approved or amended.

I have, &c.,

(Signed) CHARLES H. GRANT, *Engineer and Agent.*

The Hon. the Colonial Secretary.

(Copy.)

Hobart Town, 1st May, 1875.

DEAR SIR,

WILL you be good enough to let us know *at once* the angle of the crossings for our roads in the Launceston station yard, in order that the crossings may be ordered immediately from home. If there is any further delay it will be impossible to procure them in time for opening the line through.

We are, &c.,

(Signed) CLARK, PUNCHARD, & REEVE,
per JAMES FINCHAM.

C. H. GRANT, *Esq.*

REFERRED to the Hon. the Minister of Lands and Works.

THOS. D. CHAPMAN.
4th May, 1875.

Colonial Secretary's Office, 6th May, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 3rd instant, forwarding a letter from the Contractors for the Main Line Railway, requesting to be informed as to the angle of the crossings of their roads in the Launceston station yard, in order that the crossings may be ordered immediately from home.

Your letter and its enclosure have been forwarded to the Minister of Lands and Works, and I now subjoin a copy of his Memorandum in reply.

I have, &c.,

(Signed) THOS. D. CHAPMAN.

C. H. GRANT, *Esq., Engineer-in-Chief, T. M. L. Railway.*

(Copy.)

WHEN once the question of compensation for running powers is decided, there will be no objection on the part of this Department to the laying down of the rail or rails (as may be agreed upon) in the L. & W. station ground, and there is nothing to prevent the Contractors or the Main Line Railway Company ordering the necessary points and crossings.

I think it, however, very desirable that steel points and crossings should be used where traversed by the engines of the L. & W. Railway, similar to those recently imported and now being laid on that line.

(Signed) WM. MOORE.
5th May, 1875.

14.

SIR,

Colonial Secretary's Office, 10th May, 1875.

I HAVE the honor to acknowledge the receipt of your letter of the 19th ultimo, enclosing a letter from the Contractors for the Main Line of Railway, in which they state that their interests had suffered considerably by the want of proper facilities for passing permanent way material from the wharf at Launceston to Evandale.

Messrs. Clark, Punchard, & Reeve's letter has been referred to the Manager of the Launceston and Western Railway, and I now beg to forward copy of the reply* of that Officer for the information of the Contractors.

C. H. GRANT, *Esq., Engineer-in-Chief,*
Main Line Railway.

I have, &c.,

(Signed)

THOS. D. CHAPMAN.

15.

Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 10th May, 1875.

SIR,

I HAVE the honor to acknowledge your letter of this date, with the enclosure of a letter from the Manager of the Launceston and Western Railway to the Hon. the Minister of Lands and Works, replying to the complaint of the Contractors that they had been inconvenienced by the want of trucks on the Launceston and Western Railway for the up-carriage of permanent way material and return carriage of freight brought from and over the Main Line Railway.

These letters have been referred to the Contractors for their information, and I am happy to learn that they have no longer any grievance in this matter.

I have further to acknowledge your letter of the 6th May, to which is appended a Memorandum of the Hon. the Minister of Lands and Works, respecting the angle of the crossings that will be required in the alteration of the Launceston Station-yard.

I assume that the observations therein imply an approval of my plan furnished to the Government through the Railway Department, and will therefore instruct the Contractors to procure the special crossings corresponding to that plan.

The Hon. the Colonial Secretary.

I have, &c.,

(Signed)

CHARLES H. GRANT.

16.

Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 26th May, 1875.

SIR,

HAVING reference to the Arbitration that has been mutually agreed upon between the Government of Tasmania and the Main Line Railway Company, Limited, with the object of determining the rates to be paid by the latter for running their passengers and freight over that portion of the Launceston and Western Railway between Evandale Junction and Launceston, I have the honor to suggest that it should be extended to all matters that might possibly be in question between the authorities of these lines, and be so arranged as to establish entirely equitable reciprocal conditions.

To this end it is desirable that the Arbitrators should classify the freight and stores of every kind, and fix the through rates from any station on the one line to any station on the other, determining further the allowance to be made upon this schedule by one railway for the use of the trucks or locomotive power of the other, should circumstances render this exchange possible, and also for cost of transfer at the junction. The terms of delivery from the various stations should also be definitely arranged, and the charges for demurrage, whether against the freighters or the Company at fault.

As stated at the interview that yourself and other members of the Government honoured me with on the 22nd ultimo, the Main Line Railway Company at present desire to run all their trains over the Launceston and Western Railway between Evandale Junction and Launceston, using the third rail that has been laid down over that distance; and also to avail themselves of the present accommodation on the passenger station and goods shed, and of the services of the officers and staff on all that portion of the Launceston and Western Line; the compensation for which is to be determined by the arbitration; but the Main Line Company to retain their existing right to deliver

* NOTE.—See Mr. Lord's letter to the Minister of Lands and Works, of 28th April. (No. 8, page 6.)

10

their passengers and goods at the Evandale Junction, instead of carrying them into Launceston, should they deem this desirable; and in such case to be free from all charges or liability in respect to any use of the Launceston and Western Railway or the connection therewith.

It is understood that the Launceston and Western Railway authorities will retain the control of that line, subject necessarily and only to their granting all usual and reasonable facilities for the conduct of the Main Line traffic. The time of the Trains to be decided by arrangement with the Government, in accordance with the conditions of the Contract with the Main Line Company.

The Company fully concur in the arrangement that the terms and rates fixed by the award should, when adopted, remain in force for three years, with the right of either party terminating the same at the end of the second year on giving three months previous notice.

The above conditions I believe include all that were considered at our meeting, and will therefore I presume, when approved by you, form the heads of the "case" to be submitted to the Arbitrators and adjudicated upon by them.

I have, &c.,

(Signed) CHARLES H. GRANT, *Engineer and Agent for the
Tasmanian Main Line Railway Company, Limited.*

The Hon. the Colonial Secretary.

17.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 2nd June, 1875.*

SIR,

Now that the arbitration respecting the use of the Launceston and Western Railway is postponed, I have the honor to request your consideration of the position in which the Company are placed by your letter of the 6th ultimo, and the decision of the Hon. the Minister of Lands and Works, that the question of compensation for running powers should be decided before the laying down of the rail or rails, as may be agreed upon, in the Launceston Station-yard.

For a long time past I have unsuccessfully endeavoured to obtain this permission, it being clearly a right of the Main Line Railway Company under their Contract, and, as I informed you on the 3rd of May last, the Company will be entirely deprived of the means of running to Launceston, should they desire to do so, unless they immediately have the plan for the alteration of the Station-yard approved, so that they can prepare the proper points and crossings, and erect the necessary buildings, turntables, &c. for the conduct of their traffic.

This permission is asked for without prejudice to the option of user claimed by the Company, and on the consideration that the Company do not propose any alteration that would in any way injuriously affect the Launceston and Western Railway.

Trusting that this difficulty may be at once removed by your giving the necessary approval of the plan, and permission to at once commence carrying it out,

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. the Colonial Secretary.

18.

Colonial Secretary's Office, 5th June, 1875.

MINUTES of a Meeting held this day, in the Colonial Secretary's Office.

PRESENT :

The Honorable the Premier.	Mr. Lord, the Manager of the Launceston and
The Honorable the Colonial Secretary.	Western Railway.
The Honorable the Colonial Treasurer.	Mr. Grant.
The Honorable the Minister of Lands and Works.	Mr. Henry Dobson.
The Honorable the Attorney-General.	

The Colonial Secretary stated that he had called this meeting in consequence of a letter he had received from Mr. Grant on behalf of the Main Line Railway Company, dated the 2nd instant, requesting that permission might be given to the Main Line Railway Company to erect certain buildings on the Launceston and Western Railway Station grounds at Launceston.

The Colonial Secretary informed Mr. Grant that the Government were desirous of affording every facility in their power to enable the Main Line Railway Company to complete their contract with the Government for the construction of the Main Line Railway from Hobart Town to Launceston, and had

already, in accordance with the terms of the contract, authorised the Main Line Railway Company to lay down a third rail over and along the Launceston and Western Railway from the Evandale Junction to the Station at Launceston; and that the Government were prepared at once to authorise the Main Line Railway Company to erect such buildings as the Company required on the Station grounds at Launceston, on such part of the Station ground pointed out by the Manager of the Launceston and Western Railway as most suitable, on the Plan of the Station ground then on the table.

The Colonial Secretary further informed Mr. Grant that it must be clearly understood that permission to erect the buildings was given at the present time to enable the Company to complete their contract with the Government, and thereby open the Line for traffic as early as possible, leaving the question of Tolls and Compensation to be paid by the Main Line Railway Company to the Launceston and Western Railway for future consideration and settlement.

Mr. Grant expressed himself as perfectly satisfied with the course proposed by the Colonial Secretary, and promised to see Mr. Lord (the Manager) at Launceston during the ensuing week, and point out to Mr. Lord what the Main Line Railway Company required.

Mr. Grant and Mr. Dobson then retired, and Mr. Lord was directed to meet Mr. Grant on the Station ground at Launceston, and request Mr. Grant to mark out on the Plan of the Station ground at Launceston the sites of the buildings proposed to be erected by the Main Line Railway Company, and report thereon to the Colonial Secretary.

(Signed) THOS. D. CHAPMAN.

19.

Colonial Secretary's Office, 5th June, 1875.

SIR,

I HAVE now the honor formally to acknowledge the receipt of your letter of the 26th May, which reached this office on the afternoon of the 27th May.

You will remember that, immediately on receipt of that letter, I sought and obtained a personal interview with you, which took place on the evening of the 27th May, in the presence of your Solicitor, Mr. H. Dobson, and all the Members of the Government except the Minister of Lands; and that a further interview took place between us, in the presence of the same parties, on the following day, resulting in our postponing the arbitration then about to commence until the basis of our agreement to arbitrate could be agreed on.

I desire to place on record the statement then verbally made to you by each of the Members of the Government present, viz.,—That the so-called “right,” which in your letter you state the Company wish “to retain,”—to construct a line of Railway from Hobart Town to Evandale only, and “to deliver their passengers and goods at the Evandale junction, instead of carrying them into Launceston,”—is a “right” of which the Government deny the existence, and moreover a “right” which has never been before asserted, or even hinted at, in a correspondence extending over four years, nor previously put forward at any one of the numerous interviews which you have had with the Members of the Government during the period of your residence in the Colony.

I desire further to place on record that, upon the denial by the Government of this alleged right, and their assertion that the Company you represent were actually bound to make Launceston the Northern Terminus of the Main Line Railway, you still adhered to the claim you had advanced, and refused to proceed with the Arbitration then about to be entered upon, unless you were permitted to do so without prejudice to the position you had, in your letter, for the first time assumed.

I need hardly remind you of the surprise with which my colleagues and myself heard your statement, that you had always (mentally) contemplated the possibility of your terminating your Railway at Evandale; but I cannot too clearly impress upon you, and through you upon the Company you represent, that the Government will be compelled to regard such a course, if persisted in, as a non-fulfilment of your contract; and a non-fulfilment of so important a character as to draw after it the most serious consequences to the financial interests of your Company, so far as those may depend upon the receipt of the guaranteed interest from this Colony.

I trust that a re-perusal of the many published letters and documents which bear upon the liabilities of your Company in this matter, as well as a re-consideration of the express words of the Contract itself, and calm reflection upon the interpretation already attached to those words, both by the officers of the Company in England and their agents in Tasmania, and which interpretation has been hitherto accepted without question by the entire Colony, will so far alter your present purpose as to induce a loyal fulfilment of the letter and spirit of the Contract, and so avert the unpleasant consequences to which I have above alluded.

I have, &c.,

(Signed) THOS. D. CHAPMAN.

C. H. GRANT, *Esq., Engineer-in-Chief,
Tasmanian Main Line Railway Company.*

20.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 8th June, 1875.*

SIR,

I HAVE the honor to acknowledge your letter of the 5th instant, which was received on the evening of the 7th instant.

While admitting the correctness with which you detail the meetings the Government did me the honor to favor me with, I cannot concur in the statement that the "right" of the Main Line Railway Company to stop their trains and deliver their passengers and freight at Evandale is now claimed for the first time during the existence of the contract; because I have always been conscious of the possession of this "right," but could not suppose that it would ever be questioned.

I have repeatedly informed nearly all the members of the Government, and the Railway Manager, that the Company would not pay an excessive toll; and in my letters on this subject have carefully reserved the question of the use of the Launceston and Western Railway by the Main Line Company.

Writing to you on the 21st February, 1874, in reference to the agreement for the laying down of the third rail from Evandale to Launceston, and confirming my letter of the 11th September, 1873, I used these words:—"This arrangement is understood to be made between the Government and the Contractors, and therefore the question of *the use* of the Launceston and Western Railway by the Main Line Railway Company, and of the tolls to be paid for the same, need not be now entertained." If the point has not been more discussed, the reason is simply that the Government did not allow the Main Line Railway Company to complete their Line into the Launceston Station yard, and no reply was accorded to my letters on this subject.

When you state that I refused to proceed with the arbitration unless permitted to do so without prejudice to this optional "right," I must ask you to remember that Mr. Dobson and myself most earnestly pressed that the arbitration should be allowed to take place as arranged, for many important reasons; and we pointed out how easy it would be to arrange a deed of reference which would reserve the right, (this the Company's Solicitor stated to you that I could not legally surrender without the express approval of the Directors, since it is a right and power conferred by a deed under seal), but that each member of the Government then insisted on the immediate reference of this legal point to the Supreme Court, and that the arbitration should be suspended until the opinion of the Judges had been obtained, the time necessary for this having been estimated at about six weeks.

I cannot admit that any published letters or documents, or that the terms of the contract itself, or any interpretation of its terms by the Government, or by the officers of the Company in England or elsewhere, can be taken to limit or affect a power conferred by the contract, and never waived or previously discussed; but, on the other hand, I am quite ready to submit the case to the decision of the Supreme Court as arranged, and am both willing and anxious to proceed with the arbitration, which can be held, and possibly an award satisfactory to both parties may be obtained, without prejudice to the contract rights of either the Government or the Company.

The matter to my view is an extremely simple one, being, that the Company, while having the optional right to run through to Launceston, are not prepared to use it to their own most serious disadvantage, but on the other hand, would be glad to avail themselves of it for the public convenience.

I have, &c.,

(Signed)

CHARLES H. GRANT.

The Hon. T. D. CHAPMAN, Colonial Secretary.

21.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 15th June, 1875.*

SIR,

PROFITING by the advice that you did me the honor to offer in your letter of the 5th instant, I have, at the first convenient opportunity, re-perused the many published letters and documents (extending beyond a period of four years) which bear upon the liabilities of the Main Line Railway Company to the Government, in connection with the exercise of "running powers" from Evandale to Launceston; and have carefully reflected on the history and interpretation attached to the words of the contract in question.

In accordance with your implied desire, I have now the honor to furnish you with the particulars of my researches.

To obtain the exact meaning of the words relating to any extension of the Main Line Railway into Launceston, I find, by a careful search, that it is necessary to go back to the 11th June, 1870,

on which date—all former negotiations having proved inoperative, and been set aside—Mr. Coote addressed a letter to the Hon. the Colonial Secretary, and used these words:—"The Company will construct a Main Line Railway from Hobart Town, to a point to be hereafter agreed upon on the *Launceston and Western Railway*, of either a 5 ft. 3 in. gauge or 4 ft. 8½ in. gauge, at their own cost, upon the Government of Tasmania guaranteeing to the Company the payment of interest, at the rate of £6 per centum per annum, upon the sum of £850,000, for a period of 30 years from the opening of the line for traffic.

In his reply of the 14th June, 1870, the Hon. the Colonial Secretary repeated these exact words, but stated that the Government considered the terms excessive:

On the same date Mr. Coote again addressed the same authority, offering to construct "the Main Line Railway, with a 3 ft. 6 in. gauge," for a guarantee of 5½ per cent. on £650,000, which was similarly acknowledged in the same terms, and declined on the 15th of that month.

On the 20th June, 1870, for the last time, Mr. Coote offered "to construct the Main Line, with a 3 ft. 6 in. gauge, upon being guaranteed interest at the rate of £5 per centum on the sum of £650,000," to which Mr. J. M. Wilson replied (using the same words), that the Government were prepared to entertain favourably the proposals. Accordingly, on the 9th August, 1870, Mr. Wilson officially sent Mr. Coote a provisional contract, in which it was recited that the Company were to construct "the Railway on the 3 ft. 6 in. gauge," which must clearly be that already specified as leading "to a point to be hereafter agreed upon on the *Launceston and Western Railway*," since none other had ever been mentioned. On the 12th following, Mr. Coote accepted the contract on the exact terms of the above letter; and then, on the 15th August, Mr. Wilson abbreviated the above specification by defining the contract as one "to construct the Railway to connect Hobart Town with Launceston," but which could only have meant that before described.

On the 31st October, 1870, Mr. Wilson submitted for the approval of the Governor in Council a minute providing,—“That the Colonial Secretary be authorised to sign a letter to be addressed to Mr. Audley Coote, agreeing to contract with the Main Line Railway Company, Limited, for the construction of a line of Railway to connect Hobart Town with Launceston, on the terms and conditions set forth in *The Main Line of Railway Acts*.” These Acts you will remember contain no provision whatever that obliged the Company to run to Launceston, and had this been required, the Acts and letters must certainly have stated so. On the same date Mr. Wilson officially sent Mr. Coote the provisional draft contract, containing certain subsidiary terms and conditions contingent on the same, which required "the immediate construction of a Railway to connect Hobart Town with Launceston, upon the terms and conditions of *The Main Line Railway Acts*, of 1869 & 1870; and, in the following paragraph, "conferred upon the Company all the immunities and privileges, and guaranteed to the Company all the benefits, which by the above Acts, or by the Act 33 Vict. No. 21 (*The Launceston and Western Railway Act*, taking the right of running powers), he is authorised to confer and guarantee." The first clause therefore shows clearly what is required, and the second the optional privileges conferred.

The Railway was not then again particularly specified until the 15th August, 1871, when the Hon. the Colonial Secretary wrote the Crown Agents of the Colonies, using these words:—"I have the honor to enclose herewith the Contract agreed upon between the Governor in Council and the Tasmanian Main Line Railway Company, Limited, for the construction, maintenance, and working of a Main Line Railway between Hobart Town and the northern side of the Island. This document is transmitted to you for the purpose of being delivered to the Tasmanian Main Line Railway Company."

Here is an absolute proof that the then Colonial Secretary did not consider that the contract was for a Railway between Hobart Town and Launceston, but simply, as before repeatedly and particularly specified, "to a point on the *Launceston and Western Railway*, to be hereafter agreed upon, on the northern side of the Island," with no obligation whatever to extend it to Launceston.

The Crown Agent writing on the 6th November, 1871, to Messrs. Wilson, Bristow, & Carpmael, the then Solicitors to the Main Line Company, informed them of the due receipt of a contract, "for the construction, maintenance, and working of a Main Line Railway between Hobart Town and the northern side of the Island;" as he did subsequently in a letter to the same authority, dated the 19th March, 1872. The opinion of the Crown Agents as to the scope and character of the contract is, therefore, abundantly clear.

The contract was finally executed, and sent away by the Government on the 15th August, 1871, and was signed and sealed by the Tasmanian Main Line Railway Company on the 15th March, 1872.

I will not trouble you with any further correspondence, since although it all tends to establish the rights claimed by the Company, it can, I presume, have no legal significance, as occurring since

the contract dates, and during the period allowed for the construction of the Railway. I apprehend that any acts or expressions, whether public or private or howsoever set forth (not being deeds under seal), of either of the parties since the 15th March, 1872, cannot be used in interpretation of the contract, because those of the most recent date can only have equal and concurrent validity with the more remote within these limits. Nor do I suppose that any Court, either of law or equity, or extra-judicial, would allow the fluctuating intentions of either party to the contract, during the period of option, to bias their own deliberate judgment on the words of the sealed agreement.

I venture most respectfully to trouble you with these few remarks, in place of quoting the large number of more recent letters, but shall be happy to pursue the subject if you desire; and have to submit that a review of the whole matter will not bear out the assertion, that the Company I represent are actually bound to make Launceston the northern terminus of the Main Line Railway.

Since we have now arrived at the crisis, which may, as you gravely forewarn, draw after it the most serious consequences to the financial interests of the Company, as far as these depend upon the receipt of the guaranteed interest from this Colony, or, in other words, involve the Company in total and absolute ruin, I have to earnestly request the calm attention of the Government to the facts above stated, since the interests of the Colony are in no slight degree compromised in the fate of the Company.

In order to re-open the question, I have the honor to request you to furnish me with a statement of the claim of the Government for any exercise of running powers over the Launceston and Western Railway between Evandale and Launceston, on the basis of the terms agreed upon by the Executive Council and myself, and recorded by you at the interview of the 22nd April last.

I have, &c.,
(Signed) CHARLES H. GRANT.

The Hon. the Colonial Secretary.

22.

Colonial Secretary's Office, 28th June, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letters of the 8th and 15th instant, in reply to my letter of the 5th, in which I distinctly pointed out to you that should you decide on terminating the Main Line Railway at Evandale, the Government would consider such a course, if persisted in, a non-fulfilment of the Contract by the Company; but you still maintain that you are at liberty to make Evandale the terminal point of the Railway, and refer me to several letters that passed between Sir James Wilson, the late Colonial Secretary, and Mr. Audley Coote previous to the execution of the Contract, as supporting the position you have taken up. I cannot, however, admit that you are justified in drawing any such conclusions from that correspondence. I would especially direct your attention to the letter from the Colonial Secretary to Mr. Coote, dated 31st October, 1870, which was forwarded by Mr. Coote to the Directors of the Tasmanian Main Line Railway Company in London, and duly acknowledged by Mr. Hawes, the Chairman of that Company, who, when writing to the Colonial Secretary on the 30th December, 1870, in reply, stated that the Directors of the Main Line Railway Company desired him to say, "that it was proposed to prepare in England the form of a Contract between the Governor in Council and the Company embodying the terms of the provisional contract contained in the letters which had passed between the Colonial Secretary and Mr. Coote of the 9th, 12th, and 15th of August, 1870, and that the Directors fully recognise and adopt those terms as the basis on which the definitive contract should be made between the Governor in Council and the Company in reference to the proposed undertaking."

I would also refer you to the Colonial Secretary's letter to Mr. Hawes in reply thereto, dated the 25th February, 1871.

I would also further beg to refer you to the letter from Mr. Henry Dobson, the Solicitor for the Main Line Railway Company, dated the 8th August, 1871, only a few days before the Contract with the Company was signed by the Governor in Council, by which you will see that an application was made by the Company to the Government with regard to running powers over the Launceston and Western Railway between the proposed Evandale Junction and the Station in Launceston; the working of the passenger traffic at Launceston; and the right of the Main Line Railway Company to use the Launceston and Western Railway Station at Launceston.

I enclose, herewith, copies of these letters, which should satisfy you that the Government and the Company thoroughly understood that the Railway was to run from Hobart Town right through the country to Launceston; and as a third rail has been laid down along the Launceston and Western Railway from the Evandale Junction to the Launceston Station by your instructions as Engineer-in-

Chief of the Main Line Railway, at a cost, as I understood, of £10,000 or thereabouts, and upon which the Government are now paying interest to your Company, I must confess my surprise that you should for one moment suppose that the Government will submit to your fixing on Evandale as the terminal station of the Main Line Railway.

I beg, therefore, to renew the warning that I gave to you in my letter of the 5th instant, that should you persist in making Evandale the terminal Station of the Main Line Railway, the Governor will consider it as a breach of contract on the part of the Company you represent, and that the Government will thereby be relieved from the payment of interest on the cost of construction.

I have, &c.,

(Signed) THOS. D. CHAPMAN.

C. H. GRANT, Esq., *Engineer-in-Chief,*
Main Line Railway Company.

(Copy.)

The Colonial Secretary to MR. COOTE, Hobart Town, October 31, 1870.

Colonial Secretary's Office, Hobart Town, 31st October, 1870.

SIR,

REFERRING to my Letter to you of the 8th instant, I have now the honor to inform you that the Act of which I then transmitted you copies received the Royal Assent on the 18th instant.

At a meeting of the Executive Council held this day the Governor in Council was pleased to direct me to write to you intimating that he was now prepared to enter into a binding Contract with the Company which you represent for the immediate construction of a Railway to connect Hobart Town with Launceston, upon the terms and conditions of the Main Line Railway Acts of 1869 and 1870, and with such other subsidiary terms and conditions as may be deemed necessary and may be mutually agreed upon.

If the Tasmanian Main Line Railway Company (Limited) are prepared to construct the Railway in accordance with the provisions of the Acts referred to, the Governor in Council will on his part confer upon the Company all the immunities and privileges, and guarantee to the Company all the benefits, which by these Acts, or by the Act 33 Vict. No. 21, he is authorised to confer and guarantee. I am, however, directed to state, that in the opinion of His Excellency's Advisers the initial step to be taken by the Company in this matter is to have a new Survey made of the intended Line; a Survey which, under the altered conditions as to gauge, may probably result in a shorter, better, and more inexpensive route being adopted, besides laying out a Line which would intersect a larger area of cultivated land, and thereby enhance the prospective revenues of the Company.

It seems clear from the Letters you have shown me, as received by you last mail, that the Company you represent would not at present undertake to contract with the Governor in Council for the performance of the required work unless the latter would guarantee the correctness of the plans and surveys of Messrs. Doyne, Major, and Willett. This Parliament have not authorised His Excellency to do, nor would such a course have been suggested to the Legislature by his Responsible Advisers. One advantage of the proposal embodied in the Act of this Session is, that it limits and fixes the extent of the responsibility of the Colony. It presupposes that the contracting Company have satisfied themselves that the proposed Line of Railway can be constructed, the necessary Rolling Stock provided, and all expenses met for a sum of £650,000; and then guarantees a definite rate of interest upon the capital as raised. I would, therefore, urge upon the attention of the gentlemen who instruct you, that it is essential that the Engineers should be at once dispatched to the Colony (if indeed they have not already sailed) for the purpose of having an accurate Survey completed of a narrow-gauge Line, and upon this being done the final Contract may be then prepared and signed.

For the present all that can be done by the Governor in Council, although anxious to expedite in every way the arrangements for the Company and the formation of the Line, is to assure you, and through you the Directors, that the Governor in Council is prepared to carry out in the fullest good faith and in its entirety the provisional Contract contained in the Letters which have passed between us of the 9th, 12th, and 15th August last, as modified by the provisions of the Act of Parliament 34 Vict. No. 13. Other offers have been made to the Governor for the construction of the Line, but the Government feel bound to deal exclusively with the Company represented by you; and if your Directors meet the Government with a desire to do business and to press on the work, the Government on their part will offer every facility and encouragement to them to do so. If, however, the Engineers of the Company are not dispatched for the Colony within Six months from the date of this letter, the Governor in Council will consider that the Company do not desire to carry out the

agreement entered into by you on their behalf, and will feel himself at liberty to enter into arrangements elsewhere; but if the Company are prepared to ratify your proposals, and confirm your action, the Governor in Council is ready to carry out all that is requisite on his part, or that he is by Law enabled to do.

I do not deem it necessary in this Letter to enter further into details which can be better embodied in the final Contract except as to the financial question, that being the one of the greatest importance to the Colony and of interest to your principals.

The Governor in Council will guarantee interest at the rate of Five per cent. per annum upon the money expended in and for the purposes of the construction of the Railway up to and not exceeding the sum of £650,000 during Four years of the period of construction, and for a period of Thirty years from the opening of the Line for traffic, and such interest will be payable as follows:—

1. *During Construction* the Company shall pay into the Bank of New South Wales in London (or some other Bank approved of by the Government) the money raised by them as the progress of the work may require, and such sums, if not less than £25,000 in amount, shall bear interest at the specified rate from the date at which they are paid in. Not more than £250,000 to be paid in in any one year, and no greater sum than £100,000 to be kept idle at the Bank for a period exceeding Three months. The Company shall with each payment forward to me a receipt from the Bank Manager showing that the money has been paid to the credit of the Company; and before the interest is actually paid shall produce vouchers or documents satisfying the Governor in Council that the money (within the limitation named) has been expended for the purposes of the Railway. The interest will be paid in cash quarterly to the Company's authorised Agent at Hobart Town.

2. *After the Line is opened for Traffic* the Company shall furnish quarterly to the Government an abstract of their receipts and expenditure for the preceding quarter, so far as the same can be made up in the Colony, and the Governor shall thereupon issue his authority to the Colonial Treasurer to pay to the Agent of the Company in Hobart Town such amount of money as will with the profit of the quarter, (if any,) make up interest at the rate of Five per cent. per annum on £650,000, (or such lesser sum as the Line may cost); and so on from quarter to quarter; any accounts not adjusted by the Company in any one quarter being brought into account in the succeeding quarter, or as soon as the same can be adjusted in the Colony; and the Company to provide satisfactory vouchers or other evidence of any payment made by them if required so to do. If the profits of the Line for any quarter reach Five per cent. on the outlay, the Governor in Council to make no contribution for that quarter, (unless in respect of some payment standing over for adjustment from previous quarters). If the profits reach Six per cent. the Company to retain all such profits. If the profits exceed Six per cent. the Company to pay to the Government one-half of all profits over Six per cent., until the Company shall have repaid to the Government, (without interest,) all moneys which they may have received from the Government on account of guarantees: when that is accomplished all profits, however large, to belong to the Company. If in any quarter during the Thirty years the profits shall not reach Five per cent., then, (notwithstanding the Governor in Council may not have been liable to pay and may not have paid any contribution on account of the previous quarter,) the liability of the Governor in Council to make up interest to Five per cent. shall again arise, and so on from time to time during the stipulated period. The true intention of this Agreement being that the Company may be at all times able during the periods named to rely upon receiving interest at the rate of at least Five per cent. per annum upon the money expended by them, either from the profits of the undertaking or from the Colonial Treasury.

I have, &c.,

(Signed) JAMES MILNE WILSON.

AUDLEY COOTE, *Esquire,*
Ship Hotel, Hobart Town.

COPIES of Letters dated 9th, 12th, and 15th August, referred to in above communication.

Colonial Secretary's Office, 9th August, 1870.

SIR,

REFERRING to our last interview on the subject of a Main Line Railway, I have now to acquaint you that I am prepared to submit for the consideration of my Colleagues the following modification of your last proposal:—

1. The Tasmanian Main Line Railway Company to construct the railway on a 3ft. 6in. gauge, with the necessary stations, rolling-stock, and all other requisites to the proper and efficient working and maintenance of the line.

2. The Company to work the line with such engines, and run such trains daily, as may be agreed upon with the Government.

3. The Government to guarantee interest at the rate of £5 per cent. per annum on the actual cost of the railway complete, as in Paragraph 1, up to and not exceeding £650,000.

4. Should the railway be worked at a profit of less than £5 per cent., the Government guarantee to be payable only to the extent of the difference between such profit and £5 per cent. on the cost of construction as above.

5. The Government guarantee to continue for thirty years from the opening of the line, provided the line is worked and maintained by the Company in accordance with conditions to be named in the Contract.

6. Half the net profits of the line over 5 per cent. to be received by the Government until all moneys advanced by them for the payment of interest under Paragraph 3 shall have been repaid. After that period all profits to belong solely to the Company.

7. The Government to be at liberty to purchase the line at any time, on giving twelve months' notice in writing to the Company, on terms to be set forth in the Contract.

I have, &c.,

(Signed) JAMES MILNE WILSON.

AUDLEY COOTE, *Esq.*

Hobart Town, 12th August, 1870.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 9th instant, submitting certain modifications in the terms proposed by me for the construction of the Main Line Railway.

I consent on behalf of the Tasmanian Main Line Railway Company to construct the railway on a 3ft. 6in. gauge, with the necessary stations, rolling-stock, &c.; and to work the line with such engines, and run such trains, as may be hereafter agreed upon between the Company and the Government, in accordance with Paragraphs 1 and 2 of your letter.

As to your 3rd paragraph, I consent that the Government shall guarantee interest at the rate of £5 per centum per annum on the actual cost of the Railway up to and not exceeding the sum of £650,000, whether the railway cost more or less than this sum; but such cost must include the amount of compensation to be paid for land, and all other expenses connected with the construction of the railway or incidental thereto.

I agree on behalf of the Company that the payment of the £5 per cent. interest shall be guaranteed by the Government in the manner stated by you in your fourth (4th) paragraph, and shall continue for the period of thirty (30) years from the day the line is opened for public traffic, and be payable half-yearly in London. But I require, in addition to the 30 years' guarantee, that the payment of interest at the rate of £5 per cent. per annum shall also be guaranteed by the Government on the Capital of the Company up to, but not exceeding, the sum of £650,000 as it is from time to time raised for the purpose of constructing the railway, in accordance with my first letter to you of 11th June last,—and such interest to be payable at Hobart Town.

The Company will divide with the Government the net profits to be derived from the line over and above £6 per cent. (not £5 per cent. as mentioned in your letter), until the Government shall have been repaid out of such profit the amount of all moneys paid by them in respect of the guarantee, but after that time the whole profits of the railway are to belong to the Company.

I am willing that the Government shall have the right of purchasing the entire line on the terms mentioned in the last paragraph of your letter.

I have, &c.,

(Signed) AUDLEY COOTE.

The Hon. the Colonial Secretary.

Colonial Secretary's Office, 15th August, 1870.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant, offering, on behalf of "The Tasmanian Main Line Railway Company," to construct the Railway to connect Hobart Town with Launceston on certain terms and conditions.

In reply, I have to inform you that the Government are prepared to accede to the modification of terms set forth in your letter, and will seek from Parliament such an extension of the power now by law vested in the Governor in Council as will enable them to enter into a formal Contract with your Company.

I have, &c.,

(Signed)

JAMES MILNE WILSON.

AUDLEY COOTE, Esq., Hobart Town.

Copy of a Letter from MR. HAWES, Chairman of the Main Line Railway Company in London, to the Colonial Secretary.

1, Copthall Buildings, E.C., London, 30th December, 1870.

SIR,

I HAVE the honor to acknowledge the receipt of a copy, sent by Mr. Coote, of your letter dated the 31st of October last, addressed to him in reference to the Tasmanian Main Line Railway, and in reply thereto I have to inform you that the Directors of this Company, having duly considered the same, desire me to say that the Company are prepared to ratify the proposals made by Mr. Coote, and to confirm his action; and that, confiding in the assurance conveyed by that letter, and fully reciprocating the desire of the Tasmanian Government that the work should be pressed on, and in reliance on the facilities and encouragement to be afforded by the Government for making and completing an accurate survey of a narrow gauge Line, the Company propose with all possible expedition to despatch Engineers to the Colony with proper instructions for effecting that object.

I have also the pleasure of saying that it is proposed to prepare in this country, and forward to Mr. Dobson by the next mail, the form of a contract between the Governor and Council and the Company, embodying the terms of the provisional contract contained in the letters which have passed between yourself and Mr. Coote of the 9th, 12th, and 15th of August last, as modified by the provisions of the Act of Parliament 34 Vict. No. 13; and that the Directors fully recognise and adopt these terms as expressing and containing the basis on which the definite contract should be made between the Governor and Council and the Company in reference to the proposed undertaking.

I have, &c.,

(Signed)

W. HAWES.

Chairman of the Tasmanian Main Line Railway Company, Limited.

The Hon. JAMES MILNE WILSON, Colonial Secretary, Hobart Town, Tasmania.

COPY of a Letter from the Colonial Secretary to Mr. HAWES, Chairman of Main Line Railway Company in London.

Tasmania,

Colonial Secretary's Office, 25th February, 1871.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 30th December last, acquainting me that Mr. Coote had transmitted to you a copy of my letter addressed to that gentleman, dated 31st October last, in reference to the Tasmanian Main Line Railway.

It is with much satisfaction that I now learn that the Directors of your Company are prepared to ratify the proposals made by Mr. Coote, and are also prepared to confirm his action, and fully reciprocate the desire of the Tasmanian Government that the work should be pressed on; and further that the Company propose, with all possible expedition, to despatch Engineers to the Colony to make an accurate survey of a narrow-gauge Line.

When the form of a contract between the Governor in Council and the Company, embodying the terms of the provisional contract contained in the letters which have passed between myself and Mr. Coote, shall have arrived in the Colony by the next mail from Europe, nothing shall be wanting on the part of the Governor in Council to facilitate the final settlement of the contract in question.

I have, &c.,

(Signed)

JAMES MILNE WILSON.

*W. HAWES, Esq., Chairman of the Tasmanian Main Line Railway Company,
1, Copthall Buildings, E.C., London.*

COPY of a Letter from Mr. HENRY DOBSON, Solicitor to the Main Line Railway Company, to the Colonial Secretary.

Hobart Town, 8th August, 1871.

SIR,

I HAVE the honor to bring under your notice several points connected with the proposed junction of the Main Line Railway with the Launceston and Western Line, which Mr. Wylie is anxious to have settled with as little delay as possible.

Under the powers conferred by the 12th Section of "The Launceston and Western Railway Act, No. 5," (33 Vict. No. 21), there seems to be full power reserved to the Governor in Council to authorise the Main Line Railway Company to lay down a third rail upon and along any part of the Launceston and Western Line, and to run their trains over and along the said Launceston and Western Railway, and to execute all works necessary to carry out this object, upon payment of reasonable tolls and compensation for so doing; but, in carrying out these powers into actual working, certain difficulties will arise of a practical nature, which it is necessary to bring before you in order to ascertain from the Government as to the extent to which they consider the present powers will enable them to go in authorising the Main Line Railway Company to proceed with the construction of the various works necessary to enable them to utilise the Launceston and Western Railway in the manner contemplated by the Act 33 Vict. No. 21; and if the existing powers are insufficient for this purpose, how the Government propose to get over the difficulty.

1. The first matter I have to suggest for your consideration is as to the power of the Company to use and run over the sleepers on the Launceston and Western Line. It is presumed that this power can be conferred on the Company by the Governor in Council, but unfortunately a practical difficulty will arise in laying down the third rail and properly maintaining the three rails on one sleeper; and if the Launceston and Western Railway Company throw any obstacles in the way of the difficulty being overcome, their opposition might prove fatal to the whole undertaking. The point is this:—In what is technically called "packing up the sleepers" they are always packed at the ends alone, but if a third rail is laid down on these sleepers they would also have to be packed in the middle, and if this middle packing remained firm when the ends got loose an oscillating movement would be communicated to the engine and carriages of the train, which might become dangerous and throw the train off the line. It seems that by a little extra care the real danger would be trifling, but in the event of any accident the Launceston and Western Railway Company would probably affirm that it was caused by the unequal "packing of the sleepers," and seek to make the Main Line Railway Company liable for all damage. This is a serious liability which the Company must decline to undertake, and hence the importance of having it settled at once.

2. From the height of the platforms which have been made at the Launceston station it is impossible for the Main Line Plant to make the smallest use of them. It will therefore be necessary for the Main Line Railway Company to construct platforms, goods sheds, &c. for themselves, a contingency that never was expected to happen, and for which no provision has been made by the Company in its estimates of the cost of construction. Assuming the money difficulty to be got over, have the Government the power, or can they arrange with the Launceston and Western Railway Company to make over to the Main Line Company a portion of their station ground, which is of considerable extent, to enable the latter Company to construct a station for themselves? The Main Line Company will have to pay compensation for the use of the Launceston and Western Line, but they are not prepared to incur great additional expense in making a new station or in purchasing land in Launceston for that purpose.

3. Another point arises as to the working of the passenger traffic at Launceston; for this purpose a booking-office is of course essential, but there appears to be no power to compel the Launceston and Western Company either to book the passengers for the Main Line Company, or to give such accommodation in their station as would enable the Main Line Company to do this for themselves.

4. The last point I have to bring before you is in reference to the land given to the Launceston and Western Railway Company for their station in Launceston. Can the Governor in Council authorise the Main Line Company or arrange for them to acquire a portion of this land, and if so, on what terms? Will the Launceston and Western Railway Company be entitled to charge the Main Line Company such a price as they may consider the land now worth to them, or will the Government compel them to part with such portion of the land as may be required at the same nominal price they paid for it?

You will see at once the great practical importance of these points; and, as Mr. Wylie is anxious to leave the Colony in a few days, I trust no time will be lost by the Government in bringing them to a satisfactory settlement.

I have, &c.,

(Signed) HENRY DOBSON,

The Hon. the Colonial Secretary,

SIR,

Colonial Secretary's Office, 30th June, 1875.

IN the interview you had with me and the other members of the Government, at this office, on the 5th instant, I fully explained to you that the Government were desirous of affording every facility in their power to enable the Main Line Railway Company to complete their contract with the Government for the construction of the Main Line Railway from Hobart Town to Launceston; and that the Government had already, in terms of the contract, authorised the company to lay down a third rail upon and along the Launceston and Western Railway from the Evandale Junction to the Launceston Station of that Railway. I further informed you that the Government were prepared at once to authorise the Main Line Railway Company to erect such buildings as the company required at Launceston, on such part of the Launceston and Western Railway Station grounds at that place as Mr. Lord, the Manager of the Launceston and Western Railway, pointed out on the station plan then on the table as, in his opinion, most suitable and convenient for the working of the Main Line Railway traffic.

You then expressed yourself as perfectly satisfied with the course proposed, and promised to meet Mr. Lord on the station ground at Launceston during the ensuing week, and mark on the station plan what you required for the purpose of working the Main Line Railway traffic. As I have not heard from you since in reference to that matter, I hope you will soon favor me with the plan of the Launceston and Western Railway Station, showing what you require, so that the necessary authority may be given by the Governor in Council to meet the requirements of the Company.

In your letter of the 15th instant, you requested me to furnish you with a statement of the claim of the Government for any exercise of running powers over the Launceston and Western Railway between Evandale and Launceston, on the basis of the terms agreed upon at the meeting you had with the members of the Executive Government on the 22nd of April last.

You will doubtless remember my sending you a copy of the minutes of that meeting, and my requesting you on two occasions to apply to the Government on behalf of the Company for what you required, and had you done so the matter might have been settled ere this. As, however, you now request me to state what tolls and compensation the Government require to be paid by the Company for exercising running powers over the Launceston and Western Railway from the Evandale Junction to Launceston, I must request that you will be good enough, at your early convenience, to furnish me with a specification in detail, showing exactly in every respect what the work is that you wish the Launceston and Western Railway Department to undertake to perform on behalf of your Company: on receipt of such specification I will, as early as practicable, name the amount required to be paid by the Company to the Government for the same, together with the amount required to be paid by the Company to the Government for exercising running powers over and along the Launceston and Western Railway between the Evandale Junction and Launceston, and also the amount to be paid by the Company to the Government by way of compensation.

I have, &c.,

(Signed)

THOS. D. CHAPMAN.

C. H. GRANT, *Esq., Engineer-in-Chief,*
Tasmanian Main Line Railway Company, Hobart Town.

Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 5th July, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 28th ultimo, which arrived in my absence, thus causing some delay in the reply.

Your letter concludes by stating that the Government will not submit to the Main Line Company fixing on Evandale as the terminal Station of the Main Line Railway, and that, should they persist in doing so, the Government will consider it as a breach of contract, and be thereby relieved from the payment of interest on the cost of construction; the letter further quotes your late previous communications, and refers me to letters that some years ago passed between Sir James Wilson, Mr. Coote, and Mr. Hawes, of which you send printed copies, and strongly comment upon the letter of the 31st October, 1870, and the reply thereto; but not one of these letters either states or implies that the Main Line is to run into Launceston.

A very careful perusal of all these letters, and a reference to other contemporaneous documents, has most thoroughly satisfied me that neither the Government nor the Company ever contemplated that the Main Line Railway was necessarily to run from Hobart Town through to Launceston, or to do other than connect Hobart Town with Launceston by Railway, by reaching to a point to be hereafter determined upon on the Launceston and Western Railway; with an option to the Company

to continue the Line through to Launceston, at their own cost, if they pleased; and with a privilege, afterwards conferred, (when the Government obtained full power over the Launceston and Western Railway), to lay down a third rail on that line, from any junction they might make, into Launceston.

The letters that you dwell upon, in my humble judgment, have no direct bearing on the point in dispute, and in no degree help its elucidation,—while the letters I referred to express in the clearest and most unmistakeable language, devoid of every ambiguity, the view for which I contend.

The letter from Mr. Dobson of the 8th August, 1871, was never replied to or acted upon, and in itself proves that the use of the Launceston and Western Railway by the Main Line Company was purely optional with the latter, and subject to terms and arrangements to be hereafter discussed, and either accepted or rejected; and further, that no financial provision was made for any of the necessary works in the event of the Main Line eventually wishing to use that station. The money difficulty, in point of fact, has never been got over, and the Company are not prepared to incur a great additional expense in what only would be to their injury; nor have any of the arrangements and difficulties then discussed been made matters of agreement. The Government, moreover, have entirely ignored this letter, and the proof that they considered the questions undecided is found in their refusal to let the Main Line Company have the ground in the Swamp that I applied for, or to complete the communication by third rail between Evandale and Launceston, or to run a single truck thereon, or to alter the Launceston Station yard in a way to meet their necessities; all which is fully proved by the correspondence, and therefore I will not weary you with the special references.

The Company then, having every confidence in their case, and being advised by the opinions of eminent counsel that the right of option is still vested in them, cannot consent to run through to Launceston on any terms that will involve a serious loss; but on behalf of their customers, the public, they are anxious to avoid the inconvenience that a break of gauge at Evandale would cause.

As regards the direct threat of the Government to withhold the guaranteed interest if their wishes are not acceded to, I can only again affirm that the Contract under which this interest is paid only binds the Company to construct a line between Hobart Town and a point on the Launceston and Western Railway, and that the exercise or not of any right or privilege outside of the requirements of the Contract,—although conferred by that instrument,—cannot justify the Government in violating its solemn obligations.

I cannot but fear that when the peremptory terms of your letters become known to the Company in England, that they, having had a painful previous experience in the matter of wharfage, and minor affairs, &c., and the knowledge that no provision has yet been made to raise by taxation the amount of the guaranteed interest hitherto borrowed, may consider that the attempt to obtain from them inequitable terms is simply an endeavour, by a misrepresentation of the Contract, to evade the payment of the whole or a large portion of the guaranteed interest, in the apprehension that it would be found too onerous on the Government; and this opinion would have a very prejudicial effect upon the value of the Company's property.

Having in view the friendly relations that have hitherto subsisted between the Government and the Company, I should much regret to hear that such had become the general belief, and would therefore the more earnestly entreat that a prompt decision of the dispute be obtained, either by a reference to the Supreme Court, or in any other manner that may be mutually agreed upon; and beg to assure you that the Company are quite ready to submit their case.

I have, &c.,

The Hon. the Colonial Secretary.

(Signed) CHARLES H. GRANT.

25.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 6th July, 1875.*

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of the 30th ultimo, in which you refer to the extension of the Main Line Railway into Launceston as a contract obligation, instead of being—as I view it—a right conferred upon the Company, outside of the binding terms of the agreement, and which has hitherto only been partially operated upon owing to the restrictions imposed by the Government.

You, however, kindly inform me that the Government are now prepared to authorise the Main Line Railway Company to erect such buildings in the Launceston and Western Railway Station grounds as were suggested by Mr. Lord, from a plan submitted to him, and desire to have that plan sent you.

Since I had the honor to discuss this matter with Mr. Lord and yourself I have visited Launceston, in order to examine the recent alterations of the Railway Station Yard, and while there had the advantage of discussing the new arrangements with the Manager and Officers of the Launceston and Western Railway, and of obtaining their suggestions.

The plan has accordingly been re-made, and is this day sent to Mr. Lord, in order to ascertain whether it correctly represents the result of our deliberations, and if not, that it may be made to do so before you are troubled with it. You will remember that we were instructed to agree upon and initial the plan, before submitting it for the approval of the Governor in Council.

As regards the claim of the Government for the exercise by the Main Line Railway Company of any running powers over the Launceston and Western Railway, you state that, after sending me a copy of the minutes of the meeting I had the honor to have with the Executive Government on the 22nd April last, you desired on two occasions to have a statement of what the Company required, but had not yet received it. May I therefore request that you will kindly refer to my letter of the 26th May last, which contains a direct reply upon all the points you minuted? Since, however, you require a specification in detail, I hereunder state what is proposed in the first place, and should be greatly obliged by your furnishing, in the same detail, the value attached to each service:—

1st. If the Main Line Railway Company run their trains between Evandale Junction and Launceston, what scale of remuneration per passenger per mile, and per ton of goods per mile, for each class, (using the Launceston and Western classification), would be required on the through traffic from the Main Line for running facilities only, without regard to terminals; such rates to include the whole cost of maintenance of road, and sidings, &c.?

2nd. If the Main Line Company convey passengers from Evandale Junction to Breadalbane, St. Leonards, or Launceston, or *vice versa*, what proportion of the fares obtained would be payable to the Launceston and Western Railway? Or, if this Railway receive the fares, what allowance would they make thereon to the Main Line Company for coaching facilities, and haulage?

3rd. If the Main Line Company use the Passenger and Goods Station accommodation of the Launceston and Western Railway at Launceston, and also the services of the Booking, Entry, and Collecting Clerks, and of the Porters, what remuneration per passenger per head, and per ton of goods, for each class, would be required, to include all the usual and necessary terminal facilities?

4th. On what schedule of rates, for weight, would the Launceston and Western Railway collect and deliver goods and parcels?

5th. As regards passengers and goods transferred at Evandale Junction from the Western to the Main Line, or *vice versa*, on what terms would the Launceston and Western Railway undertake the whole cost of this service?

6th. Should the above specification not, in the opinion of the Government, include every payment and expense under the words "tolls and compensation" in the Launceston and Western Railway Act, (34 Vict. No. 13), what further sum will be demanded? On what account? And under what circumstances?

7th. Are the terms you will name those upon which the Launceston and Western Railway would enter into a perpetual agreement? Or do you propose that they should be subject to revision after the expiration of a limited period, say not exceeding two years?

It may be considered that the Main Line Railway Company would—in the event of their running to Launceston—desire to take advantage of every service or accommodation that the Launceston and Western Railway could afford, whether or not such is herein specified; but would wish to know beforehand all the liability they would thereby incur.

I am greatly obliged by your promise to name these terms as early as practicable, and trust that they will be such as the Main Line Company can consider satisfactory, thus amicably closing all matters in dispute.

I have, &c.,

The Hon. T. D. CHAPMAN, Colonial Secretary.

(Signed) CHARLES H. GRANT.

Colonial Secretary's Office, 10th July, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 5th instant, replying to mine of the 28th June.

You take the opportunity of again asserting in very emphatic language your newly discovered "right" to make the Main Line Railway terminate at a small inland township, although acknowledging "the inconvenience that a break of gauge at Evandale would cause;" and you then

proceed, in language which I must take leave to characterise as utterly unjustifiable, to insinuate charges against the Government and people of this Colony for which there is not the shadow of a foundation.

The whole tone and style of your letter is so different from that which has pervaded your former communications, that having regard to "the friendly relations" which you truly state "have hitherto subsisted between the Government and the Company," and to the threatening and accusatory language in which you now indulge, I cannot but conclude that your letter is distinctly written for ulterior objects, and with a view to endeavour to cast upon the Government the blame for a state of things which has been directly brought about by yourself.

Under these circumstances I must decline to prolong a controversial correspondence as to the true intent and meaning of the contract: if your new light should prove to be the correct one, the Colony must acquiesce in their deprivation of that Railway connection with Launceston to which they have hitherto looked forward; but if, on the other hand, the view always and unfalteringly put forward by the Government should prove to be the one legally binding, then the Company must accept the responsibility of having "violated its solemn obligations."

The Government can afford to pass by with indifference the insinuations rather suggested than expressed, that they are endeavouring by a "misrepresentation of the contract" to avoid the payment of an inconvenient obligation. Repudiation is not the habit of any British Dependency, and so far as Tasmania is concerned, no member of her Representative Assemblies, however hostile to Railways in general, or to the Main Line in particular, has ever expressed or even suggested a desire to evade the fulfilment of that liability which the Colony authorised its Government to undertake, and which liability the Colony accepts, and is prepared to loyally fulfil in every condition of its contract. It would be a great satisfaction to the Government, could they but feel assured that the other contracting party was equally willing and able to fulfil its contract obligations.

Your complaint as to the "painful previous experience" of the Company of the treatment received at the hands of successive Governments, "in the matter of wharfage and minor affairs, &c.," is not justified by facts. On the contrary, the liberal interpretation placed on the law which permits you to import articles duty free; the cession gratuitously of large and valuable portions of the public estate, including a part of the only Metropolitan recreation-ground; the impunity with which you have been allowed to cross and re-cross the Main Road for the purpose of making slight savings in construction; the gratuitous use of a large portion of the costly Bridgewater Causeway as a basis for your work;—all these, and a variety of other cases which might be cited, prove that successive Governments have striven to afford valuable facilities for the accomplishment of the important undertaking in which your Company is engaged. And even with regard to the question of wharfage, it must not be forgotten that exemption from this demand was never guaranteed by the Contract, but a promise made that it should be sought from Parliament; and on Parliament refusing to grant it, the costly and extensive wharf, which according to the correspondence the Company at that time intended to erect at Hobart Town for their own use and accommodation, was never commenced, and the Company simply used the ordinary wharf accommodation, for which they have been charged by the Marine Board the ordinary rates.

Your reference to the absence of "any provision" to "raise by taxation the amount of the guaranteed interest is uncalled for and offensive. Permit me to remind you, that for years past your own current conversation furnished the Members of Parliament with material upon which to base the statement repeatedly made in Parliament on your authority, that the Company could not fulfil the conditions of the contract, and although it is true that you have since, on some occasions, modified, and on others utterly withdrawn the statements alluded to, yet the impression which you thus communicated to the mind of Parliament and the public has never been completely effaced; and distrust and suspicion have been engendered as to the good faith of the Company, which has fostered the idea that as the contract would not be fulfilled, the Colony would not be called upon to pay the amount of guaranteed interest. The element of uncertainty thus introduced by you has not been removed by any special energy shown in hastening the completion of the Line, and has perhaps received confirmation and strength from the contrast between the realities present to the eyes of the Colonists, and the imaginative and highly coloured word paintings which from time to time appear in the English Railway Journals, ostensibly from the pen of the Chief Engineer of the Tasmanian Main Line Railway Company.

In conclusion I desire to reiterate, what ought to be already sufficiently clear, that this Colony is perfectly prepared to fulfil in the letter and spirit every obligation which, under the contract with the Company, it has incurred or may hereafter incur; but, as the "obligations of the Governor and Company under this Contract are to be correlative and dependent," it is absolutely necessary that the Company should pay special attention to the loyal fulfilment of that which it has undertaken to do: if this be done, as I trust it will, you may dismiss from your mind all fear that any Government in this or any part of the Queen's Dominions will be found acting in any spirit of repudiation or evasion of a just demand. Let the Company give what it has contracted to give, a Railway "constructed of the best

material, and in a thoroughly substantial manner, between Hobart Town and Launceston, or between Hobart Town and any point on the Launceston and Western Railway, with running powers over that Railway to Launceston," and let the speed and other conditions of the contract be maintained, and the payment of the guaranteed interest will be cheerfully and promptly met. A faithful performance by the Company of its contract will ensure both just and liberal treatment on the part of the Parliament and the Colony.

I have, &c.,

C. H. GRANT, *Esq., Engineer-in-Chief,*
Main Line Railway Company.

(Signed) THOS. D. CHAPMAN.

27.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 12th July, 1875.*

SIR,

I HAVE the honor to acknowledge your letter of the 10th instant, which I need not say has greatly surprised me by its contents, and can I presume only be explained by the Government finding their position in the controversy quite untenable, and they therefore seek to give the matter a purely personal character, thereby evading a damaging discussion of the question at issue.

Unwilling as I am to prolong the correspondence under such circumstances, it is my painful duty to correct those of your statements that are erroneous; in doing which I will as far as possible avoid recrimination.

Referring you to my previous letters, which your last communication ignores, I have first to object to the term "newly-discovered right to make the Main Line Railway terminate at a small inland township," having already stated that this "right" had never been doubted, and had been frequently and publicly expressed, (many times I believe to Members of the Government), as the determination of the Company to stop at Evandale, if not allowed to run to Launceston on equitable terms. My letters, heretofore quoted, indicate this view, which has long formed the subject of correspondence with my Directors; and surely I should have been wanting in courtesy had I unnecessarily used it as a threat against the Government while negotiations respecting the running powers were proceeding. That the Main Line Railway did not terminate at Deloraine or Westbury, thus greatly increasing the distance between the terminal points, and the cost of travel, is not due to any contrary provision of the Government.

You state that the present desire of the Government is the view "always and unfalteringly put forward." Pray allow me to ask on what public documents this has ever been done? All the allusions I can find enforce a directly contrary conclusion, if the plain sense of the language is to be taken; and why then were the Government so pertinacious in keeping the Contractors from using the Launceston and Western Railway, and from completing the works at Launceston, until the option had been fully decided on? This option has also been frequently referred to as a right inherent to the contract, by hostile critics of the Railway in the press, and I have never heard it disputed.

Questioning my complaint of the treatment the Company received in the matters of wharfage and minor affairs, you state that it "is not justified by the facts," and claim that a "liberal interpretation" was placed upon the law which permits the Company to import articles duty free. That the Company do not think this a matter of favour is shown by the correspondence, in which the absurdity of the contention of the Customs authorities is exposed, and the legal position of the Company fully vindicated.

You further allude to "the cession gratuitously of large and valuable portions of the public estate, including a part of the only metropolitan recreation ground," but omit to consider that this was done for the benefit of the Colony, and involved an enormous extra cost on the Company, who would otherwise have placed the Terminus at New Town, (as they have the unquestionable right to do under the Contract), and have thereby avoided the excessively costly works at Risdon, and the bluestone rock cuttings and reclamations in the Queen's Domain; also the very heavy expense of entering the Lower Cricket Ground and adapting it to our station requirements. It therefore appears to me that the Company have been the most liberal in this matter,—a previous Government having by this very judicious cession obtained for the Colony, without cost, a great and enduring benefit.

You further remark on "the impunity with which you (the Company) have been allowed to cross and re-cross the Main Road for the purpose of making slight savings in construction." In the first place, I am not aware of any direct power in the Government under the Contract to prevent the Company crossing roads as frequently as they consider necessary; while the statement that it was done to make "slight savings in construction" is absolutely incorrect; and whoever has

informed you this has done so through ignorance. These crossings were necessitated by considerations of great importance to the Railway, and in some cases involved a very large additional cost, while their use is in no degree prejudicial to the Main Road. It will be found that Messrs. Doyne and Co. were obliged to adopt the same crossings, except in the specially costly exceptions above referred to.

Allusion is made to "the gratuitous use of a large portion of the costly Bridgewater Causeway;" but will the Government assert that this use,—which was first provided for in the survey of Messrs. Doyne, Major, and Willett, and embodied in the correspondence on the Contract,—was not a purely legal right thereof, and could not under any circumstances give rise to a claim for compensation?

Further than this, did not the Government undertake a liability with respect to the swing bridge, forming part of that structure, which has never been fulfilled because of the pecuniary responsibility? and the Company have consequently incurred the great expense of making and maintaining, &c. a swing bridge there, and of a most costly road alteration, and a Main Road crossing, and other works at Bridgewater, rather than importune the Government to carry out their agreement.

With regard to the question of wharfage, which has involved a loss of thousands of pounds, and against which the Company considered they were fully guaranteed by the Government, I will not further comment than to ask you to refer to my letters of the 2nd June, 22nd August, and 20th September, 1874, for the views of Members of the present Government, which are in accord with those of the Company. I would also observe, that when exemption from wharfage rates was virtually assured by the Government to the Company, no mention was made of any "large and costly wharf," or any new wharf whatever, and that the written engagements of the Government have never been fulfilled.

You state that "for years past your own current conversation furnished the Members of Parliament with material upon which to base the statement that the Company could not fulfil the conditions of the contract (in regard to speed); and although it is true that you have on some occasions modified, and on others utterly withdrawn the statements alluded to, &c., &c." I cannot but take exception to these remarks, as being wholly unfounded, my views of the matter having always been clearly submitted, without change, and were expressed before a Committee of the House of Assembly in 1873, and in many letters to you, especially that of the 3rd January, 1874. I have been assured, and have every reason to believe, that the speed named in the contract was inadvertently specified under an entire misconception of the capabilities of narrow gauge lines, in proof of which I have shown you personally, or offered to furnish, the time tables of all the narrow gauge railways hitherto constructed, such being in my possession.

From the moment, however, that the Government intimated that they would peremptorily exact the full contract speed, however unreasonable, and unsuited to the requirements of the traffic, I have never faltered in stating that the Company will fulfil their contract obligation in this respect.

The variety of other cases to which you refer as showing that "successive Governments have striven to afford valuable facilities for the accomplishment of the railway," can only, I presume, refer to the joint telegraph facilities formerly virtually arranged, but now refused; to the leases of crown lands, still ungranted, but which should have been issued in February, 1874; to the refusal of the land reserved for railway purposes on Launceston Swamp; to the matter of cattle-guards, in which the public convenience is most concerned; and to the exchange of ground desired by Mr. Alexander McGregor, which would be so greatly to the public advantage; all which appears in the printed correspondence.

I am not aware of any occasion on which the present Government have taken the friendly view, for which they take credit, of any request of the Company although such have only been made in pursuance of their legal rights.

You then remark that there has been "no special energy shown in hastening the completion of the line," for which taunt there are no grounds whatever. The contract time does not expire until the 15th day of March next, long before which time the line will be in full working order. Since each week that the Contractors delay the completion of the line involves them in a direct extra cost exceeding £200, the fallacy of supposing that they have not used their very best exertions to this end is manifest; and I can positively state that they have done, and are doing, every thing possible towards the consummation they must so devoutly wish.

You allude to the "imaginative and highly coloured word-paintings which from time to time appeared in the English Railway Journals, ostensibly from the pen of the Chief Engineer;" to which I would reply that I am fully prepared to justify every word I have written, and must ask whether it is not more natural and advantageous to all interests that the credit and resources of the Colony should be sketched in a friendly and somewhat sanguine manner, rather than that the property

of the Company should be enormously depreciated in value by unfounded and highly mischievous insinuations contained in an injudiciously volunteered letter, which caused the greatest alarm throughout this Colony and amongst its friends abroad, and drew down the severe animadversions of the Press, of financial circles in England, and of all soberly reflecting men; while its evil effect has been proved by the many months of quiet, and the reassuring reports that have been necessary for the Company's securities to again approach their reasonable value, such as they must have been estimated at by the Government when the contract was arranged.

As regards your conclusion that my letter was "distinctly written for ulterior objects, and with a view to endeavour to cast upon the Government the blame for a state of things which has been wholly brought about by yourself," I must here recall your recollection to the antecedent circumstances:—

1st. An Arbitration was fully agreed upon with the Government, and Arbitrators were selected in Melbourne, and about to start for Launceston, when the Government refused to proceed with the reference unless the Company surrendered a legal right under the Contract; which, at the request of the Government that I should state every circumstance affecting the contract, I had inserted in the preliminary conditions. This right the Company's Solicitor informed me I was legally unable to surrender, and that it could only be done under the Company's seal.

2nd. On being earnestly requested to let the arbitration proceed, without prejudice to the legal rights of the Government or Company, the former peremptorily refused to do so, and stated they would at once appeal to the Supreme Court for a decision on the dispute; and the arbitration was, at the instance of the Government, adjourned for about six weeks for this purpose.

3rd. The Government then bitterly attacked the Company through the columns of the *Mercury*, which necessarily called forth my reply.

4th. The Government, on being requested to concur in having a special case stated for the decision of the Supreme Court, refused to do so, and say they will do nothing whatever that will lead to a settlement of the difficulty.

5th. The Government still refuse to go to arbitration, although the Company offer to be solemnly bound by the award whatever it may be, reserving only their legal—and at present inalienable—rights under the contract, which they are prepared to substantiate or take the consequences.

To your statement, "It would be a great satisfaction could they (the Government) but feel assured that the other contracting party was equally as willing and able to fulfil its contract obligations," I must reply that the whole action and demeanour of the present Government since they assumed office has been such as to give rise to an entirely opposite conclusion. The Company have been latterly subjected to a degree of suspicion and to an absence of that cordiality and consideration previously shown, such as they think would not obtain in any other British Colony, and which they can only refer to the political exigencies of the present Government when in opposition, and to the openly avowed, unreasoning, and unceasing hostility of a member of the Cabinet.

I am not aware of any cause whatever for the insinuations above quoted, which however correctly represent the tone and temper of the present Government in their correspondence with the Company.

It cannot be denied that the Company have expended on the railway a far larger sum than was ever contemplated by the Government, in doing which they have constructed a line which more than fulfils the conditions of the contract, and gives the Colony great advantages at the expense of the Company and Contractors; why then should the Company be treated with such covert hostility and suspicion, and every possible opportunity be taken of telling them and the world that they are not at all likely to fulfil their contract, and that the Government will eagerly seize the first opportunity to withhold payment of the interest? Is not such conduct likely in the sensitive minds of investors not acquainted with the 'personnel' of the Ministers to annul the assurances of the Government that they do not desire to act "in any spirit of repudiation or evasion of a just demand;" and is it not just possible that, under these circumstances, "the Company in England" may be led to suspect that the Government are endeavouring "by a misrepresentation of the contract to evade the payment of the whole or a large portion of the guaranteed interest?" And this alone is the statement in my letter which produced such a personal attack in reply.

I sincerely trust that the Government will, on reconsideration of the whole circumstances, see that the present position of the controversy is such as to give the Company a reasonable ground for complaint, and will be prepared to extend to them that "loyal fulfilment of what it has undertaken to do" that they very properly claim from the Company.

I have, &c.,

The Hon. the Colonial Secretary.

(Signed)

CHARLES H. GRANT.

27

28.

Colonial Secretary's Office, 17th July, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant, in reply to my letter of the 10th instant.

The Government will be fully prepared at the proper time to justify all their acts and statements in any way relating to the Main Line Railway Company and the Contract, but they decline to prolong a correspondence which cannot lead to any satisfactory results, and is only calculated to engender a tone of feeling inimical to a proper settlement of the question at issue.

C. H. GRANT, *Esg., Engineer-in-Chief,*
Main Line Railway Company.

I have, &c.,

(Signed)

THOS. D. CHAPMAN.

29.

Tasmania,

Colonial Secretary's Office, 22nd April, 1875.

SIR,

You are probably aware that this Government has a contract with the Tasmanian Main Line Railway Company in London, for the construction and maintenance of a Line of Railway between Hobart Town and Launceston.

The Company have made considerable progress in making the Line, which will join the Launceston and Western Railway near Evandale, about 12 miles from Launceston.

Under the contract with the Company, the Government have the power of granting the Company running powers for their trains along the Launceston and Western Railway between Evandale and Launceston on certain terms and conditions, on paying to the Government reasonable tolls and compensation for so doing.

The Manager of the Launceston and Western Railway has represented to the Government that, in his opinion, the Main Line Railway should pay to the Government an annual sum for the privilege of running over the Government Railway, and the use of the Launceston Station, including the wages of the Railway Staff, and the extra clerical work of the Railway Department at Launceston.

Under the provisions of the contract it is provided that, in case the Government and the Company are unable to agree upon the terms and compensation to be paid by the Company, the matter shall be referred to arbitration.

The Government and the Company have agreed to refer the matter to three arbitrators, one to be mutually agreed upon, and one to be named by the Government and the other by the Railway Company. The Government and the Railway Company have agreed to abide by the decision of two of the arbitrators so appointed.

The Government and the Company have mutually agreed to request you to be good enough to act as one of the arbitrators, and I have now the honor to request that you will undertake the duty. It is proposed that the other two arbitrators shall, if possible, be Traffic Managers of Railways in Victoria; and I have written by this day's mail to the Chief Secretary of Victoria, requesting that the Victorian Government will be good enough to authorise Mr. Mathison, the Traffic Manager of the Victorian Government Railways, to act as one of the other arbitrators.

This Government will be prepared to pay you such reasonable fee as you may require for undertaking this duty, together with your travelling and hotel expenses while in Hobart Town.

I do not anticipate that you would be likely to be detained more than one week in Hobart Town in attending to the arbitration.

Will you be good enough to let me have a telegram at an early date (if possible by Tuesday next), informing me whether you can undertake this duty for us, and on the receipt of same, I will let you know when it will be necessary for you to come over to Hobart Town; but under any circumstances I do not expect you need come during the next ten days or fortnight.

I have, &c.,

(Signed)

THOS. D. CHAPMAN.

WM. ELSDON, *Esquire, Engineer-in-Chief,*
Melbourne and Hobson's Bay Railway Company, Melbourne.

28

30.

*Tasmania,
Colonial Secretary's Office, 22nd April, 1875.*

SIR,

You are probably aware that this Government has a contract with the Tasmanian Main Line Railway Company in London, for the construction and maintenance of a Line of Railway between Hobart Town and Launceston.

The Company have made considerable progress in making the line, which will join the Launceston and Western Railway near Evandale, about 12 miles from Launceston.

Under the contract with the Company, the Government have the power of granting the Company running powers for their trains along the Launceston and Western Railway between Evandale and Launceston on certain terms and conditions, on paying to the Government reasonable tolls and compensation for so doing.

The Manager of the Launceston and Western Railway has represented to the Government, that in his opinion the Main Line Railway should pay to the Government an annual sum for the privilege of running over the Government Railway and the use of the Launceston Station, including the wages of the Railway Staff, and the extra clerical work of the Railway Department at Launceston.

Under the provisions of the contract it is provided that, in case the Government and the Company are unable to agree upon the terms and compensation to be paid by the Company, the matter shall be referred to arbitration.

The Government and the Company have agreed to refer the matter to three arbitrators, one to be mutually agreed upon, and one to be named by the Government and the other by the Railway Company. The Government and the Railway Company have agreed to abide by the decision of two of the arbitrators so appointed.

The Government and the Company have also mutually agreed that Mr. Elsdon, the Engineer-in-Chief of the Melbourne and Hobson's Bay Railway Company, shall be requested to act as one of the three arbitrators, and I have addressed that gentleman by this day's mail, requesting him to undertake the duty, and invited him to come to Hobart Town in about a fortnight's time. It appears to this Government very desirable that the arbitrators should, if possible, be Traffic Managers of Railways thoroughly acquainted with Railway management. I have, therefore, on behalf of this Government, to request that you will be good enough to authorise Mr. A. P. Mathison, the Traffic Manager of your Railway Department, to proceed to Hobart Town to act as one of the arbitrators.

We shall of course be prepared to pay Mr. Mathison any reasonable fee for his services, together with all travelling expenses; he would not be detained in Hobart Town more than one week on this business.

Will you be good enough to let me know, by telegram at an early date, (if possible by Tuesday next) whether you will be able to comply with our request, and on receiving your reply in the affirmative, I will let you know by telegram when Mr. Mathison will be required to come to Tasmania, but you will understand that his presence will not be needed during the next fortnight.

I have, &c.,
(Signed) THOS. D. CHAPMAN.

The Hon. the Chief Secretary, Victoria.

31.

*Victoria,
Chief Secretary's Office, Melbourne, 28th April, 1875.*

SIR,

I HAVE the honor to enclose a copy of the telegram which I forwarded yesterday in reply to your letter of the 22nd instant, detailing the proceedings resolved upon for ascertaining and fixing by arbitration the terms and conditions under which the Tasmanian Main Line Railway Company are to be allowed to exercise running powers for their trains along the Launceston and Western Railway between Evandale and Launceston, and requesting that Mr. A. P. Mathison, the Traffic Manager of the Railway Department of this Colony, may be authorised to proceed to Hobart Town to act as one of the arbitrators.

With reference to the paragraph in your letter alluding to the compensation proposed to be paid to Mr. Mathison, I have to observe that, seeing the obvious advantage to be derived by render-

ing exceptional talent or experience available for the service of Colonies other than that in which it is located, this Government has, as a rule, resolved to allow any Government officer under such circumstances to accept compensation only at the rate of his ordinary salary, with travelling expenses added thereto.

Upon a recent occasion the services of Mr. Wardell, the Inspector-General of Public Works, were placed at the disposal of the Government of Western Australia, and that Government, in a letter of which I enclose a copy, expressed its concurrence in the rule adopted by this Government.

Mr. Mathison will repair to Hobart Town as soon as you shall have appointed the time for his doing so.

I have, &c.,

(Signed) GEO. B. KERFERD.

The Hon. the Colonial Secretary, Tasmania.

COPY of Telegram from the Hon. the Premier of Victoria to the Hon. the Colonial Secretary, Tasmania.

THIS Government will allow Traffic Manager to visit Tasmania as requested.

(Signed) G. B. KERFERD.

27th April, 1875.

COPY of Letter from the Hon. the Colonial Secretary, Western Australia, to the Hon. the Chief Secretary, Victoria.

*Western Australia,
Colonial Secretary's Office, Perth, 12th March, 1874.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 24th ultimo, No. 549, and to express the satisfaction of His Excellency the Governor at the decision of your Government which has allowed Mr. Wardell, the Inspector-General of Public Works, to receive the *douceur* awarded for his services in Western Australia.

I am to express the concurrence of Governor Robinson in the rule adopted by your Government for future services of a like nature, namely,—that the officer shall be paid by the Government obtaining his services at the rate of his ordinary salary only (with travelling expenses added) during the period while he may be absent from the service of the Government by which he is permanently employed.

I have, &c.,

(Signed) FRED. P. BARLEE.

The Hon. the Chief Secretary, Victoria, Melbourne.

32.

BY ELECTRIC TELEGRAPH.

Melbourne, 27th April, 1875.

VERY sorry I cannot accept arbitration: am required in Sydney next week, and extremely busy.

WM. ELSDON.

The Hon. THOS. D. CHAPMAN.

33.

*Tasmania,
Colonial Secretary's Office, 4th May, 1875.*

SIR,

I HAVE the honor to acknowledge the receipt of your Telegram of the 27th ultimo, in reply to my letter of the 22nd ultimo, requesting you to come to Hobart Town to act as one of the Arbitrators on matters that have arisen between the Tasmanian Main Line Railway Company and this Government.

I have had an interview with Mr. Grant, the Engineer-in-Chief of the Tasmanian Main Line Railway Company, and informed him that you were unable to comply with our request, as you had to proceed to Sydney, and we have decided to postpone the meeting of Arbitrators until the end of

this month, in the hope that you will shortly be returning home to Melbourne, and by the end of the present month be able to proceed to Hobart Town and act as one of the Arbitrators on the matters between the Main Line Railway Company and this Government.

May I request, on behalf of this Government, that you will endeavour to undertake this business for us; and as the Company are very anxious to get the matters settled, I shall feel obliged by your sending me a telegram as early as possible after receipt hereof, informing me whether you think you will be able to act as one of the Arbitrators at a meeting of the Arbitrators in Hobart Town during the last week of this month or during the first week in June.

In my letter of the 22nd ult. I informed you that we thought it desirable that the other two Arbitrators should, if possible, be Traffic Managers of Victorian Railways, and that we were endeavouring to secure the services of gentlemen who had had considerable experience in that branch of Railway management. I am now able to inform you that the Government of Victoria have, at our request, authorised Mr. Mathison to act as one of the Arbitrators; and the Tasmanian Main Line Railway Company informs me that Mr. Fehon, formerly in the service of the Victorian Government as Traffic Manager in their Railway Department, and now connected with the firm of Wm. McCulloch & Co., of Melbourne, had, at the request of the Tasmanian Main Line Railway Company, agreed to act as one of the three Arbitrators.

As you have been at some expense in sending telegrams on behalf of this Government, I hope you will let me know the amount you have disbursed, and I will give instructions to have the amount remitted to you.

Waiting your early reply,

I have, &c.,

(Signed) THOS. D. CHAPMAN.

WILLIAM ELSDON, Esq., Sydney.

34.

BY ELECTRIC TELEGRAPH.

Sydney, 11th May, 1875.

WILL accept Arbitratorship; and on arrival at Melbourne on Friday will arrange with the others what week we come, and telegraph you.

W. ELSDON.

The Hon. T. D. CHAPMAN, Colonial Secretary.

35.

Tasmania,
Colonial Secretary's Office, 12th May, 1875.

SIR,

I HAD the honor of addressing you on the 4th instant by the *Southern Cross*, to your address at Newcastle and Sydney; and as I yesterday received a Telegram from you, intimating your willingness to act as one of the Arbitrators in the matters between the Tasmanian Main Line Railway Company and this Government, I assume that my letters of the 4th instant must have reached you in due course.

I now write to say that if you can arrange with Mr. Mathison and Mr. Fehon to leave Melbourne by the steamer *Derwent* for Launceston on the morning of Monday, the 31st instant, I will make arrangements with the Main Line Railway Company for the Arbitrators to hold a meeting in Launceston on the morning of Wednesday, the 2nd June. May I request, therefore, that you will be good enough to let me know by Telegram, at your early convenience, whether the day proposed for the Arbitrators to meet will suit the convenience of yourself and Messrs. Mathison and Fehon to come to Launceston?

I have, &c.,

(Signed) THOS. D. CHAPMAN, Colonial Secretary.

WM. ELSDON, Esq., Engineer-in-Chief, Melbourne and
Hobson's Bay Railway Company, Melbourne.

31

36.

Tasmania,
Colonial Secretary's Office, 12th May, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 28th ultimo, in reply to my letter of the 22nd ultimo, and I have now the honor, on behalf of this Government, to tender our best thanks for the promptitude with which you have complied with our request.

As it was not convenient for Mr. Elsdon to come over during the early part of this month, the meeting of the Arbitrators was postponed until the first week in June.

I have written by this Mail proposing to him that he should see Mr. Mathison and Mr. Fehon, the other Arbitrators agreed upon, and endeavour to make arrangements for their coming over to Tasmania by the steamer *Derwent*, leaving Melbourne for Launceston on Monday, the 31st instant: may I request that you will be good enough to cause the necessary authority to be given to Mr. Mathison to enable him to leave Melbourne with Mr. Elsdon and Mr. Fehon at the time I have named?

I have, &c.,

(Signed) THOS. D. CHAPMAN.

The Hon: the Chief Secretary, Victoria.

37.

Colonial Secretary's Office, 12th May, 1875.

SIR,

I HAVE the honor to inform you that I have received a telegram from Mr. Elsdon, the Engineer-in-Chief of the Melbourne and Hobson's Bay Railway Company, informing me that he will be willing to act as one of the Arbitrators in respect to the matters agreed to be referred to arbitration between the Government and the Tasmanian Main Line Railway Company in respect to the Tolls and Compensation to be paid by the Tasmanian Main Line Railway Company to the Government for running over the Launceston and Western Railway with the use of the Station at Launceston, and business required to be performed by the Manager and Staff of the Launceston and Western Railway.

I am also in receipt of a letter from the Chief Secretary of Victoria, informing me that the Government of Victoria are willing that Mr. Mathison, the Traffic Manager of the Victorian Government Railways, shall be permitted to act as one of the other Arbitrators, and as I understand from you that Mr. Fehon, formerly Traffic Manager of the Victorian Government Railways, has informed you that he is willing to act as one of the other Arbitrators, I have now to request that you will be good enough to inform me whether Wednesday, the 2nd June next, will be convenient for the meeting of the Arbitrators at the Government Offices in the Public Buildings in Launceston, at 11 o'clock in the forenoon; and if the day proposed is convenient to you, I will communicate with Mr. Elsdon and request him to see Mr. Mathison and Mr. Fehon, and make arrangements with them for coming over to Launceston by the steamer *Derwent* advertised to leave Melbourne on Monday, the 31st of May instant.

Waiting your reply,

I have, &c.,

(Signed) THOS. D. CHAPMAN.

C. H. GRANT, Esq., Engineer-in-Chief, Tasmanian
Main Line Railway Company.

38.

Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 12th May, 1875.

SIR,

I HAVE the honor to acknowledge your letter of this date, in which you kindly inform me that you have communicated with Messrs. Elsdon and Mathison, two of the Arbitrators selected in the matter of the reference between the Tasmanian Government and the Main Line Railway Company, as to the Tolls to be paid by the latter for the use of the Launceston and Western Railway, and finding that they are able to act, you purpose to request Mr. Elsdon to arrange with Messrs. Mathison and Fehon for entering upon the case on Wednesday, the 2nd proximo, at eleven o'clock A.M., in the Public Buildings, Launceston.

32

In thanking you for that information, I have only to state that the time and place will be quite convenient to me, and I trust that nothing will occur to further delay the settlement of this important matter.

I have, &c.,
(Signed) CHARLES H. GRANT.

The Hon. the Colonial Secretary.

39.

*The Melbourne and Hobson's Bay United Railway Company,
Chief Engineer's Office, Sandridge, 21st May, 1875.*

SIR,

THE *Tamar* will leave Melbourne for Launceston on arrival of English Mail, but not later than the 1st of June: we will therefore, as you propose, take our passages by her.

To save time, may I be allowed to suggest that the distances between all Stations on the Main Line, and those between the junction of both Lines and Launceston, be in readiness, together with the Scale of Fares, or proposed Scale, to and from such Stations.

I have, &c.,
(Signed) WILLIAM ELSDON.

*The Hon. THOS. D. CHAPMAN, Colonial Secretary,
Tasmania.*

40.

*Tasmania,
Colonial Secretary's Office, 25th May, 1875.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 21st instant, intimating your intention of coming over to Launceston by the *Tamar*, advertised to leave Melbourne with the English Mails for Tasmania, but not later than Tuesday the 1st June.

I have informed the representatives of the Tasmanian Main Line Railway and the Officers of the Launceston and Western Railway of the probable date of your arrival in Tasmania, and as I think I shall probably be over in Launceston about that time, I hope to have the pleasure of meeting you shortly after your arrival.

I have, &c.,
(Signed) THOS. D. CHAPMAN.

*WM. ELSDON, Esq., Engineer-in-Chief,
Melbourne and Hobson's Bay Railway Company, Melbourne.*

41.

*Victoria,
Chief Secretary's Office, Melbourne, 21st May, 1875.*

SIR,

WITH reference to your letter of the 12th instant, relative to arrangements for the Arbitrators to leave Melbourne for Launceston by the *Derwent* on the 31st instant, I have the honor to inform you that Mr. Mathison has been instructed to hold himself in readiness to embark on the 31st instant accordingly.

I have, &c.,
For the Premier,
W. H. ODGERS.

The Hon. the Colonial Secretary, Tasmania.

42.

TELEGRAM.

Hobart Town, 28th May, 1875, 2 P.M.

BE good enough to inform Mr. Mathison the Arbitration is unavoidably postponed for a few weeks, and that he need not come over to Tasmania at present.

(Signed) THOS. D. CHAPMAN, *Colonial Secretary.*

The Hon. the Chief Secretary, Melbourne.

43.

TELEGRAM.

Hobart Town, 28th May, 1875,
2 P.M.

THE Arbitration is unavoidably postponed for a few weeks, I shall not therefore expect you by to-morrow's steamer.

I will write by mail when you will be required.

(Signed) THOS. D. CHAPMAN, *Colonial Secretary.*

WILLIAM ELSDON, *Esq.,*
Hobson's Bay Railway, Melbourne.

44.

Tasmania,
Colonial Secretary's Office, Hobart Town, 29th May, 1875.

SIR,

I SENT you a Telegram yesterday afternoon, informing you that the Arbitration was unavoidably postponed for a few weeks. I am this afternoon in receipt of your Telegram in which you inform me that you "can commence Arbitration 7th June, later very doubtful; letter forwarded."

From the interview the Main Line Railway authorities had with the Government yesterday I see but little prospect of the case for the Arbitrators to settle being finally arranged for some five or six weeks; but as soon as a proper understanding is come to with the Main Line Railway Company on the points to be settled by the Arbitrators, I will immediately place myself in communication with you.

I have, &c.,

(Signed) THOS. D. CHAPMAN, *Colonial Secretary.*

WILLIAM ELSDON, *Esq., Engineer-in-Chief,*
Hobson's Bay Railway Company, Melbourne.

45.

The Melbourne and Hobson's Bay United Railway Company,
Engineer's Office, Sandridge, 29th May, 1875.

SIR,

I HAVE the honor to receive your Telegram of yesterday, stating that the Arbitration had been postponed for a few weeks. Of this determination I am sorry to hear, as I had made arrangements to visit George Town, &c. on the 5th June, immediately after the expected settlement of Arbitration.

This arranged visit I am obliged to complete, and will for that purpose leave per steamer on the 4th. Should you therefore be able to order the Arbitration to commence on the 7th June, I will be most happy to act; later than this date I am afraid I cannot do so, as it is essential for me to be in Melbourne on the 15th at latest, in consequence of our half-year closing at end of the month, and the half-yearly meeting being held in early part of August; and even after this date I cannot possibly promise to arbitrate, as the numerous works now on hand and to be carried out, together with other very important matters connected with the Company, require my close attention.

Should you give permission for the Arbitration to commence on the 7th proximo, Messrs. Fehon & Mathison will agree to such.

I have, &c.,

(Signed) WILLIAM ELSDON.

The Hon. the Colonial Secretary.

46.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 12th May, 1875.*

SIR,

THE Main Line Railway Company now desire to establish telegraphic communication throughout the line, and therefore I have the honor to ask you whether the Government will allow the wire for the Railway Telegraph to be suspended on the existing posts, between Antill Ponds and Snake Banks on the main road, and on the Launceston and Western Railway between Evandale Junction and Launceston.

When I had the honor of discussing this subject with yourself and other members of the Government, at interviews held some time since, I understood that you were willing to enter into reciprocal relations in this respect with the Company,—the Government having the immediate privilege of suspending their wire on the railway posts from Bridgewater to Richmond, and in any other parts they might desire. On the part of the Main Line Railway Company I shall be happy to complete this arrangement.

I have, &c.,

(Signed) CHARLES H. GRANT, *Engineer and Agent.*

The Hon. the Colonial Secretary.

47.

Colonial Secretary's Office, 30th June, 1875.

MEMORANDUM.

THE Colonial Secretary places on record the result of an interview with Mr. C. H. Grant in this office during the early part of the present month in reference to an application he had made to the Government for permission to use the posts of the Government line of telegraph along the Main Road between Hobart Town and Launceston for hanging the Company's telegraph wire instead of erecting a new line of telegraph along the line of railway. Mr. Grant stated that he would like to use the posts along the Main Road for a distance of 60 or 70 miles, and that the Government could use the Company's posts along the Main Line Railway from Brighton to Campania.

The Colonial Secretary informed Mr. Grant that if the Company only intended to use their line of telegraph strictly for railway business he thought there would be no objection to his application being complied with, but if the Company intended to enter into competition with the Government line of telegraph he should not be disposed to recommend that permission should be given to use the Government line; and as he informed the Colonial Secretary that the Company would most probably open the line of telegraph for general use and compete with the Government line of telegraph, the Colonial Secretary told him that under those circumstances the Company had better erect a separate line of telegraph along the line of railway for their own business.

(Signed) THOS. D. CHAPMAN.

48.

*Tasmania,
Colonial Secretary's Office, 5th July, 1875.*

SIR,

You are probably aware that this Government entered into a Contract with an English Company, three or four years since, for the construction of a Railway to connect Hobart Town with Launceston.

The Company are to construct the Railway of the best material, and in a thoroughly substantial manner; and, after the line is opened for traffic, they are to run two trains daily each way,—one of such trains to run at an average speed of not less than 23 miles an hour, and the other not less than 10 miles an hour.

The Railway should be completed and opened for traffic on the 15th March next.

The Government are desirous that the Railway and works should be thoroughly well constructed, and the conditions of the Contract fully carried out in every respect.

As this Government had no Railway Engineer in their service, they applied to your predecessor in December, 1873, to allow Mr. W. H. Greene, an Engineer in your Railway Department, to

visit Tasmania for a short time to inspect the Railway and works and report thereon. Mr. Greene was over here for about three weeks, and made a thorough inspection of the Railway and works, and made a full report thereon for the information of our Government and Parliament.

As the Railway and works are now nearly completed, we should be very glad if your Government would authorise Mr. Greene to come over to Tasmania again for a fortnight or so to inspect the Railway and works in their present state, and report thereon for the information of our Government; and as our Parliamentary Session will commence on the 27th instant, we should be glad if you would be good enough to authorise Mr. Greene to come over here as early as possible.

I have, &c.,

(Signed) THOS. D. CHAPMAN.

The Hon. GEO. B. KERFERD, Chief Secretary, Victoria.

49.

TELEGRAM.

Hobart Town, 8th July, 1875, 1.50 P.M.

I WROTE by the *Derwent* to your Chief Secretary, requesting him to authorise you to come over by an early steamer.

(Signed) THOS. D. CHAPMAN, *Colonial Secretary.*

W. H. GREENE, *Esq., Railway Department, Kyneton, Victoria.*

50.

BY ELECTRIC TELEGRAPH.

Kyneton, 12th July, 1875, 9.59.

I LEAVE Melbourne by the *Southern Cross*, sailing next Wednesday.

W. H. GREENE.

The Hon. the Colonial Secretary.

51.

BY ELECTRIC TELEGRAPH.

Melbourne, 15th July, 1875, 10.29.

Mr. GREENE embarked yesterday to inspect new Railway and works.

Premier.

The Hon. the Colonial Secretary.

CORRESPONDENCE WITH THE HONORABLE COLONIAL TREASURER.

PAYMENT OF INTEREST DURING CONSTRUCTION.

52.

Tasmania,
Colonial Treasury, Hobart Town, 21st May, 1874.

MEMO.

WILL the Collector of Customs be good enough to furnish the Colonial Treasurer with a statement for the Ports of Hobart Town and Launceston, showing separately the value of Railway Plant imported during the current year to date? also include similar information for 1872 and 1873.

P. O. FYSH, *Colonial Treasurer.*

The Collector of Customs, Hobart Town.

RAILWAY Plant Value.

Hobart Town :—	£
1872	Nil.
1873	11,580
1874	4000 first four months.
Port of Launceston :—	
1872	17,885
1873	15,996
1874	1596 first four months.
	<u>£51,057</u>

THOS. T. WATT.

53.

26th May, 1874.

MY DEAR MR. WATT,

WILL you obtain for the Treasurer the date of arrival and the value of *each* shipment of plant, &c. for the Main Line Railway Company? You have already given the total, but the Treasurer would like these details as well.

This information is required for both ports separately, from the date of the first shipment.

T. T. WATT, *Esq., Collector.*

I have, &c.,
(Signed) J. E. PACKER.

THIS return cannot be furnished, as imports are not kept under ship names or dates of arrival, but only under countries from.

T. T. WATT.

54.

HANDED to COLONIAL TREASURER by Mr. COOTE on 21st, 22nd, or 23rd May; Mr. Coote remarking that the valuations were merely estimated, the Contractors not having forwarded from London any information on the subject.—P. O. F., 26. 5. 74.

	£
Rails, over 4000 tons, transport to London from North of England, expenses, wharfage, dock dues, &c. in London, freight, insurance, say £20 per ton.....	80,000
The spikes, bolts, fish-plates, cost from £28 to £30 per ton, rails, fish-foot, £12 12s.....	
As everything is paid in England we do not know the prices actually paid.	
Two locomotives at Launceston, three in <i>Maida</i> , and two in <i>Berean</i> . Price, including packing, transport to London, freight, insurance, wharfage in London, &c., £4000	28,000
Forty permanent trucks, including above expenses, at £200 each.....	8000
Sending out staff, &c. and instruments.....	15,000
Sending out men.....	40,000
Plant sent out, say three steam engines, two stone-crushers, 180 muck wagons, 200 dobbin carts, &c.....	15,000
Preliminary expenses.....	25,000
Other sundry expenses in England.	

£211,000

Colonial Treasury, 12th June, 1874.

I HAVE the honor to call your attention to an Audit enquiry addressed to you under date August 19, 1873, which bore my endorsement, asking for a copy of the account of the Bank of New South Wales, London, with the Tasmanian Main Line Railway Company; and also to my communication of January 22 last, wherein I stated that the document furnished by you upon the 20th of that month, in answer to the Audit enquiry, was not such as the enquiry called for.

The necessity for the account current between yourself and the Bank of New South Wales is not only necessary in support of the claim for interest upon capital at rest, but it may assist in the adjustment of interest account payable during course of construction upon the capital expended, and in respect of your claims for which a difficulty arises, which the following statement will explain:—

	£	s.	d.
The vouchers furnished up to and including the account of Interest dated 18th April last amount in the aggregate to	437,888	17	3

And for Interest upon the vouchers your claims have been paid to the amount of £30,996 15s. 4d., viz.:—

	£	s.	d.
18th January, 1872.....	3125	0	0
18th October, 1872.....	3125	0	0
18th January, 1873	3000	16	1
18th April, 1873.....	2422	0	2
18th July, 1873	4098	4	0
18th October, 1873.....	4651	3	1
18th January, 1874	5181	10	6
18th April, 1874	5393	1	6
	<u>£30,996</u>	<u>15</u>	<u>4</u>

The vouchers analysed give the following result:—

	£	s.	d.
For London office expenses	5064	5	5
Preliminary expenditure in London, authorised by the Contract	25,000	0	0
And under certificates of Company's Engineer, and on account of Contract in London	171,319	0	0
(Which for subsequent reference is marked in the margin A.)			
Total in London	201,383	5 5
For office expenditure in Colony....	4555	1	1
And on account of Contract under Engineer's certificate of work in Colony	231,950	10	9
		<u>236,505</u>	<u>11 10</u>

437,888 17 3

The only evidence at my command of the expenditure in London, marked A, viz.:—
Is the following importation of material, valued by your Customs' entries at viz.:—

	£	s.	d.
In 1872	17,885	0	0
In 1873	27,576	0	0
And for the first four months of 1874.....	5596	0	0
		<u>51,057</u>	<u>0 0</u>

Interest to the amount of £12,566 19s. 10d. has been paid upon items forming the total marked A; and upon the major part of it, viz., upon £150,750 interest has been paid for periods extending over the past 18 to 24 months.

Under these circumstances I shall feel obliged by your supplying further evidence in support of the expenditure in London, and with any observations or explanations which you think it desirable to give.

I do not propose to delay the quarterly payment of interest due in July, or to alter the figures in any way if you wish that those in question shall form part of your claim; but when I forwarded to you the Audit enquiry in August last, it was not contemplated to delay for so long an undisputed settlement of interest account, and I trust you will see the inconvenience of such a course.

I have, &c.,
(Signed) P. O. FYSH.

A. COOTE, Esq., Agent Tasmanian Main Line
Railway Company.

56.

Tasmanian Main Line Railway Company, Limited,
Hobart Town, 16th June, 1874.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant, in which you ask for a copy of the account current between the Tasmanian Main Line Railway Company and the Bank of New South Wales in London, and give explanation why this is required.

Upon receipt of your letter of the 22nd January last, I wrote the Secretary of the Company for a copy of such account, and by the last mail he advised me that the matter had been overlooked until too late to furnish by that mail, but that it would be sent by the following; it will therefore arrive by the incoming mail, and shall then be immediately forwarded you.

As regards the customs entries made by the Contractors in 1872 of £17,855, and in 1873 £15,996, and in 1874 of £1596 only, I have no means of ascertaining what they refer to; but I am informed by the Engineer that the value of the plant and material received in each of these years vastly exceeded the amount stated for the customs entries. He has promised to look over and correct these entries for you if favoured with a copy of them, as it would appear that the Contractors had not been careful to make them correct.

The real value of the plant and material supplied, including cost of emigrants forwarded, approximates to the amount expended in London; but this sum does not merely express the outlay on plant and material "long at sea" and amounts paid on material not yet shipped, but on which under the customary procedure very large sums have to be paid both in placing the order and during the progress of the work.

I have, &c.,
(Signed) AUDLEY COOTE.

The Hon. P. O. FYSH, Colonial Treasurer.

57.

(Received by hand: Capt. Coote handing to me this Memo. and the Letter dated 16th June, 1874, on the 17th June.—P. O. FYSH.)

MEMO.

	£
4000 tons railway material, including carriage from Belgium and Wales to London, transshipping freight 50s., insurance and all charges, at £20	80,000
5 Engines, including transport to London, packing, freight, &c., £4000	20,000
2 ditto, ditto	5000
Preliminary expenses	25,000
Cost of emigrants	40,000
20 ballast wagons	4000
Plant, including 100 earth wagons, 2 steam engines and stone-crushers	9700
20 sided and cattle wagons	4000
Gunpowder and stores, at least	15,000
Instruments, at least	2000
	<hr/>
London Office expenses	204,700
	5000
	<hr/>
Expenditure in Tasmania	209,700
	261,000
	<hr/>
	£470,700
	<hr/>

Colonial Treasury, 17th June, 1874.

SIR,

HAVING perused your letter bearing yesterday's date, and the document which you handed to me with the letter, being a Memorandum recapitulating the material and plant of your Company, valued in the aggregate £209,700 as annexed, and which it is to be presumed represents expenditure in London upon which this Government is paying interest during the course of the construction of the Main Line of Rail, I have the honor to state that many of the items cannot be proved as payment upon construction account, they being merely contractors' implements, and that a very large amount in the aggregate is represented by material necessary in the construction, but which will probably not arrive in the Colony for some months yet, and that these figures are further evidence of the necessity for the account which you name as likely to reach this from London by the next mail.

Upon its arrival I shall be happy to see you and endeavour to arrive at an equitable adjustment of the amount of interest payable to date on account of expenditure during construction.

I am not aware that interest is payable upon "the outlay on plant and material 'long at sea,' and amounts paid in material not yet shipped or 'paid both in placing the orders and during the progress of the work.'"

The Custom entries asked for can be more easily obtained by applying to your own Custom House Agent, to whom every facility will be afforded by the Customs authorities.

I have, &c.,

(Signed) P. O. FYSH.

A. COOTE, *Esq., Agent Tasmanian Main Line Railway.*

*Tasmanian Main Line Railway Company, Limited,
Hobart Town, 19th June, 1874.*

SIR,

I HAVE the honor to acknowledge your letter of the 17th inst., in which you express a desire to see me to endeavour to obtain an equitable adjustment of the amount of interest payable to date on account of expenditure during construction of the Tasmanian Main Line Railway, and state that you are not aware that interest is payable upon plant and material long at sea, and amounts paid on material not yet shipped or paid both in placing the orders and during the progress of the work, and also enclose copy of a very rough memo. showing probable expenditure in London made for my own information and left with you at your request.

With regard to this memo. I have to request that you will not assume it to represent the actual cost of the items, or the details of the London expenditure, as this I have no means of giving, but simply know the articles shipped.

On the general question of the London payments, as no information is given me from the head office respecting them, and as the Company only claim for their exact cash expenditure, as correctly vouched by the contractors' receipts sent you, I could not enter into any discussion thereon.

It is certain that the Company "for their own protection" would not under any circumstances pay the contractors more than was due to them by the strict terms of the contract, and the general custom in such matters, and this the Government must equitably allow as money actually expended for the purposes of the construction of the railway.

It is unnecessary to mention that material and plant sent abroad is paid for at the latest on the bill of lading, if not on the wharfinger's or Dock Company's receipt of delivery, should the vessel not be quite ready to load, and, therefore, all the articles in my memo. were properly paid for long since. I understand that the whole of the 10 locomotives were completed last year, with a large quantity of duplicates, tools, plant, &c. &c., and only the difficulty of procuring freight has prevented its shipment, but nevertheless they had to be paid for, the Company being doubtless indemnified by insurance. Had these items been charged the figures in my memo. would have been greatly increased.

The contractors inform me that they have no note or record whatever of their Customs entries, "which were made by a clerk," not considering it a matter of any importance; unless therefore you can furnish me with particulars for correction I do not see how they can be verified.

I have, &c.,

(Signed) AUDLEY COOTE.

The Hon. the Colonial Treasurer.

40

60.

Colonial Treasury, Hobart Town, 1st July, 1874.

MEMO.

WILL the Collector of Customs be good enough to obtain from the Custom-house Agent acting for the Tasmanian Main Line of Railway Company and the Contractors copies of all entries passed for the importation of plant and materials from the first shipment?

P. O. FYSH, *Colonial Treasurer.*

The Collector of Customs, Hobart Town.

THIS Memo. has been submitted to G. F. Evans, agent for Customs Duty, and he informs me that on his referring to the Main Line Railway Company they decline to authorise or remunerate him for preparing the required copies.

THOS. T. WATT, *Collector.*

CORRECT.

GEO. F. EVANS.

61.

Colonial Treasury, Hobart Town, 8th July, 1874.

SIR,

I HAVE been delayed acknowledging your letter of the 19th ultimo in the hope that I might be able to furnish you with the particulars of the Customs entries—a record of which you inform me the contractors do not possess; but upon the Collector of Customs furnishing the Company's or Contractors' Custom-house Agent with the necessary documents to enable him to compile the particulars required, he informed the Collector of Customs that the Main Line of Railway Company would not authorise or remunerate their Customs Agent for preparing the required copies.

On the 12th ultimo I had the honor to call your attention to the non-receipt of the account between yourself and the Bank of New South Wales, necessary to assist in the adjustment of the interest account during the course of construction; and I note that you have not favoured me with any information on the point in your last letter, but in the interim you have stated verbally that the account referred to was not received by the last mail from Europe as expected. Awaiting the production of this document I need not refer to your disclaimer of discussion in the third paragraph of your letter of the 19th ultimo further than to say that I do not abandon the right.

I have, &c.,

(Signed) P. O. FYSH, *Colonial Treasurer.*

A. COOTE, *Esq., Agent Tas. M.L.R. Co.,
Macquarie-street.*

62.

(Via Southampton.)

London, 26th August, 1874.

DEAR SIR,

HEREWITH I enclose duplicate of my letter of 7th instant, and original copy of the Company's Account with the Bank of New South Wales, certified at the chief office of the Bank in London, and made up to 30th June last, showing a balance on that date of £3896 17s. 9d. in the Company's favour.

Yours, &c.,

(Signed) J. B. DAVISON, *Secretary.*

AUDLEY COOTE, *Esq., Hobart Town.*

THE Bank of New South Wales in Account Current with the Tasmanian Main Line Railway Company, "Limited."

[illegible]

1872.		£	s.	d.
Dec. 31.	To Balance	67,757	19	5

£67,757 19 5

1873.		£	s.	d.
Mar. 31.	To Balance	956	16	4
Apr. 17.	Cash	49,327	1	0
18.	Ditto	50,672	19	0
June 14.	Ditto	175	12	4

£101,132 8 8

1873.		£	s.	d.
June 30.	To Balance	74,818	7	6
July 10.	Interest to 30 June	4280	8	7
21.	Cash	50,000	0	0

£129,048 16 1

1873.		£	s.	d.
Sept. 30.	To Balance	83,985	3	4

29th Oct., 1873.—I hereby certify that this account has been compared with the books of this Bank, and found correct; and that the Balance at the credit of the Tasmanian Main Line Railway Company on 3rd October is £73,985 3s. 4d.

For the Bank of New South Wales,

JOHN CURRIE, *Secretary.*

1873.		£	s.	d.
Sept. 30.	To Balance	83,985	3	4
Oct. 31.	Cash	25,000	0	0
Dec. 31.	Interest to 31st December..	1470	6	10

£110,455 10 2

1873.		£	s.	d.
Jan. 8.	By No. 065	33	6	8

	066	6	13	4
17.	067	25	0	0
21.	068	312	10	0
	069	4	8	0
24.	070	750	0	0
	072	10,000	0	0
	071	30,000	0	0
Feb. 1.	073	33	6	8
21.	076	10,000	0	0
	078	15,000	0	0
22.	077	68	6	8
24.	074	7	14	3
	075	7	0	0
Mar. 21.	079	491	13	4
26.	082	27	17	6
28.	081	33	6	8

Balance 66,801 3 1
956 16 4

£67,757 19 5

1873.		£	s.	d.
Apr. 18.	By No. 084	25	0	0
	086	5000	0	0
26.	085	68	6	8
May 16.	087	10,000	0	0
21.	080	125	0	0
29.	088	33	6	8
June 9.	089	175	12	4
10.	090	19	5	6
13.	092	10,000	0	0
14.	091	493	15	0
21.	094	60	0	0
25.	096	30	19	6
27.	093	125	0	0
	095	150	0	0
28.	097	7	15	6
30.	Balance	74,818	7	6

£101,132 8 8

1873.		£	s.	d.
July 11.	By No. 098	10,000	0	0
18.	099	4230	8	7
31.	0100	33	6	8
Aug. 8.	0105	10,000	0	0
11.	0101	4	14	0
12.	0103	5	4	6
13.	0102	8	16	0
14.	0104	29	13	0
23.	0106	58	13	4
Sept. 5.	0107	20,000	0	0
20.	0112	25	0	0
	0108	493	15	0
26.	0109	15	15	0
24.	0111	33	6	8
30.	0110	125	0	0
	Balance	83,985	3	4

£129,048 16 1

1873.		£	s.	d.
Oct. 3.	By No. 0114	19,000	0	0

1873.		£	s.	d.
Oct. 3.	By No. 0114	10,000	0	0
31.	0115	20,000	0	0
Nov. 3.	0116	100	0	0
27.	0121	8000	0	0
28.	0120	10,000	0	0
29.	0117	13	13	5
Dec. 2.	0119	12	2	0
8.	0118	24	0	0
12.	0122	493	15	0
	0125	25,000	0	0
24.	0126			
	0127			
27.	0124	125	0	0

By Balance £73,768 10 5
36,686 19 9

£110,455 10 2

MEMO.

IN the absence of the Colonial Treasurer I do not feel called upon to interfere at this stage with the action of the Collector of Customs.

THOS. D. CHAPMAN, *Colonial Secretary.*
13th November, 1874.

64.

Colonial Secretary's Office, 16th November, 1874.

SIR,

I HAVE the honor to acknowledge the receipt of a letter written by your instructions informing me that two cases of Stationery, &c. for use in the construction of the Main Line of Railway have been received at this Port per barque *Helen*, and that the Collector of Customs has refused to pass them free of duty.

In the absence of the Colonial Treasurer I do not feel called upon to interfere at this stage with the action of the Collector of Customs, who states that even by giving the utmost stretch to the Act he cannot see how such Stationery can be passed free of duty without the special authority of the Government. It will therefore be necessary that in order to clear the goods the Customs duty should be paid, but it will remain open for you to appeal to the Governor in Council for a remission of the duty should you so desire.

The Bill of Lading and Invoice which accompanied the letter under acknowledgment I have caused to be handed to your clerk.

I have, &c.,

(Signed) THOS. D. CHAPMAN.

C. H. GRANT, *Esq., Engineer-in-Chief,*
Main Line Railway Company.

65.

Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 19th November, 1874.

SIR,

I HAVE the honor to acknowledge and thank you for your letter of the 16th instant, respecting the payment of duty on two cases of Stationery ex *Helen*, which were imported by the Main Line Railway Company, to be used solely for the construction and maintenance of the railway.

On referring to the invoice of this stationery, it will be seen that it consists wholly of materials (drawing paper, colours, instruments, &c.) used in the drawing office of the Company; and it cannot be denied that plant and drawings are as absolutely necessary to the proper construction of a railway as are the rails and sleepers. It would therefore appear that the material in question is as exempt from duty under "The Customs Duties Act, 1870," 34 Vict. No. 1, as though it had been so much iron or wood.

The Act is moreover very explicit in stating that exemption of "all material which may be applied to the construction or maintenance of railways;" and the simple question then arises, if the material in question is not to be specially applied to the construction and maintenance of the railway, to what other use can it possibly be applied? And for what purpose was it imported?

On this point I most respectfully request a reference to the letter of the Collector of Customs, addressed to the Hon. the Colonial Treasurer on the 19th November, 1872,—(*Vide* Main Line Railway Correspondence, 1872, No. 24, folio 18.)—and have to pray that the Government will order the return of the duty paid on these two cases, amounting to £4 12s. 0d.

I have, &c.,

(Signed) CHAS. H. GRANT, *Engineer.*

The Hon. the Colonial Secretary.

REFERRED with previous correspondence to the Hon. the Colonial Treasurer.

THOS. D. CHAPMAN.
23rd Nov., 1874.

45

66.

Colonial Treasury, 9th December, 1874.

SIR,

I HAVE the honor to acknowledge receipt of your letter of the 19th instant, addressed to the Hon. the Colonial Secretary, in reference to the payment of duty on two cases of Stationery ex *Helen*, from London.

In reply I have to inform you that the Government is anxious to give the most liberal interpretation to the section of the Act quoted by you, during the time of the construction of the line; therefore in the present case, and without establishing a precedent, it has been decided to refund the amount of duty paid by the Company on the two cases referred to.

I have, &c.,

(Signed) P. O. FYSH.

C. H. GRANT, Esq., Engineer-in-Chief,
Main Line Railway Company.

67.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 17th December, 1874.*

SIR,

I HAVE the honor to acknowledge your letter of the 10th instant, in which you kindly inform me that the duty charged on two cases of Stationery ex *Helen* will be refunded; for which information I am greatly obliged, and have accordingly to make application for the repayment of the £4 12s. 0d. paid in error.

I have, &c.,

(Signed)

CHARLES H. GRANT.

The Hon. the Colonial Treasurer.

EXECUTIVE Minute approving of repayment sent on to the Auditor.

30. 12. 74.

PAYMENT OF INTEREST DURING CONSTRUCTION.

68.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 19th January, 1875.*

SIR,

I HAVE the honor to forward you a statement of the disbursements of the Tasmanian Main Line Railway Company, Limited, to this date, and an account for the guaranteed interest now due, which amounts to the sum of Seven thousand four hundred and seventy-two pounds fourteen shillings and four pence.

Herewith I also enclose eight additional vouchers, amounting with the Company's office disbursements in Tasmania to £53,854 18s. 7d.

I shall feel much obliged by your ordering payment of this interest.

I have, &c.,

(Signed)

CHARLES H. GRANT.

The Hon. P. O. FYSH, M.H.A., Colonial Treasurer.

69.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 19th March, 1875.*

SIR,

I HAVE had the honor of meeting the Government and of several interviews with the Hon. P. O. Fysh, the late Colonial Treasurer, on the subject of the guaranteed interest to the Tasmanian Main Line Railway Company, Limited, which became due on the 19th January last, but have only just discovered that the account and the application for payment, as made out on that date, were not rendered to the Treasury.

These documents are now forwarded herewith, and I have to request that they may receive an early and a favorable consideration.

I have, &c.,
(Signed) CHARLES H. GRANT.

The Hon. F. M. INNES, M.H.A., Colonial Treasurer.

70.

Colonial Treasury, 5th April, 1875.

SIR,

REFERRING to your letter of the 19th ultimo, transmitting documents necessary in dealing with the claims of the Main Line Railway Company on account of interest, and to our subsequent interview on the 1st instant in reference thereto, and also to the question of toll in regard to the portion of the Launceston and Western Railway Line, &c., I have the honor to acquaint you that, in accordance with your wish that these matters should be postponed until the return of the Attorney-General, that course has been assented to this day by the Executive.

I have, &c.,
(Signed) F. M. INNES.

C. H. GRANT, Esq., *Main Line Company.*

71.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 6th April, 1875.*

SIR,

I HAVE the honor to acknowledge your letter of the 5th instant, in which you kindly inform me that the Government will await the return of the Honorable the Attorney-General before deciding the complex questions arising on the payment of the guaranteed interest, that gentleman having been present at a meeting of the Cabinet when I had the honor of explaining the views on this question of the Company I represent.

In regard to the tolls payable by the Main Line Railway Company, Limited, for the exercise of their running powers over the Launceston and Western Railway, I desire to recall to your remembrance the earnestness with which I pressed that permission should immediately be given for the necessary alteration of the Launceston station yard to adapt it to the requirements of the Main Line Railway, and the plans of which were many months since submitted for approval.

This work is included in the contract of Messrs. Clark, Punchard, and Reeve with the Company, and they insist on doing it without further delay according to the conditions of the contract between the Government and the Company.

This matter is quite independent of the question of toll, and merely consists of the exercise of the right to carry the third rail (already laid down from Evandale junction to Launceston station) into the station yard, and to provide the necessary accommodation for the Main Line Railway traffic.

Trusting that the Government will immediately give the required assent to the plans, in order that the work may be completed before winter makes their execution more difficult,

I have, &c.,
(Signed) CHARLES H. GRANT.

The Hon. the Colonial Treasurer.

REFERRED to the Hon. the Minister of Lands and Works with respect to paragraphs 2, 3, 4, and 5 of this communication.

F. M. INNES, *Colonial Treasurer.*
7th April, 1875.

72.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 9th April, 1875.*

SIR,

At an interview with which I was favoured by your honorable predecessor in office, some remarks were made by him respecting certain small sums which the copy of the account current

between the Bank of New South Wales and the Railway Company showed to have been allowed as interest on the Railway Company's drawing account, it being the custom of a few London Joint Stock Banks (but only a few Metropolitan, and of no Provincial Banks) to allow a small interest on minimum monthly balances.

It was suggested that these allowances should be credited to the Government on the guaranteed interest account, although it was not contended that there was any direction (either express or implied) in the contract for such a disposal of the money, while the analogy of other clauses is adverse to this view, neither was it asserted that the Government were in the very least degree prejudiced by the account being so placed to bear interest, since the whole of the money standing to the credit of the Company could have been drawn out at any time without notice.

On this subject the Secretary of the Company has addressed me by the last post, and I take the liberty of transcribing his remarks, to which I will only add that the published accounts of the Company are in my possession, and in the account for the interest on the guaranteed bonds exhibit the loss he complains of:—

“The Directors feel very strongly were any claim made by the Government to the interest on the Company's Account at the Bank of New South Wales, it would be most unjust especially as there is nothing in the Contract to show that they are entitled to it, but rather on the contrary, if the Company should have a surplus of interest in any one quarter, it should be carried over to the next—i.e., if Clause 9 has any effect previous to the opening of the line for traffic. I see that the amount we have received from the Bank of New South Wales for interest to the 31st December last is £5965 4s. 8d., and that the loss on Interest Account, or in other words the difference between the gross amount of interest received from all sources and the amount paid for interest on the £650,000 Bonds to 30th June last, shows a loss to the Company of £2735 1s. 9d. as shown by our last Statement of Accounts, and that the loss on same account to 31st December last is upwards of £2400 more—together over £5100; and if you add to that the difference between the £8125 paid by the Company on 1st January last, and the amount due from the Government on the 19th January, it will about make up the amount received from the Bank of New South Wales; besides were the Government to substantiate their claim to that interest, it will make the Company's loss fully double that amount to this date. There is another circumstance to be taken into consideration, the Company's loss of interest on the amounts remitted to Tasmania on Contract Account, which would sum up to a considerable item if calculated upon all the amounts remitted from the commencement during transit to Hobart Town (say roughly £300,000 at 5 per cent. on 50 days=£2050.) We feel sure, however, that you will be able to arrange this matter satisfactorily with the Government.”

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. the Colonial Treasurer.

73.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 9th April, 1875.*

SIR,

THE last English mail having brought advice that the Tasmanian Main Line Railway Company, Limited, had paid to the Bank of New South Wales in London a further sum of Twenty-five thousand pounds (£25,000) on capital account, in accordance with the terms of the fifth clause of their contract with the Government, I have the honor to send you herewith a corrected account for the interest payable on the 19th January last, and to request that you will receive it in place of that sent on the 19th ultimo.

This further payment increases the amount deposited with the Bank of New South Wales on capital account to Six hundred and twenty-five thousand pounds, but does not alter the calculation of interest.

It is highly necessary in the present financial position of the Railway Company that I should be able to advise by the next mail the punctual payment of the interest, of which a further instalment becomes due on the 19th instant. I have prepared an account for the sum then payable, which, as forwarded herewith, shows the amount to be £7621 9s. 7d., and is therefore largely in excess of any sum in question with the Government.

Under these circumstances I have to request that you would forthwith pay the enclosed amount for the January interest, amounting to £7472 14s. 4d., and retain the April interest until any question at issue is mutually arranged.

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. the Colonial Treasurer.

48

74.

Colonial Treasury, 14th April, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 9th instant in reference to payment of interest to your Company; and in reply I beg to request that you will be good enough to call at the Treasury when the sum of £7400 will be paid over to you on account of interest, pending the settlement of questions in dispute between the Government and your Company.

I have, &c.,

(Signed) F. M. INNES.

C. H. GRANT, *Esq., C.E., T.M.L.R. Co.*

75.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 16th April, 1875.*

SIR,

I HAVE the honor to acknowledge and thank you for your letter of the 14th instant, in which you inform me that the sum of £7400 will be paid, on application at the Treasury, on account of interest, pending the settlement of questions in dispute between the Government and the Company; the account rendered being for £7472 14s. 4d.

I have this day received the authorised amount, and beg to thank you for the very prompt attention to my request for its payment.

I have, &c.,

(Signed) CHARLES H. GRANT, *Engineer and Agent.*

Hon. F. M. INNES, M.H.A., Colonial Treasurer.

76.

*Tasmanian Main Line Railway Company, Limited,
Engineer's Office, 31st May, 1875.*

SIR,

As the payment of the guaranteed interest due on the 19th April is urgently required, in order to meet the interest shortly becoming due on the Debenture Bonds issued by the Company, I have the honor to request your kind attention to my letters of the 9th and 19th of last April, and beg to assure you of my desire to do all in my power to hasten the settlement of any matters in question between us, causing the delay in the payment of this interest, and of the small balances still owing.

I have, &c.,

The Hon. the Colonial Treasurer.

(Signed) CHARLES H. GRANT.

77.

Colonial Treasury, 4th June, 1875.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 31st ultimo, in reference to which I deem it necessary to remind you that when the negotiations between yourself, as Agent for the Main Line of Railway Company, and the Government, for the arbitration of certain matters in relation to the contract were abruptly broken off, it had the effect of postponing the consideration by the Executive of a proposal which I intended, after my conversation with you thereon, to submit for referring to the same arbitrators the question of interest.

But I assure you that, in the altered circumstances in which the Government is now placed, I have no desire to evade any satisfactory arbitration on the view taken by my predecessor of the obligations of the Government in this matter, and I shall be glad to receive any proposal from you with that object.

I have, &c.,

(Signed) F. M. INNES, *Colonial Treasurer.*

C. H. GRANT, *Esq., Chief Engineer, Agent,
Tasmanian Main Line Railway Company, Macquarie-street.*

49

78.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 5th June, 1875.*

SIR,

I HAVE the honor to acknowledge your letter of the 4th instant, in which you kindly state that you will be glad to receive any proposal from me that will lead to the reference to arbitration of the question of the guaranteed interest now payable.

In reply I take the liberty to suggest that, in accordance with the result of our unofficial conversation when the name of Mr. Blackwood of Melbourne was mentioned as an arbitrator who would probably be approved by both parties, we should mutually agree to refer the question to him, in a simple letter accompanying the contract, and which I presume would be drafted by you.

Trusting that the proposal will meet with your views, and lead to a prompt settlement of the difficulty,

I have, &c.,

(Signed) CHARLES H. GRANT.

Hon. F. M. INNES, M.H.A., Colonial Treasurer.

79.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 11th June, 1875.*

SIR,

On the 19th April last I had the honor to forward you an account for the quarter's interest then due and payable, amounting to £7621 9s. 7d., which was not then paid, owing to the long standing dispute between the Government and the Company which it is now proposed to submit to arbitration.

Since there is no probability that an award will be made before the 19th proximo, when the next quarter's interest becomes payable, and as the sum in dispute only amounts to the proportion of accrued interest for this quarter,—besides which the Government have in hand the sum of £513 11s. 6d. in former balances,—I have to request that you will kindly pay the amount now due, and allow any differences to be adjusted next month.

May I ask your very prompt attention to this request, in order that I may remit the amount home by this mail, since it is urgently required for payment of interest on the Bonds.

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. F. M. INNES, Colonial Treasurer.

80.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 15th June, 1875.*

SIR,

I HAVE the honor to remind you that no definite answer has yet been given to my letter respecting the payment of the guaranteed interest now overdue to the Main Line Railway Company, Limited.

It does not appear, by any letter from yourself, why the default is made in paying this interest; and although I am aware that there are some questions in dispute which may affect or excuse this from being done, I would remind you that these questions were first canvassed more than twelve months ago, and nothing has lately occurred which would render it less desirable to pay the current interest as it becomes due, (which has hitherto been done), while certainly the delay in bringing the matter to a settlement cannot be charged against the Company, who are most anxious that it should be immediately arranged.

I regret to be obliged to so earnestly press the matter upon your prompt attention, but the money is required to pay the next interest due on the Company's Bonds; any default in which would have the most serious effect upon the value of the Company's property, and—to say the least—would not advance the credit of the Colony.

I have, &c.,
(Signed)

CHARLES H. GRANT.

The Hon. F. M. INNES, Colonial Treasurer.

81.

Colonial Treasury, 18th June, 1875.

SIR,

I HAVE the honor to acknowledge your letter of the 15th, received on the afternoon of the 16th instant, to which I am prepared to reply; but you will pardon my reminding you, in the first instance, that the registration of your Power of Attorney, respecting which the Colonial Secretary spoke to Mr. Dobson some time since, and of which I reminded you at my last interview with you in this office, has not yet been attended to.

I have, &c.,

(Signed) F. M. INNES.

*C. H. GRANT, Esq., Engineer-in-Chief,
Agent Main Line Railway Company.*

82.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 18th June, 1875.*

SIR,

I HAVE the honor to acknowledge your letter of this date, for which I am greatly obliged.

As regards the necessity for registering the Power of Attorney I hold from the Company, I was under the impression that Mr. Dobson had fulfilled his instructions in this respect, but it slipped his memory, and is only done this afternoon.

In the expectation of the further reply to my letters that you indicate,

I have, &c.,
(Signed)

CHARLES H. GRANT.

Hon. F. M. INNES, M.H.A., Colonial Treasurer.

83.

Colonial Treasury, Hobart Town, 21st June, 1875.

SIR,

I HAVE the honor to acknowledge your favour of the 18th, which enables me to answer your communication dated 15th instant; and in doing so I must repel all the implied reflection upon myself for these questions, which you refer to as having been "first canvassed more than twelve months ago" having remained to this date unsettled. From the period that they first came under my attention I have been most solicitous that they should be disposed of; and as you know already, I was prepared to submit to my colleagues, who were to have met the arbitrators in Launceston on the 2nd of this month, that the question of interest should be included with the other matters in dispute with the Main Line Company in the contemplated arbitration. For the abrupt manner in which that intention was frustrated, with the collapse of the proposed arbitration, the Executive is not responsible, and certainly I am not individually so.

It is not disputed that the question of interest on the funds kept by the Company with the Bank of New South Wales in London was raised by my predecessor so long ago as you represent; but it cannot be alleged that he insisted upon his view in a manner that gives your Company just ground of complaint. He was content to make an insignificant deduction from the payments claimed by the Company under the head in question, sufficient to save him from compromising his position on the main question, until it could be finally settled by arbitration or otherwise. The total amount of deduction, I find, has only reached the sum of £513; while the disputed amount, which has been provisionally paid to your Company, is considerable, namely, £5926 2s. 6d. Moreover, there are amounts similarly paid on Construction account (expenditure in London) for which the vouchers produced were only temporarily accepted by my predecessor.

In these circumstances, while it will afford me pleasure to meet your demands as far as I can consistently do so, I should wish to know if you have any proposal to make with a view to the settlement, in a final and satisfactory manner, of the questions between the Main Line Railway Company and this Department.

C. H. GRANT, *Esq., C.E.*,
Agent *Tasmanian Main Line Railway Company*.

I have, &c.,

(Signed) F. M. INNES.

84.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 23rd June, 1875.*

SIR,

I HAVE the honor to acknowledge the due receipt (on the day of its date) of your letter of the 21st instant, which arrived during my absence in the north.

In my previous letter when alluding to the considerable time that had elapsed since questions arose affecting the payment of the guaranteed interest, I certainly did not intend to imply that you were responsible therefor, but simply to point out a fact with a view of attracting your kind attention thereto, and to hasten the reference to arbitration, which to some extent had been verbally assented to.

Although the reductions in the payment of the guaranteed interest do not amount to a relatively large sum, I apprehend that the correct amount due should have been ascertained as soon as possible and paid; while as regards the vouchers you refer to for expenditure in London they had been accepted without question, and paid upon by *two Ministries* before your honorable predecessor assumed office. He cannot, therefore, be correct in the assumption that he only temporarily accepted such vouchers, nor can I see how any question thereon should arise.

I feel greatly obliged by your kind statement that you will be happy to meet my demands so far as you can consistently do so, and therefore again trespass upon your consideration to ask that the last quarter's interest should be promptly paid, since the withholding it is likely to cause a very serious loss to the value of the property; and beg to assure you of my perfect readiness for an immediate arbitration on any matters of dispute with your department.

Further I shall be happy to consent that the reference should be made to the arbitrator we have already mutually nominated.

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. the Colonial Treasurer.

85.

Colonial Treasury, 24th June, 1875.

SIR,

I HAVE the honor to reply to your favor of yesterday, received this day, that I think you must not be acquainted with the tenor of the correspondence with your predecessor as Agent of the Main Line Company, Mr. Audley Coote, when you assumed that the "vouchers for expenditure in London had been accepted without question," &c. I now, therefore, refer you to the late Colonial Treasurer's letters of the 12th and 17th June, 1874,—subsequent to the date of which I have sought ineffectually for any proof of a final settlement having been arrived at on the points raised.

In reference to the question of interest on the cash balance with the Bank of New South Wales, even after the unsatisfactory failure of former proposals for the arbitration of disputes between the Government and the Main Line Company, I should have been prepared to accept the assurance you give of your "perfect readiness for an immediate arbitration" on the matters in dispute with this department: in fact I have already written to Melbourne to obtain an arbitrator who might prove satisfactory to all parties. But having since had the Power of Attorney which you hold from the Main Line Company placed in my hands, it appears to me questionable whether it confers upon you such powers as would give finality to the arbitration contemplated. I advert to the following provisions contained in that instrument:—

Also, to submit all or any difference or dispute which may arise between the Company and any other person or persons, Government official, corporation or company, to arbitration in such manner as the said Attorney shall think fit.

Also, in accordance with such written instructions as shall be from time to time duly signed on behalf of the Company, and transmitted to and received by the said Charles Henry Grant, but not further or otherwise, to discontinue, compound, settle, or compromise all and such action, suit, proceeding, difference, or dispute upon such terms

and conditions, if any, as may from time to time be prescribed in such written instructions; and if no terms or conditions shall be so prescribed, then upon such terms and conditions as to the said Charles Henry Grant shall seem reasonable or expedient.

And also to do all such other acts, deeds, matters, and things, not connected with the execution of works, or which Messrs. Clark and Punchard have undertaken or shall hereafter undertake to do and perform as shall be necessary for the purpose of enabling the Company to receive all interest which may from time to time be payable.

I have, &c.,
 C. H. GRANT, *Esq., Chief Engineer,* (Signed) F. M. INNES, *Colonial Treasurer.*
Agent Tasmanian Main Line Railway Company.

86.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
 Hobart Town, Tasmania, 24th June, 1875.*

SIR,

I HAVE the honor to acknowledge your letter of this date, in which you opine that in my previous letter I was incorrect in the expression that the "vouchers for expenditure in London had been accepted without question,"—my remark having been, that "the vouchers for expenditure in London had been accepted without question, and paid upon by *two Ministries, before your honorable predecessor assumed office*;" which is strictly correct, since no imputation whatever on the vouchers of the early part of the year 1872 was made before the 12th June, 1874, and by the third Colonial Treasurer, who had previously paid the guaranteed interest upon these, and subsequent vouchers, as it became due, *without question*. Moreover, the letter of the 12th June, 1874, is in the nature of an interrogatory, which I thought had long since been satisfactorily explained, at interviews with your predecessor, and with the honorable the Executive Council.

The letter from the Hon. P. O. Fysh, of the 8th July following, virtually closed the correspondence on this matter, and simply demanded a copy of the Company's Account Current with the Bank of New South Wales in London. This was accordingly furnished, and I was afterwards verbally informed, at meetings of the honorable Executive Council, and on other occasions, that the account had been examined and proved satisfactory; but that the Government thought they might be entitled to certain allowances, which the account showed to have been made by the Bankers, on the minimum monthly balances of the Company's drawing account.

This I understand to be the only matter in dispute, and am quite willing that it be referred to arbitration, although I cannot but feel greatly surprised that the Government should assert any claim to what so clearly appears not to belong to them.

As regards the vouchers for London payments in 1872 and 1873, referred to in the letter of the 12th June, 1874, Mr. Coote and myself informed the Government that they were originals, and undoubtedly perfectly *bonâ fide* and exactly those required by the contract; while they had always been accepted and dealt with as such; but that having already given the fullest possible information in our knowledge, we were not in a position to add thereto, and could not concur in opening up a long settled account.

You further remark that you also had been prepared to submit the question of the proprietorship of the allowed interest to arbitration, previously to perusing my Power of Attorney from the Company, but that now it appears to you questionable whether it confers upon me "such powers as would give finality to the arbitration contemplated," and quote its provisions in the following terms, "also, to submit all or any such differences or disputes which may arise between the Company and any other person or persons, Government official, corporation or company to arbitration, in such manner as the said Attorney shall think fit."

Bearing in mind that the special object of this Power of Attorney was—as shown by the recital—to authorise me to do anything which may be required to be done in Tasmania, in order to enable the Company to receive the interest from the Government, I am quite at a loss to conceive what plainer language could be used in giving me power to submit any differences or disputes with the Government to arbitration, in any manner we may arrange. The document was settled by most eminent English Solicitors and Counsel, and is in the form I have always seen used, and therefore unless you kindly inform me of any technical objection thereto, I cannot seek to have it amended if necessary.

If it be thought that under the concluding paragraph I may be subjected to the terms and conditions of written instructions from my principals, I have to most positively assure you that none such have been sent me; and therefore as no terms and conditions have been prescribed, I am fully authorised also to discontinue, compound, settle or compromise all differences and disputes, upon such terms as to me seem reasonable or expedient, and to perform everything necessary for the purpose of enabling the Company to receive the guaranteed interest from time to time payable.

I have, &c.,
 Hon. F. M. INNES, *Colonial Treasurer.* (Signed) CHARLES H. GRANT.

53.

87.

Colonial Treasury, 25th June, 1875.

SIR,

I HAVE the honor to acknowledge your letter of yesterday's date, to hand this day; and in reply beg to state that in my judgment a protracted correspondence, in which I might have to impugn your mode of quoting past correspondence, and your citations of what "verbally passed at meetings of the honorable Executive Council," &c., would not contribute in any manner to the amicable and business-like settlement of questions in debate between us. I must therefore decline to reply to your letter in detail. I abstain for the same reason from discussing whether you or I take a right view of the Power of Attorney with which you are entrusted: but I again assure you that if your interpretation of that instrument be correct,—of which you have only quoted that part of my citation that supports your own view,—I shall be quite as ready as yourself to resort to a competent and trustworthy referee to decide between us. But I must first ascertain that I can take that step with an assurance that the issue will be mutually binding upon us.

I trust that I may say in conclusion, that you have never found me unwilling to meet your convenience as far as I consistently could do it; but in the recent aspect of the relations of the Government and your Company, I feel that it is incumbent upon me to keep strictly within the limits of the law and the contract.

I have, &c.,

(Signed) F. M. INNES.

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

88.

*Tasmanian Main Line Railway Company, Limited, Engineer's Office,
Hobart Town, Tasmania, 25th June, 1875.*

SIR,

I HAVE the honor to acknowledge your letter of this date, and quite concur with your view that a protracted correspondence on the questions in dispute between the Government and the Main Line Railway Company is not the most ready mode of settling the questions at issue.

I trust, however, you will pardon my respectfully remarking that a sum of £7621 9s. 7d. became due on the 19th April last, and is, with some small balances of previous accounts, as yet unpaid. Further, that the Company depend on the receipt of this money in order to meet the interest shortly becoming due on the Debenture Bonds, and in the event of their making default in the payment, can only plead the delay of the Government therefor.

Moreover I must rely on your kind consideration to excuse my importunity for a settlement, because I am placed in a most embarrassing position, where any dilatoriness on my part might involve the discredit of my Directors, and an enormous sacrifice of the value of the Company's property.

I have, &c.,

(Signed) CHARLES H. GRANT.

The Hon. the Colonial Treasurer.

89.

Colonial Treasury, 26th June, 1875.

SIR,

In reply to your communication of the 25th, received this day, in which you remark "that a sum of £7621 9s. 7d. became due on the 19th April last," allow me to remind you that if the view taken by my predecessor be sustained, the sum of £5926 7s. 6d. was, on the other hand, *overpaid* to the Main Line Railway Company from a still earlier date, to say nothing of excesses provisionally allowed in connection with expenditure in England for material, expenditure not up to this time satisfactorily vouched by accounts rendered, or by the results of local inspection of the material imported.

But with the desire, which has at all times actuated this department, of obviating inconvenience to your Company whenever it can be properly accomplished, I shall take an early opportunity of submitting to the Executive the propriety of acceding to your request, either partially or to its full extent.

I have, &c.,

(Signed) F. M. INNES.

C. H. GRANT, *Esq., Engineer-in-Chief,*
Main Line Railway.

(Copy.)

RECEIVED from the Honorable Frederick Maitland Innes, Colonial Treasurer of Tasmania, the sum of Seven thousand six hundred pounds, being a payment on account of one quarter's Interest due 18th April last, as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, without prejudice to the Tasmanian Government in respect to any deduction in its payments to the Main Line Company for Interest allowed on the Company's Deposit Account, by the Bank of New South Wales, London, or any other unadjusted question between the Government and the Company.

Dated this 12th day of July, 1875.

(Signed) CHARLES H. GRANT,

Tasmanian Main Line Railway Company, Limited, per their Attorney.

Witness to payment—

(Signed) J. BENNISON.
12. 7. 75.

91.

Colonial Treasury, 17th July, 1875.

SIR,

I HAVE the honor to request that you will be good enough to furnish me with a copy of the Bank Account between the Tasmanian Main Line Railway Company and the Bank of New South Wales, London, to the 30th June last, in continuation of the Account handed to my predecessor by Mr. Coote in September last.

I have, &c.,
(Signed)

F. M. INNES, *Colonial Treasurer.*

C. H. GRANT, *Esq., C.E., Agent Tasmanian Main Line Railway, Macquarie-street.*

92.

Tasmanian Main Line Railway Company, Limited, Engineer's Office, Hobart Town, Tasmania, 19th July, 1875.

SIR,

I HAVE the honor to acknowledge your letter of the 17th instant, in which you express the desire to have a copy of the Bank Account between the Tasmanian Main Line Railway Company and the Bank of New South Wales, London, to the 30th June last.

By the first outgoing mail I will not fail to request the Secretary of the Company to send such Account; but would beg to remind you that at least four months must elapse before an answer to my letter could be received.

I have been daily expecting the favor of a reply from you that will enable any financial questions in dispute between the Government and the Company to be cleared up; and am the more anxious to receive this, as a payment of the guaranteed interest falls due this day.

Since any delay in this settlement does not rest with the Company, may I ask if the Government will pay the interest now due, under the same conditions as the last payment was made?

I have, &c.,

The Hon. the Colonial Treasurer.

(Signed)

CHARLES. H. GRANT.

93.

Colonial Treasury, 21st July, 1875.

SIR,

I HAVE the honor to acknowledge your letter dated 19th, received here on the 20th instant, and in reply, adverting to the terms of the Power of Attorney which you hold as acting Agent of the Main Line Railway Company, beg to state that I shall be prepared to unite with you in a reference of "the financial questions in dispute between the Government and the Company" to arbitration when you are in a position to produce a Power of Attorney from the Company which will ensure the finality of such arbitration. I beg your attention to this in your communications with the Directory of the Main Line Company.

The Treasury will continue to pay interest under the conditions hitherto observed.

I have, &c.,

(Signed)

F. M. INNES, *Colonial Treasurer.*

C. H. GRANT, *Esq., C.E., Agent Tasmanian Main Line Railway Company, Macquarie-street.*

RETURN showing, from the commencement, the Value, Amount of Wharfage, and Duty paid by Main Line Railway Company to 30th June, 1875.

	VALUE.	WHARFAGE.	DUTY.
	£	£ s. d.	£ s. d.
Hobart Town	135,886	1588 8 9	40 8 9
Port of Launceston	75,874	1102 0 10	16 2 6
TOTAL.....	211,760	2690 9 7	56 11 3

THOS. T. WATT, *Collector of Customs, Tasmania,*
21 July, 1875.



CONTRACT.

This Contract made the 15th day of August A.D. 1871, between His Excellency CHARLES DU CANE, Esq., Governor of Tasmania, by and with the advice and consent of his Executive Council, for and on behalf of the Government of Tasmania, and in respect of the acts and observances herein expressed to be obligatory upon the Governor and Council or the Government, and hereinafter called "The Governor," of the one part, and the Tasmanian Main Line Railway Company, Limited, for and in respect of the acts and observances herein expressed to be obligatory upon the Company, and hereinafter called "The Company," of the other part, ~~Witnesseth~~ that in pursuance and exercise of the powers given by the Acts of the Parliament of Tasmania, 33 Vict. No. 1, passed the 22nd October, 1869, the short title whereof is "The Main Line of Railway Act," and 34 Vict. No. 13, passed the 18th October, 1870, the short title whereof is "The Main Line of Railway Amendment Act," and which two Acts are hereinafter referred to as the Main Line Railway Acts, and in pursuance and exercise of all other powers given or reserved to or possessed by the Governor of Tasmania in that behalf and for accomplishing and carrying into effect the objects and purposes authorised or contemplated by the said Acts, it is agreed as follows:—

1. The Company shall construct, maintain, and work a Main Line of Railway between Hobart Town and Launceston, or between Hobart Town and any point on the Launceston and Western Railway, with running powers over that Railway to Launceston, subject to and in accordance with the conditions set forth in the Schedule at the foot hereof, which construction, maintenance, and working are included in the expression "the said undertaking" herein used.

2. The Governor may add to, alter, and vary the said conditions mentioned in the said Schedule, but so that the conditions as so added to, altered, or varied shall not be more onerous upon or less advantageous to the Company than the conditions as set forth in the said Schedule.

3. The conditions as so set forth, or as so added to, altered, or varied, shall be treated and considered as part of the Contract, and fulfilled by the Governor and Company accordingly.

4. The Governor hereby confers upon the Company all rights, powers, privileges, and immunities, and guarantees to the Company all benefits which, by the said Main Line Railway Acts or any Acts incorporated therewith, or by the Act 33 Victoria, No. 21, passed 22nd October, 1869, or otherwise howsoever the Governor is authorised to confer, create, use, exercise, delegate, or guarantee for the purposes or in reference to the said undertaking and the connection thereof with the Launceston and Western Railway, with running powers over the said last-mentioned Railway, and also power to lay down an additional rail or rails, and to execute and do all such works as may be necessary to connect such Main Line of Railway with the said Launceston and Western Railway, and including especially the leases of Crown Lands which the Company may require for the purposes of the said undertaking.

5. The Governor hereby especially guarantees to the Company Interest at the rate of £5 per cent. per annum upon the money actually expended in and for the purposes of the construction of the said Main Line of Railway up to and not exceeding the sum of £650,000 during Four years of the period of construction; commencing from the date of this Contract, and for a period of Thirty years from the opening of the entire Line for traffic; and such Interest will be payable as follows:—

The Company shall pay into the Bank of New South Wales in London, or some other Bank approved of by the Governor, to the credit of the Company, the money raised by them for the construction of the said Railway as the progress of the works may require; and such sums, of not less than £25,000 in amount, shall bear Interest at the specified rate from the date at which they are paid in.

Not more than £250,000 shall be paid into the said Bank in any one year, and no greater sum than £100,000 shall be kept idle at the Bank for a period exceeding Three months.

The Company shall with each payment forward to the Colonial Secretary, to his office in Hobart Town, a receipt from the Manager of the said Bank showing that the money has been duly paid to the credit of the Company; and before the Interest is actually paid by the Governor, shall produce to him or whom he may appoint vouchers or documents showing that the money (within the limitation named) has been actually expended for the purposes of the construction of the said Railway. The Interest will be paid in cash quarterly to the Company's Bankers in Hobart Town.

6. No sum shall be payable for guaranteed interest for any period during which the Company do not continue to maintain and work the said Line of Railway in an efficient manner so as to afford all sufficient station accommodation and due facilities for the passenger and goods traffic of every portion of the Line.

7. The main object for which the Company has been formed having been the construction, maintenance, and working of the said Railway, there shall be allowed as forming the first instalment of the cost of construction a sum of £25,000, but no more, which sum it is agreed shall be deemed to cover all preliminary expenses, including the expenses of the formation of the said Company, the negotiation with the Governor, and all engineering and other expenses prior to the 1st day of January, 1871.

8. After the entire Line is opened for traffic, the Company shall furnish to the Governor at the close of each quarter (viz. on the 31st day of March, the 30th day of June, the 30th day of September, and the 31st day of December in each year) an Abstract of their receipts and expenditure for the preceding quarter so far as the same can be made up in the Colony; and the Governor shall be bound to pay to the Company in Hobart Town quarterly, within Fourteen days next after the delivery of each of such Abstracts, such amount of money as will with the profit (if any) of the preceding quarter make up interest at the rate of £5 per cent. per annum on £650,000 (or such less sum as the said Railway and works may cost), and so on from quarter to quarter.

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

10. The Company shall provide satisfactory vouchers or other evidence of all payments made by them when required so to do by the Governor or whom he may appoint.

11. So long as the Governor shall be liable to pay and shall be called on to pay interest as hereinbefore agreed, the Governor may appoint some person or persons with full power to enter upon the Offices and Stations of the Company, and to examine and audit all Books and Accounts of the Company, so as to check any such Abstract as hereinbefore mentioned; and the Company shall furnish every facility for the purpose of verifying any such Abstract.

12. If the profits of the undertaking for any quarter reach an amount equivalent to interest at the rate of £5 per cent. per annum on the outlay (limited as aforesaid), the Governor shall not be bound to make any contribution in the nature of guaranteed interest for that quarter, unless in respect of some account which has not been adjusted in a previous quarter, and in respect of which the Governor is liable to pay interest.

13. If in any quarter the profits of the undertaking reach but do not exceed a sum equivalent to Six Pounds per cent. per annum on such outlay, the Company is to retain all such profits. If the profits exceed £6 per cent., the Company shall pay to the Governor one-half of all profits over £6 per cent., and so in every quarter until the Company shall have repaid to the Governor, without interest, all moneys which the Company may have at any time previously received from the Governor on account of the Guarantee hereinbefore contained: when and so soon as all moneys which have been advanced or paid by the Governor for interest have been repaid to the Governor, the profits of the said undertaking shall not be divisible, but shall belong exclusively to the Company; but this clause shall not prejudice the authority of the Governor to reduce the fares, which is hereinafter contained.

14. If in any quarter during the said period of 30 years the profits of the said undertaking shall not reach an amount equivalent to £5 per cent. per annum on such limited outlay as aforesaid, then (notwithstanding the Governor may not have been liable to pay, and may not have paid any contribution on account of the previous quarter,) the liability of the Governor to pay or make up the rate of interest to £5 per cent. shall again arise or revive, and so on from time to time during the whole of the said stipulated period of 30 years; the true meaning and intention of this Agreement and of the contracting parties being that the Company may at all times during the said period receive interest, at the rate of at least £5 per cent. per annum upon the money expended by them (limited as aforesaid to the said sum of £650,000), either from the profits of the undertaking or from the Governor.

15. All profits arising during the period of construction from the working of sections or portions of the Line which may be opened for traffic shall (until the whole Line shall be opened for traffic) belong exclusively to the Company.

16. The Company shall be bound at all times from and after the completion and opening of the said Railway to keep and maintain the same and the Rolling-stock, and generally the whole undertaking, in good and efficient repair and working condition.

17. The undertaking, with all its incidents, benefits, and privileges, both existing and prospective, may be purchased by the Governor at any time after the Line shall have been opened for traffic, upon

giving Twelve Months notice in writing to the Company both in London and in Tasmania, at a price to be fixed, failing agreement, by a majority of Five valuers, Two to be named by the Governor, Two by the Company, and One to be chosen by the Four valuers first appointed.

18. The obligations of the Governor and Company under this Contract are to be correlative and dependent; the fulfilment of the obligations of the Governor being dependent upon the fulfilment of the obligations of the Company, and *vice versa*.

19. This Contract is made subject to the provisions of "The Main Line Railway Acts" of the Parliament of Tasmania hereinbefore recited; and each of the contracting parties agrees to abide by such provisions, save so far as they may be herein expressly modified, or they may hereafter be altered, added to, or varied by mutual consent.

20. Nothing in this Contract contained shall be deemed or construed to impose a personal obligation upon the Governor, who contracts for and on behalf of the Colony of Tasmania and under the authorities aforesaid.

21. Both parties hereto will from time to time do all such acts, matters, and things, and execute all such grants, demises, deeds or instruments, as may be necessary or desirable for giving full and complete effect to this Agreement and every part thereof.

22. This Contract will be executed by the Governor as aforesaid in Tasmania, and a counterpart thereof will be executed by the Company in London; but the date of this Contract shall for the purposes of this Agreement be deemed and taken to be the day on which the said counterpart shall be executed by the Company in London.

23. All Notices required or which may be necessary by this Contract to be given by the Governor to the Company, or by the Company to the Governor, may be served on the Governor by leaving the same with the Colonial Secretary for the time being of Tasmania at his Office in Hobart Town aforesaid; and may be served upon the Company by leaving the same at their Office in Hobart Town aforesaid, or at their Office in London, or by serving the same on one of the Directors of the Company for the time being resident in London.

24. All powers herein or in any Act referring to this Railway contained, given, or reserved to the Governor or the Governor in Council shall and may be exercised by the Governor for the time being or the Officer administering the Government of Tasmania from time to time by and with the advice of his Executive Council as the case may require.

25. The Company shall, before receiving any interest under this Agreement, be incorporated in Tasmania, or otherwise made capable of suing and being sued in Tasmania.

Signed, sealed, and delivered by the above-named CHARLES DU CANE, Esquire, Governor of Tasmania, at a meeting of the Executive Council held at Hobart Town this day, the same being signed in the presence of and by and with the advice of us the Members of the said Council.

CHARLES DU CANE. (L.S.)

J. M. WILSON, *Colonial Secretary*.
THOS. D. CHAPMAN, *Colonial Treasurer*.
W. R. GIBLIN, *Attorney-General*.
HENRY BUTLER, *Minister of Lands and Works*.
J. A. DUNN, *M.E.C.*

J. B. DAVISON, *Secretary*. (L.S.)

The Seal of the said Company was affixed hereto in the presence of the undersigned, in pursuance of an order of the Board, the fifteenth day of March, 1872.

G. W. BROWN, 12, *Spring Gardens*.

THE SCHEDULE REFERRED TO IN THE FOREGOING CONTRACT.

The route of the said Railway shall keep as near as may be practicable to existing centres of population; but the Company shall have full power to alter or vary the route as their Engineer may advise to be necessary or advantageous, having reference to the exigencies of construction, or difficulties of route, or prospects of traffic.

The exact points of the Termini of the said Railway shall be fixed by the Company.

The Company shall also have the right to run into the Launceston and Western Railway at any point they may consider most advantageous, and to lay down a rail or rails upon that Line from the point of junction to the Terminal Station at Launceston, so as to allow the Company's Rolling Stock to run over that portion of the Launceston and Western Railway.

The Works shall be commenced within Six calendar months after the date of this Contract, and after commencement shall be diligently prosecuted until completion.

The whole of the said Works shall be completed and the said Railway opened for traffic throughout within the period of Four years from the date of the Contract, under a penalty of £20 for every day's delay beyond that period, unless it can be shown that the delay has arisen from strikes or other circumstances beyond the reasonable control of the Company.

The said Railway, together with all Stations, Rolling Stock, and all other Works connected with such Railway, shall be constructed of the best material, and in a thoroughly substantial manner.

The gauge of the Railway shall be 3 feet 6 inches.

The Bridges shall be constructed of brick, stone, iron, or timber, as the Company's Engineer may determine; but in any construction the Bridge to be so designed and built as to have a strength sufficient to bear a strain without breaking four times greater than can be put upon it with the heaviest Rolling Stock on the Line, or otherwise so as to comply with the regulations as to strength of the English Board of Trade.

The weight of the Rails shall average forty pounds to the yard.

The Sleepers shall not be less than 6 feet 6 inches in length by $8 \times 4\frac{1}{2}$ inches in breadth and depth, and to be half round or squared timber, and fastened with dog spikes or other equally efficient fastening.

The Ballast of the Line shall not be of less width than 8 feet 6 inches, nor of less depth than 18 inches from top of rail.

No curve on the said Railway shall have a less radius than four chains, and no gradient shall be steeper than 1 in 40.

The Station Buildings shall be built of brick, stone, iron, or wood, and with such offices and accommodations as the Company's Engineer may consider necessary.

When the said Railway is completed and open for traffic, at least four Trains shall run daily upon the said Line throughout its entire length; namely,—Two Trains daily from Hobart Town to the opposite Terminus, and two Trains daily from the opposite Terminus to Hobart Town; and such Trains shall be of such capacity and shall start at such hours as the Governor may from time to time determine, having reference to the exigencies of a single Line of Railway, and the general convenience in the working of the Railway as well as regards the Company as the Public.

The minimum average speed at which such trains shall travel shall be for one daily train each way 23 miles an hour, and for the other daily train each way 10 miles an hour, including all stoppages and detentions.

The maximum fare for passengers travelling on the said Railway shall not exceed Three-pence per mile for First Class Passengers, and Two-pence per mile for Second Class Passengers, and the rate for goods shall not exceed that charged from time to time upon the Government Railways in Victoria: Provided that, when in any year the profits of the said Railway arising from the traffic thereon shall exceed £10 per cent. upon the actual outlay, the Governor shall have power to require the Company to reduce the fares for passengers so as such reduction shall not diminish the profits of the Railway below £10 per cent.

All first and second class passenger carriages are to be covered, and to contain seats for all passengers.

All tolls for passengers or goods to be charged equally to all persons, and at the same rates, without preference, favour, or otherwise.

Children under 3 years of age accompanying passengers by such train to be taken free of charge, and children of 3 years and upwards, but under 12 years of age, at half the charge for an adult passenger.

Each First Class Passenger to be allowed 75 lbs., and each Second Class Passenger 56 lbs. of luggage free, not being merchandise or goods carried for profit or hire; any excess of luggage to be charged by weight, at a rate not exceeding the lowest rate of charges for passengers' luggage by other trains on Victorian Lines of Railway.

The Company shall carry all mails to and from all Townships, Stations, and places along the line upon such terms as may from time to time be agreed upon between the Governor and the said Company, and until otherwise agreed it is stipulated as follows:—

Every train to carry mails if required to do so by the Postmaster-General.

The mails to be accompanied by a Guard, or to be without a Guard, at the option of the Postmaster-General.

The Postmaster-General may require the whole inside of a carriage to be exclusively appropriated for the purpose of carrying mails.

The Postmaster-General may require separate carriages for the purpose of sorting letters during transit.

Mail-guards are to be deemed Second Class Passengers.

The Company to receive such remuneration for the mail service as may be agreed on, and in case of difference to be settled by arbitration.

The mail service not to be suspended or postponed by reason of the amount of remuneration not having been fixed upon, or of the award not having been made.

The amount of remuneration for mail service may again be considered when it has been in force for three years.

The Postmaster-General may put an end to mail services on giving three months' notice.

The Company may establish, work, and use for their own profit a line of Electric Telegraph upon the Railway.

Government Messages shall have priority, if required ; and subject to the use of the Company, and to the priority (if any) claimed by the Governor, the Telegraph to be open for receiving and sending Messages by all persons alike, without favour or preference.

The Governor may erect a Telegraph along line of Railway for Government use only, on reasonable compensation to Company.

The amount in case of difference to be settled by Arbitration ; and, subject to a prior use for Government purposes, the Railway may use the Telegraph on terms to be agreed upon with the Governor, or in case of difference to be arbitrated.

Any reference to Arbitration of any dispute between the Governor and the Company shall, where not otherwise provided, be carried out in the manner provided by *The Lands Clauses Act* (21 Vict. No. 11, Secs. 14 to 26 inclusive), so far as the said provisions can be applied.

Witnesses—

J. M. WILSON.
THOS. D. CHAPMAN.
W. R. GIBLIN.
HENRY BUTLER.
J. A. DUNN.

CHARLES DU CANE.

GEORGE SHEWARD.