

(No. 34.)



1878.

T A S M A N I A.

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

M A I N L I N E R A I L W A Y.

C O R R E S P O N D E N C E.

Laid upon the Table by the Colonial Treasurer, and ordered by the House to be printed, July 16, 1878.

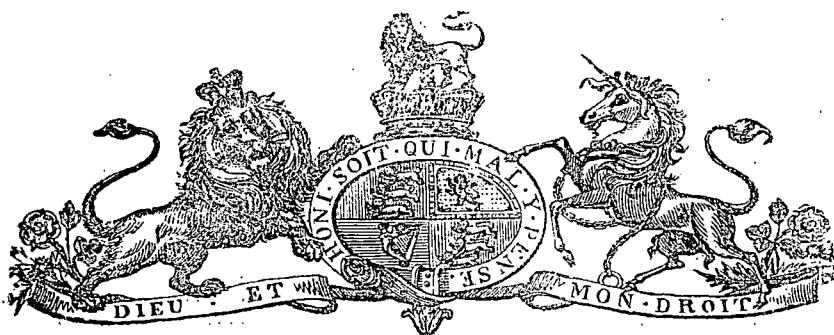
CORRIGENDA.

PAPER No. 34.—MAIN LINE RAILWAY CORRESPONDENCE.

Page 32, line 19 from bottom, *for* "7th" *read* "27th."

Page 41, line 7 from bottom, *for* "July" *read* "May."

Page 45, line 12 from bottom, *for* "10th" *read* "26th;" and line 13, *for* "TREASURER"
read "SECRETARY."



MAIN LINE RAILWAY CORRESPONDENCE.

CORRESPONDENCE WITH THE HONORABLE THE COLONIAL TREASURER.

COMPANY'S QUARTERLY CLAIMS TO 31 MARCH, 1878.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 5th November, 1877.*

SIR,

I HAVE the honor to forward you herewith an Abstract of the Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, for traffic conveyed over the line during the three months ending the 30th September last, as required to be rendered to you under the Contract between the Government of Tasmania and the Company.

You will observe that the Traffic Receipts are unfortunately again much less in amount than the Working Expenses; and therefore the Government are indebted to the Company the quarterly proportion of the full amount of interest guaranteed, being Eight thousand one hundred and twenty-five Pounds, for which a debit account is sent herewith.

I further append a statement of the total sum now owing by the Government to the Company, which to the 30th September amounted to Fifty-one thousand seven hundred and seventeen pounds eighteen shillings and five pence; including therein the liability of the Company to the Government for the contingently due interest on the loan (which, although not yet paid, necessarily appears on both sides of the account) but excluding many claims for expenses not yet ascertained.

In requesting the payment of the amount due, within the fourteen days prescribed by the Contract, I do not think I can adduce any stronger reasons why this most honestly and hardly earned money should be at once and most readily paid, than are given in my letters of the 18th January, 27th April, and 3rd August last; but may now add, that in order to remove the only ground of excuse that the Government could have for their default, viz., the pecuniary inability of the Company to complete the line according to the Contract, they have—while firmly believing that the Contract was properly completed on the 15th March, 1876, and has since been operated in exact fulfilment of the minimum contract conditions—voluntarily, and at great cost, obtained powers to increase their capital by the sum of One hundred thousand Pounds, the greater part of which they are prepared to expend upon the line, could the Government show that it is reasonably desirable, even without reference to the strict terms of the Contract.

The whole responsibility therefore of the present position of the undertaking, with the long train of costly consequences from delaying the settlement, must therefore rest wholly on the Government.

The Company, as you are aware, are well advised and thoroughly understand that the Government must eventually pay the whole amount of interest due, with attendant costs; but feel they have a right to point out that the attitude and published remarks of the Government most seriously, and *wholly without justice or reason*, prejudice the Railway with the travelling public, and thereby deprives it of the full use they would make of the line, greatly retards in every respect the legitimate progress of the undertaking, renders it out of the power of the Company to make those alterations and improvements in the rolling stock and service which practical experience shows to be highly desirable, if not absolutely necessary; injures the colony pecuniarily by postponing the time when it might reasonably expect to be relieved of some part of the guarantee; and is ruinous to the credit and prospects of a body of capitalists who advanced their money to fellow-subjects in the Colonies, in faith of the deep respect generally shown by the whole British Nation to its pecuniary engagements.

I have, &c

The Hon. the Colonial Treasurer.

C. H. GRANT.

*Tasmanian Main Line Railway Company, Limited,
Accountant's Office, Hobart Town, 5th November, 1877.*

AN Abstract of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway for the Three Months ending 30th September, 1877.

Dr.	£	s.	d.	Cr.	£	s.	d.
Balance from last quarter.....	11,835	1	1	Traffic Receipts:—			
Maintenance of Permanent Way and Works	4539	13	8	Passenger	4460	0	8
Locomotive power	3802	3	10	Parcels, &c.	541	19	3
Carriage and Waggon repairs	307	10	8	Telegraph	23	15	4
Traffic expenses	1659	12	10	Goods	2100	0	2
General charges	816	6	3	Minerals	61	9	11
Compensation	52	3	8	Live Stock	709	17	2
Rates	9	6	5	Mails	503	15	0
London Office expenses (estimated)	500	0	0	Rents	58	12	0
Launceston and Western Railway (estimated)	250	0	0				
	<u>£23,771</u>	<u>18</u>	<u>5</u>	Balance	8459	9	6
					<u>15,312</u>	<u>8</u>	<u>11</u>
					<u>£23,771</u>	<u>18</u>	<u>5</u>

R. J. ELLIS, Accountant.

CHARLES H. GRANT, General Manager.

T A S M A N I A .

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1877.

Guaranteed Interest Department.

£ s. d.

1 July to 30 Sept.	To One full Quarter's Interest due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, Limited, at the rate of 5 per cent. per annum on the full sum of £650,000 expended on the Construction of the Railway, as shown by previous accounts and vouchers in the possession of the Government—say One full Quarter of whole Guarantee of £32,500 per annum	8125	0	0
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Amounting to Eight thousand one hundred and twenty-five Pounds.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,
by their Agent and Attorney—*

C. H. GRANT.

£8155 0s. 0d.

R. J. ELLIS, Accountant.

T A S M A N I A .

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1876.

Guaranteed Interest Department.

£ s. d.

15 March.	Balance due, as per account rendered.....	1003	12	10
31 March.	Interest due, ditto.....	1424	13	2
30 June.	Ditto, ditto	8125	0	0
30 Sept.	Ditto, ditto	8125	0	0
31 Dec.	Ditto, ditto	8125	0	0
1877.				
31 March.	Ditto, ditto.....	8125	0	0
30 June.	Ditto, ditto	8125	0	0
30 Sept.	Ditto, ditto	8125	0	0
16 Jan.	Interest paid to Government on account of loan	87	2	5
31 July.	Interest due to Government on account of loan, as per account received ...	452	10	0

£51,717 18 5

Amounting to Fifty-one thousand seven hundred and seventeen pounds eighteen shillings and five pence.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,
by their Agent and Attorney—*

C. H. GRANT.

£51,717 18s. 5d.

R. J. ELLIS, Accountant.

NOTE.—This account does not include the amount due for interest on overdue accounts after fourteen days from time of rendering the same, according to contract, upon a portion of which interest at the rate of ten per cent. per annum has necessarily been paid to the Commercial Bank.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, 13th November, 1877.

SIR,

I HAVE the honor to acknowledge receipt of your letter of the 5th instant, enclosing an Abstract of the Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, for traffic conveyed over the Line during the three months ending the 30th day of September last; and statement alleging that the Government is indebted to the Company for interest in the sum of £51,717 18s. 5d.

You are so well aware of the grounds upon which the Government have hitherto been compelled to refuse the payment of the interest, that it is needless for me to recapitulate them here. If your Company consider those grounds inadequate, I presume they will test the soundness of the position they assume by endeavouring to enforce their demand when the question at issue between the Government and the Company can be definitely decided.

I would, however, suggest that a more judicious course would be for the Company, under the powers they now possess, to complete the construction of the Line in accordance with the conditions of the Contract, and then call upon the Government to inspect the Line; so that if the construction proves satisfactory, the Government may be enabled to recognise the fulfilment of the Contract, and at once enter upon their corresponding Contract obligations.

I have, &c.

C. H. GRANT, Esq., Manager T.M.L.R. Co.

W. R. GIBLIN.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 29th November, 1877.*

SIR,

BEFORE your letter of the 13th instant, replying to mine of the 5th instant, is filed away, it seems desirable that I should place on record a reply to two of your statements, which therefore I have now the honor to do.

You presume that if the Company consider the reasons given by the Government for non-payment of interest inadequate, they will test the question impliedly in a Court of Law; to which I answer that the Company (as you are aware) commenced an action against the Government for the interest, and only abandoned it upon being compelled to do so by the late Government (to the extreme surprise of the Company) making use of—what is under the circumstances—the extremely unjust and inequitable prerogative of the Crown in their pleading. The Company are fully prepared to revive this suit if the Government will defend it as between subject and subject, and not take advantage of the special technicalities unfortunately open to them. Unless this course be agreed upon beforehand, the Company are virtually debarred from the inherent right of every British subject when suffering a wrong to appeal to a Court of Law.

You further suggest that the Company should complete the Line in accordance with the conditions of the Contract, and then ask the Government to inspect it; when, should it prove satisfactory, the Government may thereupon enter upon their Contract obligations.

To this the reply is that the Company have repeatedly affirmed their complete fulfilment of the Contract, and evidenced the same, to the apprehension of every one, by their liberal and satisfactory train service during the last 21 months. Furthermore, they have for the last eighteen months challenged the Government, time after time, to show that in any manner they had not fulfilled the Contract; and this the Government have been unable to do.

It is very strange that such should be the case, when the Government were represented at their pleasure by several inspecting Engineers during the whole period of the construction of the Line; and subsequently strained the Contract to put three inspecting Engineers on the Line at one time; who made a most careful examination of it, and took copious notes of the condition of every part.

That the Government are liable to the Company for the whole guaranteed interest since the 15th March, 1876, the Company have never had the least doubt, and are fortified in this opinion by the very best legal advice procurable.

They, therefore, feel much gratified to learn that the Government are about to consult some eminent English legal authorities on the question we are now disputing; but would feel even better satisfied if a final settlement of every difference could be arranged for in what seems the only possible way, viz., by a full arbitration before professional referees.

I have, &c.

C. H. GRANT.

The Hon. the Colonial Treasurer.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 12th March, 1878.*

SIR,

I HAVE the honor to forward you herewith an Abstract of the Receipts and Expenditure, so far as the same can be made up in this Colony, of the Tasmanian Main Line Railway Company, Limited, on account of traffic, for the quarter ending the 31st December, 1877, such being the account required to be rendered you under the 8th Clause of the Contract between the Government and Company.

The Traffic Receipts not having reached the amount of the necessary disbursements, and still less liquidated the balance of former accounts chargeable against them, the full amount of the quarterly guaranteed interest, amounting to Eight thousand one hundred and twenty-five Pounds (£8125) is due to the Company, for which an account is therefore furnished herewith.

I have the honor to furnish a statement of the account between the Government and Company, in regard to the guaranteed interest, which shows that a sum of Fifty-nine thousand eight hundred and forty-three pounds five shillings and eleven pence (£59,843 5s. 11d.) is now due and payable, irrespective of an amount due for sundry damages and expenses, not yet rendered.

It is my duty to request the payment of the last quarter's interest, as shown to be due, within the 14 days prescribed by the Contract, and also of the overdue amount; but in doing so I do not desire to address you in more forcible language than was used in my application of the 5th November last. I would, however, remark, that our daily experience in the very clearest manner disproves the assertion that the development of traffic, and of the resources of the Colony and railway, are in any degree affected by the alleged (but on the other part denied) deficiencies in the construction and equipment of the railway.

The steady ratio of increase of traffic is larger than that of any railway of which I have any knowledge; and is obtained without any exceptional causes of any kind or degree tending to abnormally swell its amount. The railway in fact now enjoys the full confidence and support of the Colony generally, and therefore in a large measure creates its own traffic.

I must, however, again remind you that the still continued unsettled position of the Main Line Railway dispute rests wholly with the Government. Your predecessor, as Premier, has been officially informed that the Directors of the Company are most anxious to meet any reasonable requirement of the Government, and are now provided with ample resources to enable them to do so. Also, that a deputation of the Directors are ready to leave England at any moment, so soon as assured that the Government would meet them on their arrival in a fair and friendly spirit, and at once endeavour to arrange all disputes on a perfectly equitable basis.

It would afford me sincere pleasure to be permitted to telegraph my Directors that they might leave England on the assurance of such terms; and I trust I may be honored with your instructions to this effect.

I have, &c.

C. H. GRANT.

The Hon. the Colonial Treasurer.

T A S M A N I A.

THE GOVERNMENT OF TASMANIA *Dr.*

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1877.

Guaranteed Interest Department.

£ s. d.

1 October To One full Quarter's Interest due as per Contract between the Government
to 31 Dec. of Tasmania and the Tasmanian Main Line Railway Company, Limited,
at the rate of 5 per cent. per annum on the full sum of £650,000
expended on the Construction of the Railway, as shown by previous
accounts and vouchers in the possession of the Government—say One
full Quarter of whole guarantee of £32,500 per annum

8125 0 0

Amounting to Eight thousand one hundred and twenty-five Pounds.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,
by their Agent and Attorney—*

£8125 0s. 0d.

C. H. GRANT.

R. J. ELLIS, *Accountant.*

TASMANIA.

THE GOVERNMENT OF TASMANIA *Dr.*

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1876.	Guaranteed Interest Department.	£	s.	d.
15 March.	Balance due as per account rendered.....	1003	12	10
31 March.	Interest due ditto	1424	13	2
30 June.	Ditto, ditto.....	8125	0	0
30 Sept.	Ditto, ditto.....	8125	0	0
31 Dec.	Ditto, ditto	8125	0	0
1877.				
31 March.	Ditto, ditto	8125	0	0
30 June.	Ditto, ditto	8125	0	0
30 Sept.	Ditto, ditto	8125	0	0
31 Dec.	Ditto, ditto	8125	0	0
16 Jan.	Interest paid to Government on account loan.....	87	2	5
24 Nov.	Ditto, on not meeting draft	0	7	6
31 July.	Interest due to Government an account of loan, as per account received ...	452	10	0
		<u>£59,843</u>	<u>5</u>	<u>11</u>

Amounting to Fifty-nine thousand eight hundred and forty-three pounds five shillings and eleven pence.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
by their Agent and Attorney—

C. H. GRANT.

£59,843 5s. 11d.

R. J. ELLIS, *Accountant.*

NOTE. This account does not include the amount due for interest on overdue accounts after fourteen days from time of rendering the same according to contract, upon a portion of which interest at the rate of 10 per cent. per annum has necessarily been paid to the Commercial Bank.

Tasmanian Main Line Railway Company, Limited,
Accountant's Office, Hobart Town, 11th March, 1878.

AN Abstract of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway, for the Three Months ending 31st December, 1878.

DR.	£	s.	d.	CR.	£	s.	d.
Balance from last quarter	15,312	8	11	Traffic Receipts :—			
Maintenance of Permanent Way and Works	4496	0	9	Passengers	6164	7	2
Locomotive power	3859	9	8	Parcels, &c.	542	9	1
Carriage and Wagon repairs	310	1	8	Telegraph	25	16	3
Traffic expenses	1500	14	2	Goods	2268	12	10
General charges	858	14	11	Minerals	113	7	4
Compensation	40	13	10	Live stock	308	6	4
Bank charges	385	17	10	Mails	503	15	0
Law charges	194	15	11	Rents	64	15	0
Rates	5	16	8		9991	9	0
London Office expenses (estimated)	500	0	0	Balance to next quarter	17,723	5	4
Launceston and Western Railway (ditto)	250	0	0				
	<u>£27,714</u>	<u>14</u>	<u>4</u>		<u>£27,714</u>	<u>14</u>	<u>4</u>

C. H. GRANT, *General Manager.*

R. J. ELLIS, *Accountant.*

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 16th March, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant, forwarding an Abstract of the Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, for the quarter ending 31st December last, together with an account for £8125 for interest alleged to be due by the Government to the Company for the same quarter; and a statement purporting to contain the accounts between the Company and the Government and showing a nomina balance of £59,843 5s. 11d. claimed by the Company to be due to them by the Government of Tasmania.

I need not recapitulate the reasons, already well known to you, which prevent the Government from recognising the claims now forwarded, or any portion of them, more especially as there seems from the latter portion of your letter to be some probability that the Company have at length made arrangements to obtain funds for the completion of the railway in accordance with their Contract, and thus enable themselves to commence to earn the guaranteed interest.

With regard to the proposed deputation referred to in the two concluding paragraphs of the letter under reply, you will find your question sufficiently, and I trust satisfactorily, answered in the letter of my honorable colleague the Colonial Secretary, addressed to you under date of yesterday.

I have, &c.

W. R. GIBLIN, *Colonial Treasurer.*

C. H. GRANT, *Esq., Manager T.M.L.R. Company,
Liverpool-street.*

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 3rd May, 1878.*

SIR,

I HAVE the honor to forward you herewith an Abstract of the Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, so far as it can be made up in this Colony, for the quarter ending the 31st March last, such being prepared in accordance with the 8th condition of the Contract between the Government of Tasmania and the Company.

You will doubtless notice with satisfaction that the revenue of the past quarter considerably exceeds the expenditure; and, therefore, the unadjusted accounts of previous quarters is now reduced by the sum of Two thousand eight hundred and twenty pounds eight shillings and eight pence.

As, however, there remains a large debit balance on the working of the Line, the full proportion of the guaranteed quarterly interest, amounting to Eight thousand one hundred and twenty-five Pounds, becomes payable, for which, therefore, I forward an account herewith.

I also append the usual statement of the account now owing to the Company by the Government, which amounts to Sixty-seven thousand nine hundred and sixty-eight pounds five shillings and eleven pence, as stated thereon.

Since these accounts have been made up the traffic receipts have continued to show a most important increase on those of last year, and the working of the Railway is proceeding in a highly satisfactory manner.

It is incumbent upon me to request the payment of the quarter's interest within the fourteen days prescribed by the Contract, and also of the whole amount shown to be due; and to refer you to my previous letters transmitting the successive quarterly accounts since the opening of the Line, as indicating that there has been no want of diligence in applying for the money.

Since you have so recently expressed the desire of the Government to come to an arrangement with the Company for the settlement of these accounts, I will not on this occasion further allude to the matter; and would fain hope that you will inform me of your assent to the principle of promptly settling by arbitration any matters that cannot be decided by mutual agreement between the Government and the representatives of the Company.

I have, &c.

C. H. GRANT.

The Hon. W. R. GIBLIN, M.H.A., Premier and Colonial Treasurer.

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED,

1878.

Guaranteed Interest Department.

£ s. d.

1 Jan. to To One full Quarter's Interest due as per Contract between the Government
 31 March. of Tasmania and the Tasmanian Main Line Railway Company, Limited,
 at the rate of 5 per cent. per annum on the full sum of £650,000
 expended on the Construction of the Railway, as shown by previous
 accounts and vouchers in the possession of the Government.

One full quarter of whole guarantee of £32,500 per annum..... 8125 0 0

Amounting to Eight thousand one hundred and twenty-five Pounds.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
by their Agent and Attorney—

£8125 0s. 0d.

C. H. GRANT.

R. J. ELLIS, Accountant.

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1876-8.

Guaranteed Interest Department.

£ s. d.

15 March, 1876.	Balance due, as per account rendered	1003	12	10
31 March, 1876.	Interest due, ditto	1424	13	2
30 June, 1876.	Ditto, ditto	8125	0	0
30 Sept., 1876.	Ditto, ditto	8125	0	0
31 Dec., 1876.	Ditto, ditto	8125	0	0
31 March, 1877.	Ditto, ditto	8125	0	0
30 June, 1877.	Ditto, ditto	8125	0	0
30 Sept., 1877.	Ditto, ditto	8125	0	0
31 Dec., 1877.	Ditto, ditto	8125	0	0
31 March, 1878.	Ditto, ditto	8125	0	0
16 Jan., 1877.	Interest paid to Government on account of loans.....	87	2	5
24 Nov. 1877.	Ditto on not meeting draft	0	7	6
31 July, 1877.	Interest due to Government on account of loans, as per account received.....	452	10	0

£67,968 5 11

Amounting to Sixty-seven thousand nine hundred and sixty-eight pounds five shillings and eleven pence.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
by their Agent and Attorney—

£67,968 5s. 11d.

C. H. GRANT.

R. J. ELLIS, Accountant.

NOTE.—This account does not include the amount due for interest on overdue accounts after fourteen days from time of rendering the same, according to contract, upon a portion of which interest at the rate of ten per cent. per annum has necessarily been paid to the Commercial Bank.

Tasmanian Main Line Railway Company, Limited,
Accountant's Office, Hobart Town, 3rd May, 1878.

AN Abstract of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main
 Line Railway, for the Three Months ending 31st March, 1878.

Dr.	£	s.	d.	Cr.	£	s.	d.
Balance from last quarter	17,723	5	4	Traffic Receipts:—			
Maintenance of Way, Works, & Stations	4058	17	4	Passengers	8847	9	8
Locomotive power	3814	7	4	Parcels, &c.....	721	9	0
Carriage and Wagon repairs.....	321	14	0	Telegrams.....	54	7	10
Traffic expenses	1737	6	1	Goods	2371	15	10
General charges	810	3	7	Minerals	165	4	3
Miscellaneous expenses	7	3	3	Live stock.....	576	7	8
London Office expenses (estimated)....	500	0	0	Mails.....	503	15	0
Launceston and Western Railway (estimated)	250	0	0	Rents	79	11	0
					14,320	0	3
				Balance to next quarter.....	14,902	16	8
	£29,222	16	11		£29,222	16	11

R. J. ELLIS, Accountant.

C. H. GRANT, General Manager.

COLONIAL TREASURER to Mr. C. H. GRANT.

Colonial Treasury, Hobart Town, 9th May, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 3rd instant, forwarding an Abstract of the Receipts and Expenditure of the Tasmanian Main Line Railway Company, Limited, which you inform me is for the quarter ending 31st March last, so far as it can be made up in the Colony; and in which letter you make a formal demand for interest alleged to be due for that quarter.

I need not recapitulate the grounds, already well known to you, upon which the Government dispute their liability to pay the arrears claimed, and would therefore only say that, in acknowledging the receipt of the accounts, the Government do not admit either the indebtedness on the accounts or the correctness of the principle upon which they are made up.

I have, &c.

W. R. GIBLIN.

C. H. GRANT, *Esq.*, *Manager T.M.L.R. Co., Hobart Town.*

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 13th May, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 9th instant, which appears to call for an immediate reply on your statement that "I need not recapitulate the grounds, already well known to you, upon which the Government dispute their liability to pay the amount claimed," since this really begs the whole question of the dispute between the Government and the Company.

So far from the precise grounds on which the Government ignore their liability being known to the Company or myself, I must profess our entire ignorance thereof, and refer you to a voluminous correspondence, extending over nearly the past two years, in proof that I have incessantly, but unsuccessfully, endeavoured to obtain that very information.

The Government have given the Company but one intimation of the particulars in which they were dissatisfied with either the construction or working of the Line, which was contained in the letter from the Hon. the Colonial Treasurer of the 5th July, 1876; but, inasmuch as the grounds then relied upon have been so abundantly falsified by the unerring test of practical experience, extending over upwards of two years, I cannot think that any of the reasons then given can be those which now actuate the Government.

It is instructive to refer to the letter above mentioned, and take the items of the indictment *seriatim*, when their complete refutation becomes at once apparent; *e.g.*, that the works between Oatlands and Evandale are of the most unsubstantial character; that the culverts on the Line are not sufficient, either in number or size, and the waterway of the bridges at the Macquarie, Elizabeth, and South Esk Rivers is not sufficient; that it will be impossible to obtain the contract speed on the Company's line; and if an average of fifteen miles an hour is accomplished by passenger trains, it will be necessary to provide better ballast and to lay the permanent way in a more careful manner than the Company have hitherto done; that it will be impossible to retain a good road unless the Line is reballasted; that the iron of the rails, especially those branded I.S.R., is of indifferent quality; that the Contract conditions have not been regarded; that the Contract speed has been obtained at the imminent risk to the lives of passengers and without a load, and, perhaps, with one or two passenger carriages *alone* attached.

Since not one item in the whole of these particulars, on which the Government then relied, could now be adduced by any reasonable person as shielding the Government from their liability to pay the interest they guaranteed for a specified train service, I feel bound to assert that neither the Company nor myself know the grounds "upon which the Government dispute their liability to pay the amount claimed."

I have, &c.

C. H. GRANT.

The Hon. W. R. GIBLIN, M.H.A., Premier and Colonial Treasurer.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 14th May, 1878.

SIR,

I HAVE the honor to acknowledge the receipt this day of your letter of the 13th instant, in which you endeavour to open a discussion upon the disputed question as to whether the Main Line Railway has been constructed in substantial accordance with the conditions of the Contract between the Government of Tasmania and the Company.

I cannot see that any useful end would be attained by my entering into controversy with you on this point, more especially as the Government have this day received a telegram from your Directors intimating that on the 7th instant the proposed deputation were preparing to start for Tasmania, agreeably with the telegram received by the Directors from the Hon. the Colonial Secretary on 27th April. The deputation have therefore probably started, as originally proposed, on the 10th instant; and the Government will therefore await their arrival with the hope that all the pending questions between them and the Company may then be satisfactorily arranged.

I have, &c.

W. R. GIBLIN.

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

Re CONVEYANCE OF MAILS.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, 23rd March, 1878.

SIR,

I HAVE the honor to address you with reference to the Contract for the conveyance of Mails upon the Main Line Railway, which expires on the 30th proximo.

You are aware that no formal instrument of Contract was ever completed between the Company and the Government, but the Mails have been carried under the conditions of the letter of the Secretary to the Post Office, dated 6th April, 1877. Would you be good enough to inform me, at your early convenience, whether the Railway Company will be prepared to renew their Contract for the conveyance of the Mails for one year from the 1st May next, upon similar terms and conditions to those of the present Contract, and of course without prejudice to any questions in dispute between the Company and the Government as to any matters in difference between them?

I have, &c.

W. R. GIBLIN.

C. H. GRANT, *Esq., Manager T.M.L.R. Co., Hobart Town.*

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited, General Manager's Office,
Hobart Town, 27th March, 1878.*

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of the 23rd instant, desiring to be informed whether the Company are prepared to renew their Contract for the Conveyance of the Mails for one year, from the 1st May next, upon similar terms and conditions to those of the present contract.

In reply, I have to state that the Company are willing to carry the mails as heretofore, so long as the line is kept open; but having carefully considered as to the remuneration accorded them, they find it very insufficient to meet the cost of the extra service.

That the number of trains now running is *very far* in excess of a reasonable train service during the greater portion of the year, is proved by the half-yearly accounts to the end of December (submitted to you), which show a gross earning of two shillings and tenpence half-penny (2s. 10½d.) only per train mile, against four shillings and one penny half-penny (4s. 1½d.) on the Launceston and Western Railway, eight shillings and ninepence (8s. 9d.) in Victoria, eight shillings and fourpence farthing (8s. 4¼d.) in New South Wales, five shillings and tenpence (5s. 10d.) in South Australia, and six shillings and elevenpence (6s. 11d.) in Queensland, the average earning in England being nearly six shillings (6s.) per train mile.

During the previous half-year, when the mail trains ran but for two months only, the average earning per train mile amounted to three shillings and sevenpence (3s. 7d.), which I then called attention to as being the lowest hitherto published for any railway I can find a record of.

This extremely unsatisfactory ratio is doubtless mostly due to the very low rates for the carriage of goods which the Victorian tariff legally imposes upon this line; and as therefore the Main Line Company are compelled to adopt this unprofitable tariff for one part of the service, they think that the Victorian rates for the carriage of mails, which are much in excess of those paid to the Company, should also apply here.

On referring to the half-yearly report of the Victorian Railway Department for 1876, recently issued, you will find that the mail service is paid for at the rate of about £29 per mile open, which applied to the 133 miles of this line gives a total of £3857 per annum, such being the average or the *whole* of their system; while this railway, being a main line, connecting the two capitals, it is questionable whether the *average* weight per mile of mails carried at all exceeds that on this railway.

During the past year the Company have sustained a very heavy loss in having to run Mail Trains on Sunday evenings, in addition to the regular trains on Saturday evenings,—which cannot be altered. I understand from the Secretary to the Post Office that such trains will probably be discontinued for the future; but, should they be considered necessary, the Company propose to charge for them only half their tariff rate, or five shillings per mile: the Company having the right to use them for their own traffic also.

Further, you will doubtless agree with me that the slight allowance the Company make towards the expenses of the Post Office Mail Guards (which was arranged as a compromise on making an alteration of the first agreement) should now cease, and that the Mail Guards should derive their remuneration wholly from the Post Office Department.

In the many suggestions for improvement of the Railway Postal Service that the very able and energetic Secretary from time to time brings forward, I have been happy to concur without demurring as to their cost; and shall always be pleased to meet his views in every possible manner, without making any demand for extra payment, unless their effect should be such as to cast a decided and ascertainable loss upon the Railway Company.

I trust you will be willing to accede the Company the modification of the existing terms herein desired, without which the Postal Service could only be continued to the great prejudice of the Company.

I have, &c.

C. H. GRANT, *General Manager.*

The Hon. the Colonial Treasurer.

FORWARDED to the Secretary to the Post Office for his report.

W. R. GIBLIN, *Colonial Treasurer.*
28. 3. 78.

SECRETARY OF THE POST OFFICE to COLONIAL TREASURER.

Tasmania,
General Post Office, Hobart Town, 30th March, 1878.

SIR,

I HAVE the honor to return herewith the reply of the General Manager of the Main Line Railway Company to your letter of the 23rd instant, with reference to the conveyance of mails between Hobart Town and Launceston after the 30th proximo, when the agreement for the carriage of those mails expires.

I observe that Mr. Grant considers the present payment of Two thousand and fifteen Pounds per annum insufficient for the service performed, and it is thought by the Company that the rates (stated by Mr. Grant to be £29 per mile) paid in Victoria for conveyance of mails per railway should apply to the Tasmanian Main Line Railway. The above amount appears to me to be a very high payment, as I know that not long since an arrangement was made by the Victorian Post Office to pay £12 per mile for conveyance of mails "on future extensions of Railway." The payment then of £29 per mile to existing Lines of Railway would tend to show that the arrangement was a most satisfactory one for the Railway Department, when it could afford to carry mails on future extensions for far less than half that amount. The present payment (which does not represent the total cost, as the mails have to be conveyed by sub-contracts to numerous Post Offices from the several Railway Stations) to the Main Line Railway Company of £2015 per annum is, in my opinion, a fair one for the services performed, as under the present agreement with the Tasmanian Main Line

Railway Company the sum of Four hundred and ninety Pounds per annum is paid by this Department in excess of the average amount paid for conveyance of mails between Hobart Town and Launceston during the five years prior to the time when they were first carried by the Company (1st May, 1877), and the facilities afforded by the Railway are not so much in excess of those afforded by the late coach to justify any larger extra payment than that which is at present made. Any comparison between the amount (whatever it is per mile) paid for conveyance of mails in Victoria with that paid here is hardly fair to make; for it is quite possible that reasons may exist for paying a liberal subsidy to the Government Railway Department, which too must carry a far larger weight of mail than the Main Line Railway here; and then the mails are carried, in some instances, three times daily, which no doubt justifies a somewhat larger subsidy: and it would seem to me, therefore, to be unjust to levy upon this Department a charge per mile for conveyance of mails between Hobart Town and Launceston per Tasmanian Main Line Railway similar in amount to that paid in Victoria.

I may notice that the amount paid in Victoria for conveyance of inland mails per Railway is about $\frac{1}{4}$ th of the expenditure of the Post Office Department, while in the event of Mr. Grant's wishes being carried out, this Department would pay for a like service a sum amounting to nearly $\frac{1}{4}$ th of its total expenditure.

Whatever arrangements may be made to increase the gross earnings of the Tasmanian Main Line Railway Company, by decreasing the number of Trains running or otherwise, I trust that any increase of the present postal subsidy may not be granted, as it is, in my opinion, as I have already said, an ample payment for the work performed.

I have no objection to urge against this Department bearing the small extra payment now made by Mr. Grant to the Mail Guards, as it would no doubt be satisfactory for all remuneration to the Mail Guards to be made by this Department.

I beg to point out that in any future arrangements with the Tasmanian Main Line Railway Company for conveyance of mails it is highly desirable to insist upon the usual Mail Contractors' Bond being drawn up and executed; and provisions such as those contained in the letters under which the mails are now carried should be clearly laid down therein, after being altered or added to as may be deemed necessary.

I have, &c.

A. C. DOUGLAS, *Secretary.*

The Hon. the Colonial Treasurer.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 2nd April, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 25th March, with reference to the conveyance of Mails by the Main Line Railway.

I have now the honor to enclose for your information a copy of a Report which I have since received on the subject of your letter from the Secretary to the Post Office. I can have no objection to the small concession recommended by Mr. Douglas to the mail guards; but, for the reasons advanced by him, I concur in the opinion that no other increased subsidy should be demanded by your Company for conveying the mails.

Will you be good enough to give your consideration to the statement in Mr. Douglas's report, and inform me, as early as convenient, upon what terms your Company will be prepared to continue the present Mail service.

I have, &c.

W. R. GIBLIN.

C. H. GRANT, *Esq., Manager T.M.L.R. Co., Hobart Town.*

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited, General Manager's Office,
Hobart Town, 6th April, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 2nd inst., respecting the Conveyance of Mails, and enclosing copy of report from the Secretary of the Post Office on my previous communication.

Having given full consideration to the arguments advanced by Mr. Douglas against an increase in the subsidy, I am unable to recognise any substantial reasons why the Railway Company should receive a less subsidy than is paid for the Postal Service in Victoria, when they are compelled to carry the whole goods traffic (forming a great portion of their business) at the very low standard of the Victorian rates, by the very same Contract which provides they shall carry the mails. The remark of Mr. Douglas as to the payment of only £12 per mile on the branch Railways now being made to little villages, only confirms the valuation as to the Main Line Service, which alone can be fairly compared; since I have little doubt but that the average weight of mail matter carried on the Main Line is nearly equal to that on the Victorian lines, while the expense of working the Main Line, being necessarily from its gradients vastly in excess of that of the Victorian lines, the Main Line Railway Company should fairly receive a proportionately increased subsidy over that demanded. I am not aware that the Victorian Railway Department include any branch service in their charge, since their detailed accounts do not show such an item, or any special expenses whatever connected with the carriage of the mails; and there can be little difference in the accommodation afforded, since the mails on this line are carried twice daily, and sometimes three times when convenience requires, while Mr. Douglas is now proposing, for the public accommodation, to carry mails by each train. Certainly the difference in the use of the accommodation provided does not nearly balance the excess cost to the Main Line, at which the mails must be conveyed.

Mr. Douglas alludes to the very low terms to which the carriage of mails was reduced by the sharp opposition of mail coach proprietors, but should in all fairness look back beyond this exceptional cause, when he will find that the rate for the carriage of the mails (then comparatively light and unimportant) was greatly in excess of that the Company require. In referring back to the Victorian goods rates current when the Contract was made, imposing them upon the Company, it will be seen that these were in all classes much higher than at present, and just double the existing rates in all the articles which constitute the great bulk of Railway traffic; the present Premier of Victoria having, on his accession to office some three years since—as was then stated, for political considerations only—reduced the principal rate by one-half, to the very serious prejudice and loss of this Company.

I have shown you in a former letter that the running of night mail trains must—through the greater part of the year—be attended with very heavy loss to the Railway Company; and being run for the convenience of the Post Office Department, it should certainly contribute fairly to the cost. Taking the cost of the Company's train service at Four Shillings per train mile, it involves them in an outlay of £16,651 annually to run the mail trains; by which simple fact alone you will appreciate the extreme moderation of the present demand. For the above cogent reasons, I am unable to accept any reduction of the terms required in my letter of the 27th ultimo, which—although established on a precedent—the Company consider very incommensurate with the cost of the service.

I have therefore the honor to request that you will clearly understand that these terms are named subject only to their being agreed to by mutual understanding; and that the offer would be withdrawn, and an amended demand made, based on the cost of the train service, should it be desired by the Government to have the value of the mail service appraised by arbitration according to the terms of the Contract.

I have, &c.

*The Hon. W. R. GIBLIN, M.H.A.,
Premier and Colonial Treasurer.*

C. H. GRANT.

REFERRED to the Secretary to the Post Office for his observations.

W. R. GIBLIN, *Colonial Treasurer*;
9th April, 1878.

SECRETARY OF THE POST OFFICE to COLONIAL TREASURER.

*Tasmania,
General Post Office, Hobart Town, 9th April, 1878.*

SIR,

IN returning Mr. Grant's letter of the 6th instant on the question of an increased subsidy for the Conveyance of the Mails between Hobart Town and Launceston per Main Line Railway, I have the honor to report that I fail to see why this Department should pay an excessive cost for carrying the Mails by the Tasmanian Main Line Railway, because, as adduced by Mr. Grant, "the Company is compelled to carry its goods traffic at the very low standard of the Victorian rates."

If the Main Line Railway were accepted by the Government I could understand a special subsidy being applied for, to be paid from the General Revenue, to compensate it for carrying goods, &c. at excessively low rates; but I cannot see why the Post Office Department should in fairness be asked to increase the Railway revenue because the Company stipulates to carry goods at certain

rates, viz., those which rule on the Victorian Railways, and which Mr. Grant hints were reduced one half for "political reasons." Possibly for political reasons the postal subsidy to the Railway Department in Victoria was raised to Twenty-nine Pounds (£29) per mile. One is as likely as the other.

The rate of Twelve pounds (£12) per mile, which the Post Office Department of Victoria is to pay the Railway Department there for conveyance of Mails on future extensions of Railway, cannot be for communication with "little villages," for I find that there are exactly 340 miles of new Railway proposed, being more than half the total number of miles now open in that Colony; for which 340 miles the Railway Department will, as arranged, receive from the Post Office Twelve pounds (£12) per mile for conveyance of Mails.

I feel sure that it is quite absurd of Mr. Grant to assert that the average weight of Mail matter carried on the Main Line here is nearly equal to that on the Victorian lines; and it somewhat surprises me to learn that the expense of working the Main Line Railway here is in excess of that of the Victorian lines, and that such increased cost should be made a reason for charging an exorbitant subsidy for carrying Mails.

The Mails between Hobart Town and Launceston are now carried by the Tasmanian Main Line Railway once daily: there is a special mail for Launceston made up at Hobart Town per Express, which makes a twice daily Mail to Launceston only, and occasionally Victorian Mails are brought on from Launceston to Hobart Town per Express; but it is not a fact, as might be inferred from Mr. Grant's statement, that a twice daily mail service between the Post Offices through the Colony is performed by the Main Line Railway.

During the three years 1855-6, 1856-7, 1857-8, a heavy price was, under exceptional circumstances, paid for conveying Mails between Hobart Town and Launceston; but since then the Mail subsidy has been moderate, and the average amount very considerably under the sum now asked by Mr. Grant for carriage of those Mails.

It must be remembered that the conveyance of the Mails by train was earnestly sought for by Mr. Grant, and that he obtained their conveyance after repeated solicitations; and that the sum now paid for their conveyance was named by Mr. Grant as a fair remuneration: what is fair then for 1877, should not be so very unfair for 1878: and as to the Night Mail running for the Postal convenience, Mr. Grant must overlook the great convenience that train is to the country residents; and it is one that the traffic necessitates independent of the Mail service.

Notwithstanding Mr. Grant is so firm in maintaining his demands for an increased subsidy of £1878 8s. per annum, I regret I cannot recommend the Government to accede to it; and although I am satisfied with the way the Mails have been carried by the Railway, yet I would advocate other means for their conveyance rather than submit to the exorbitant demands of Mr. Grant.

I have, &c.

A. C. DOUGLAS, *Secretary.*

To the Hon. W. R. GIBLIN, *Colonial Treasurer.*

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, 12th April, 1878.

SIR,

I HAVE the honor to acknowledge the receipt on the 8th inst. of yours of the 6th, and regret that you should feel compelled to adhere to the very large demand you have put forward for the conveyance of Mails.

I am informed that the sum of two thousand pounds, the price now paid, was last year named by yourself as a fair remuneration, and I do not know that anything has since occurred to render it inadequate.

I am assured that you are in error in supposing "that the average weight of mail matter carried on the Main Line is nearly equal to that of the Victorian (Main) Lines." The number of inland letters carried last year in Victoria was sixteen millions against one million in Tasmania; and when that fact is borne in mind, together with the further facts that the population in Victoria is more than eight times as great as that of Tasmania, you will find more reason to believe that the average weight of mails carried on the Victorian lines is at least eight times as great as that carried on the Main Line.

Your last letter, like its predecessor, was referred to the Secretary to the Post Office for his report; and that gentleman states, "notwithstanding Mr. Grant is so firm in maintaining his

demand for an increased subsidy of £1878 8s. per annum, I regret I cannot recommend the Government to accede to it; and although I am satisfied with the way the mails have been carried by the Railway, yet I would advocate other means for their conveyance rather than submit to the exorbitant demands of Mr. Grant." Under all these circumstances the Government concur in the opinion of the Secretary, and will take steps to give effect to his recommendation.

I have, &c.

W. R. GIBLIN.

CHARLES H. GRANT, Esq., *Manager T.M.L.R. Co., Hobart Town.*

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 15th April, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant, objecting to the advanced remuneration that the Main Line Railway Company now require for carrying the Post Office Mails, having found by experience that they suffered most seriously by running the extra trains required for the Mail Service.

The figures quoted to you from the accounts of the Company conclusively prove the loss entailed by this service, and I therefore feel surprise that the Secretary to the Post Office should use the term "exorbitant demands" in reference to the claim when shown that it is much under the cost.

It is worthy of remembrance that the late Mail Contractor received (latterly) £3000 per annum for a less convenient service in many respects; but found it so unprofitable that he begged the Government to relieve him therefrom, and from this cause alone the Company took it up. The sum asked is only Eleven pence per train mile, which I believe is less than the expense of running any well-appointed vehicle along the road.

I am still of opinion that the *average* weight of mail matter carried per train mile on the Victorian Railways will not differ much from what passes over the Main Line, and certainly not nearly to the extent you assume; but the expense of running the train remains precisely the same, whether the letters be many or few, and this is the only fair basis of calculation.

The Company would regret to cause the colony inconvenience by refusing to carry the mails at such a short notice of time as remains before the expiry of the contract, and, therefore, will be happy to continue the Mail Service as at present until terms can be mutually arranged; it being understood that the present scale of remuneration is received under protest, and that any balance due to the Company on the final adjustment of terms will at once be paid them.

If we cannot agree upon the amount payable, it might I hope be decided by a simple reference, or by the arbitrators who will decide the tolls payable for the Company's use of part of the Launceston and Western Railway.

I have, &c.

C. H. GRANT.

The Hon. the Colonial Treasurer.

REFERRED to the Secretary to the Post Office for his observations.

W. R. GIBLIN, *Colonial Treasurer.*
16. 4. 78.

SECRETARY OF THE POST OFFICE to COLONIAL TREASURER.

General Post Office, 15th April, 1878.

SIR,

In compliance with your note of the 11th instant, I immediately waited upon _____ with reference to the conveyance of Mails per old Main Road, and this morning he has informed me that he will be prepared to undertake the service as far as Perth for the sum of £3500 per annum; from Perth arrangements could in all probability be made for the conveyance of the mails by the

Launceston and Western Railway. I beg to place hereunder for your information the cost of the Mail Service under Mr. Grant's new demand, and that which would be incurred by sending the mails per old Main Road:—

<i>Mr. Grant's demand.</i>		<i>Per Old Road.</i>	
Hobart Town and Launceston	£3857	Hobart Town and Perth.....	£3500
Sub-contracts	454	Sub-contracts	164
Mail Guards (2).....	218	Mail Guards (3).....	327
	<u>£4529</u>		<u>£3991</u>

Leaving a margin of £538 per annum to cover expense of mails between Perth and Launceston.

It must be borne in mind that the cost of carriage of mails per road is that which it actually comes to; no allowance being made for any passenger traffic, parcels, &c., he stating that he could not depend upon them.

I have, &c.

The Hon. the Colonial Treasurer.

A. C. DOUGLAS, *Secretary.*

SECRETARY OF THE POST OFFICE to COLONIAL TREASURER.

General Post Office, 16th April, 1878.

SIR,

I HAVE the honor to return herewith Mr. Grant's letter of yesterday's date, upon the question of an increased subsidy to the Main Line Railway Company for conveyance of Mails, and, as requested, beg to make my observations thereon.

As I have before stated, I do not see that it can be fair to look to the Post Office to make up any losses the Mail Trains may occasion the Company, which losses Mr. Grant has stated arise from the very low rates the Company is obliged to carry goods.

The mail subsidy as now paid, viz. £2015 per annum (exclusive of £454 per annum paid for carrying mails to and from the several Railway Stations and Post Offices, making a total cost of £2469 per annum) is in my opinion sufficient remuneration for the services performed; and I cannot but consider the demand for an increase of £1878 8s. per annum to the above amount other than exorbitant, making as it would do the cost of conveyance of Mails per Main Line Railway £4347 8s. per annum,—and in stating I consider the sum “exorbitant,” I do so especially in comparison with the average cost of mail communication with Launceston in former years.

I do not think the reference by Mr. Grant to the amount paid to the late Mail Contractor is a fair one for comparison, for the arrangement with the late Mr. Page was only for one year, and made at a time when most of the traffic on the Main Road had ceased through the running of the railway; and, although the Contractor asked to be relieved of the contract, I know that before he did so he demanded from Mr. Grant a handsome sum, and would not give up the Mail Contract until that important point was satisfactorily settled.

I have referred back for twenty-five years, and find the average amount paid for conveying the Mails between Hobart and Launceston to be £2390 per annum; and during the time alluded to the sum of Sixteen thousand Pounds was paid under exceptional circumstances in the years 1856, 7, and 8.

It is hardly necessary for me to refer to Mr. Grant's statement of the expense of running a first class vehicle along the road, as in no instance does this Department pay the total expense of vehicles, &c. when used for the Mail Services,—passengers, parcels, &c. obviously admitting of mails being carried at rates considerably less than the cost of running the vehicles, &c.

I am quite prepared to recommend the acceptance of Mr. Grant's offer to continue the Mail Service as at present, until terms can be mutually arranged, or decided by other means; and I feel sure that in the event of the question being eventually decided by arbitration the result will be satisfactory, but I do not agree with Mr. Grant that the basis of calculation should be the expense of running the Mail Trains.

I have, &c.

A. C. DOUGLAS, *Secretary.*

The Hon. the Colonial Treasurer.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 24th April, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 15th instant; and in reply thereto I beg to state that, while the Government are still of opinion that the present rate of remuneration paid to your Company for the conveyance of the Mails is a fair and sufficient one, they coincide with you now that inconvenience would be caused by any sudden alteration in the mode of carrying such mails, and under all the circumstances I have the honor to accept on the part of the Government the offer therein contained "to continue the Mail Service as at present, until terms can be mutually arranged." It being understood by both parties that the acceptance by the Company of remuneration at the present rate of £2000 per annum for the conveyance of the Mails shall not preclude them from hereafter pressing upon the Government, should they desire to do so, their claim to an additional remuneration the amount of which can be fixed either by mutual consent or by arbitration.

I have, &c.

W. R. GIBLIN.

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

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 26th April, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 24th instant, to which I would not have troubled you with a reply had there not apparently been a question whether you and myself similarly understand our agreement.

In alluding to the Company's claim for additional remuneration for the carriage of Mails, the amount of which you agree can be fixed by mutual consent or by arbitration, you do not add that such additional payment shall be due from the expiration of the present Contract, and paid directly the amount is ascertained; and that meanwhile the Company accept the monthly payments proportional to Two thousand Pounds per annum as payments on account only. Such being, in other words, my proposal to you, which is doubtless accepted in your letter now under review, although not therein positively stated; while I trust you will agree in the desirability of avoiding any opportunity for contention on this subject.

The arbitrators having now been appointed to ascertain the tolls payable to the Government by the Main Line Railway Company, it would appear desirable that both parties should avail themselves of that tribunal for also settling the Mail subsidy. The Company would be willing to accept such a reference, which I hope will also meet the views of the Government.

I have, &c.

The Hon. the Colonial Treasurer.

C. H. GRANT.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 29th April, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 26th instant, and in reply to state that I quite understand the agreement between us is that you continue to carry the Mails as heretofore, drawing remuneration at the rate of £2000 per annum; but claiming a larger sum, the amount to be hereafter fixed either by mutual agreement or arbitration, and when fixed to relate back to the 1st of May, 1878, the date of the commencement of your new year of Mail service.

With regard to the proposal to include the question of Mail subsidy in the now pending arbitration as to the tolls and compensation payable by your Company for the exercise of running powers over the Launceston and Western Line, I have laid the proposition before the Cabinet; and am authorised to state in reply that the Government do not deem it expedient to complicate the existing reference by introducing into it the question of Mails, but would hope that upon the arrival of the expected deputation from your Directorate the amount of remuneration for the Mail service may be satisfactorily settled without the necessity for recourse to arbitration.

I have, &c.

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

W. R. GIBLIN.

ADVANCES FROM TREASURY.

Mr. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 23rd November, 1877.*

SIR,

I AM informed that the Resolution of the House of Assembly, under which the sum of Nine thousand Pounds was to be loaned to the Tasmanian Main Line Railway Company, Limited, in monthly instalments of Fifteen hundred Pounds each, commencing as from the 1st August last, has been amended by the Honorable the Legislative Council, and the instalments are now to be payable from the 21st instant.

This alteration unfortunately leaves the present pressing liabilities of the Company unprovided for, and therefore does not give that assistance which is so urgently required for the continuation of the train service. The sum of Two thousand four hundred Pounds is now owing for one month's wages of men employed upon the Line; due acceptances for supplies of coal and rolling stock duplicates, &c. amount to £1681, and £380 is overdue on current accounts. The pressing liabilities of the Company in this Colony therefore now amount to £4461; while under the Resolution granting the loan only £1500 can be obtained.

The Company's bankers having positively refused to grant an increase of the overdraft, it will be impossible to run the trains unless the Government will render the Company some additional financial assistance. I have therefore the honor to request that, in addition to the loan to the Company which has been concurred in by Parliament, the sum of Three thousand Pounds may be further advanced.

Although no part of this sum will be available for the reduction of the overdraft, which the Manager relied upon at this time, I believe he would allow it to continue for a short period if the temporary difficulties of the Company can be overcome; while the only alternative is one that must, at the present time, be as disastrous to the Colony as to the Company.

I have, &c.

CHARLES H. GRANT.

The Hon. W. R. GIBLIN, M.H.A., Colonial Treasurer.

MINUTE PAPER FOR THE EXECUTIVE COUNCIL.

Colonial Treasury, Hobart Town, 3rd December, 1877.

THE Colonial Treasurer submits that, in accordance with the Resolutions of Parliament of the present Session, he be authorised to advance to the Tasmanian Main Line Railway Company, on the terms and conditions named by Parliament, two sums of One thousand five hundred Pounds each, on the 21st day of November and the 1st day of December respectively.

W. R. GIBLIN, *Colonial Treasurer.*

THE Governor in Council approves.

E. C. NOWELL.
3. 12. 77.

MINUTE PAPER FOR THE EXECUTIVE COUNCIL.

Colonial Treasury, Hobart Town, 31st December, 1877.

THE Colonial Treasurer submits that, in accordance with the Resolution of Parliament, Session 4, 1877, he be authorised to advance to the Tasmanian Main Line Railway Company, on the terms and conditions named by Parliament, the sum of One thousand five hundred Pounds, being the payment due for the 21st December instant.

W. R. GIBLIN, *Colonial Treasurer.*

THE Governor in Council approves.

E. C. NOWELL.
31. 12. 77.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 19th January, 1878.*

SIR,

I HAVE the honor to forward you herewith a receipted account against the Government for the loan of Fifteen hundred Pounds, which, in the terms of the Resolution adopted by Parliament, falls due on the 21st instant; and to request that the amount be paid to the Company's bankers at your early convenience.

I have, &c.

CHARLES H. GRANT.

The Hon. W. R. GIBLIN, M.H.A., Colonial Treasurer.

MINUTE PAPER FOR THE EXECUTIVE COUNCIL.

Colonial Treasury, Hobart Town, 1st February, 1878.

THE Colonial Treasurer submits that, in accordance with the Resolution of Parliament, Session 4, 1877, he be authorised to advance to the Tasmanian Main Line Railway Company, on the terms and conditions named by Parliament, a sum not exceeding Fifteen hundred Pounds, being the amount due under such Resolution on the 21st day of January last.

W. R. GIBLIN, *Colonial Treasurer.*

THE Governor in Council approves.

E. C. NOWELL.

1. 2. 78.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 21st March, 1878.*

SIR,

I HAVE the honor to forward you herewith a receipted account against the Government of Tasmania for the loan of Fifteen hundred Pounds, which, in the terms of the Resolution adopted by Parliament, falls due on this day; and to request that the amount be paid to the Company's bankers at your early convenience.

I have, &c.

The Hon. W. R. GIBLIN, M.H.A., Colonial Treasurer.

C. H. GRANT.

T A S M A N I A.

THE GOVERNMENT OF TASMANIA *Dr.*

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1878.

£ s. d.

RECEIVED from the Hon. the Colonial Treasurer the sum of One thousand five hundred pounds, on loan, for a period of Six Months, commencing from the Twenty-first day of February last, such advance being made for the purpose of enabling Railway communication to be maintained by the Main Line Railway Company, Limited, between Hobart Town and Launceston.

This loan to bear interest at the rate of Six Pounds per centum per annum from the date of its payment, and is made without prejudice to any questions in difference between the said Company and the Government of Tasmania; and to be subject to similar terms and conditions as those contained in the Agreement between the Company and the Hon. the Colonial Treasurer, dated the 3rd day of June, 1876

1500 0 0

Dated this Twenty-first day of March, 1878.

(Signature of Claimant)--*The Tasmanian Main Line Railway Company, Limited,
by their Agent and Attorney—*

C. H. GRANT.

RECEIVED from the Hon. the Colonial Treasurer the sum of Fifteen hundred Pounds, being the amount of the above Account of Particulars.

*The Tasmanian Main Line Railway Company, Limited,
by their Agent and Attorney—*

C. H. GRANT.

21st March, 1878.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 23rd March, 1878.

SIR,

I HAVE the honor to acknowledge the receipt yesterday of your letter of the 21st instant, enclosing a receipted account for a proposed loan of £1500, and requesting an immediate advance of that sum.

Permit me to remind you that the Colonial Treasurer is only authorised to advance moneys by way of loan to the Railway Company for the purpose of enabling railway communication to be maintained by the Company between Hobart Town and Launceston, the basis of the Resolution of Parliament being the provision that the Company was unable from its own funds to maintain such communication.

I gather from the statements in your recent correspondence with the Treasury, and from the published returns of the traffic receipts of the Railway, that the state of things which prevailed at the time of the authorisation of those loans has now entirely changed, and that there is no longer any necessity for the Government to make further advances of money pending the settlement of all matters in difference; and I shall be glad to hear from you that such is the case.

I have, &c.

W. R. GIBLIN.

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

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 25th March, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt this day of your letter of the 23rd instant, in which you express a disinclination to act upon the resolution of Parliament, authorising you to advance the sum of One thousand five hundred Pounds monthly, for the purpose of enabling railway communication to be maintained between Hobart Town and Launceston, on the ground that the present pecuniary position of the Company renders such advance unnecessary.

In reply, it appears to be my duty to point out to you that the terms of the loan rather imply that it is made as a part consideration for services rendered in keeping the line open, and that the Colony can have no claim whatever to its being maintained in operation unless they perform the very limited conditions, so far as it is concerned, on which the trains continued to run after last November.

It should be remembered that the Colony are now daily receiving every possible advantage that can be obtained from *any* railway, and therefore it would not appear generous to question the advance (according to what was virtually an agreement with the Company) of but a moiety of the sum due under the Contract.

I have, &c.

The Hon. the Colonial Treasurer.

C. H. GRANT.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 2nd April, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 25th ult., with reference to further advances to the Tasmanian Main Line Railway Company, Limited.

I cannot concur in your view of the intention of Parliament in authorising the Colonial Treasurer to lend to the Company any sum "not exceeding £1500 per month" as might be necessary to enable the Company to maintain railway communication between Hobart Town and Launceston, nor have I expressed any "disinclination to act upon the resolution of Parliament." I desire to act strictly in accordance with the resolution, and to be certified by you that an advance of £1500 is at the present time necessary for the purpose of enabling communication to be maintained.

I have, &c.

W. R. GIBLIN.

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

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 6th April, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 2nd instant, respecting the advance of Fifteen hundred Pounds to the Main Line Railway Company for the month of March, in accordance with the resolution of Parliament

Having carefully referred to the address of the Hon. the Premier in moving the resolution, and to those of other Honorable Members of Parliament in speaking thereon, I could not perceive that the loans were to be made dependent upon the exact financial position of the Company at the time; while, as regards the amount being necessary for the maintenance of the railway service, I have to refer you to last year's accounts in proof of the statement that the current receipts do not on the whole equal the current expenses, and, therefore, although the assistance voted by Parliament may not be necessary just at the full height of the traffic receipts, it will be very shortly required.

The railway can only be kept open by having all sums due the Company paid to them; and such a considerable item as that due from the Government is therefore the more especially necessary, if not at the very date specified by Parliament, certainly at no important length of time therefrom.

I may mention that the Company are at the present time making a very large outlay in relaying the third rail on the Launceston and Western Railway with heavy steel rails, in supplying a large quantity of steel rails and fastenings and other stores, and in the purchase of three new locomotives, all which are probably now afloat for this Colony.

Trusting that you will take these circumstances into your favourable consideration, and at once give instructions that the loan of Fifteen hundred Pounds for March should be paid to the Company's bankers,

I have, &c.

The Hon. the Colonial Treasurer.

C. H. GRANT.

GENERAL MEETING IN LONDON, 18TH FEBRUARY, 1878.—REPORT AND ACCOUNTS.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 29th March, 1878.*

SIR,

I HAVE the honor to send herewith, for your information, a printed copy of the accounts of the Tasmanian Main Line Railway Company, Limited, from the 15th March to the 30th December, 1876, that it was proposed to present to the proprietors at an ordinary general meeting to be held in London on the 18th day of February last.

I have, &c.

C. H. GRANT.

The Hon. the Colonial Treasurer.

TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

Directors.

GEORGE SHEWARD, *Esq.*, *Chairman.*
GEORGE SCOTT FREEMAN, *Esq.*
Lieut.-Col. FRANCIS D. GREY.
W. IRVING HARE, *Esq.*

WM. WYLLYS MACKESON, *Esq.*, *Q.C.*
TELFORD MACNEILL, *Esq.*, *C.E.*
ALBERT RICARDO, *Esq.*
WILLIAM SMITH, *Esq.*

Auditor: FREDK. MAYNARD, *Esq.*

DIRECTORS' REPORT, to be submitted at the Seventh Ordinary General Meeting of the Company to be held on Monday, the 18th February, 1878.

1. The Directors submit the following Report, the issue of which has been unavoidably delayed, together with a Statement of Accounts, duly audited; to the 30th December, 1876.

2. The position and prospects of this Company have been so fully explained at the several Extraordinary Meetings held during the past year, that the Directors have very little information now to submit, beyond a recapitulation of their proceedings since the last Ordinary General Meeting.

3. The Proprietors are aware that the Railway was opened for traffic, in accordance with the contract between the Government of Tasmania and the Company, on the 15th March, 1876.

4. The receipts from the working of the Railway have not fulfilled the estimate of the Royal Commission appointed by the Government of Tasmania, but the large increase in the gross earnings for 1877 over the corresponding months in 1876 is encouraging; and the Directors believe that, as the commercial prosperity of the Colony has, during the last few years, shown such a large and continuous improvement in every department, the Main Line of Railway must eventually prove an important and valuable undertaking.

5. The following are the comparative traffic returns up to the date of the latest advices:—

Receipts for the month of	1876.	1877.	Increase.
April	£2094	£2973	£879
May	2151	3150	1001
June	1805	2716	911
July	1400	2953	1553
August	1634	3061	1427
September	1595	2445	850
October	1667	3069	1402

6. Notwithstanding the Railway was opened for traffic on the day stipulated, and that the conditions on which it had to be worked to earn the interest guaranteed by the Contract have been fulfilled, the Government of Tasmania withholds payment on the alleged ground that the line is not constructed in accordance with the terms of the Contract. The Company denies both the allegation itself, and the right of the Government, under the Contract, to withhold payment while the line is worked as agreed upon. If there is aught in the objection of the Government, the Colony has its remedy, and the Directors of the Company have ever been desirous to decide these questions by reference to arbitration, or to the Courts of Law. The Government, however, declines arbitration on the question of its liability under the Contract, and pleads the Royal prerogative in bar of trial of the case at law.

7. Under these circumstances the Company has of course been unable to pay the coupons on its Five per cent. Debentures since the 1st July, 1876, and was in consequence, at one time, in a very critical position, to escape from which an Act of Parliament was applied for, and obtained, during the last session, to enable the Company to enter into an agreement with the bondholders for raising an additional sum of £100,000, by the issue of new Debentures as a first charge upon the whole undertaking.

8. The Act of Parliament and the Agreement dated 25th of October, 1877, have been approved by the proprietors, and the Agreement has since been carried into effect in the manner prescribed in the Act, the operations of which may be briefly stated as follows:—

To provide for raising a sufficient amount to meet the Company's requirements.

To give the Company sufficient time to complete its arrangements, by suspending, until the 31st December next, the liability on the existing Debentures.

To give the Debenture-holders votes, and to make them eligible as Directors, insuring a fair share in the management to those who have contributed a large portion of the cost of the Railway.

The adoption of an equitable principle, in the event of a sale of the Railway, of the distribution of the proceeds between the Debenture-holders and Shareholders, which removes all conflicting interests between them.

9. Under the authority thus conferred upon the Board, subsequently confirmed by a resolution of the Extraordinary General Meeting held on the 21st ultimo, the Directors have disposed of the whole of the £100,000 new Debentures upon satisfactory terms.

10. The funds placed at their disposal have enabled the Directors to pay liabilities incurred for stores, to despatch a large supply of steel rails, as also additional plant and rolling stock to meet the increasing traffic, and otherwise to make the most of the Company's property, pending a settlement with the Government, which the Directors are convinced the good feeling of the Colonists will not allow much longer to be deferred.

11. As a consequence of the operations of the Act of Parliament, the interest on the old Debentures has been funded, and is now represented by Certificates of the Trustees appointed by the agreement. A quotation on the Stock Exchange has been obtained for the Certificates for Funded Interest on the Five per cent. Debentures, and the Debenture Bonds themselves are now quoted "ex interest" to the 1st October, 1878.

12. The action against the Contractors and their sureties for default in the completion of the Railway, referred to in the last annual report, is still pending, and is receiving the earnest attention of the Directors.

13. At an Extraordinary General Meeting of the Debenture-holders, held on the 10th December last, Messrs. Telford Macneill, Wm. Wylls Mackeson, George Scott Freeman, and William Smith, were elected Directors of the Company in accordance with the 2nd Schedule to the Act of Parliament, which now forms part of the regulations of the Company.

14. The Directors regret to have to announce the retirement from the Board on account of ill health, and the subsequent death, of their esteemed colleague, Mr. William Dent. In accordance with the regulations of the Company, Mr. W. Irving Hare has been elected to fill the vacancy.

15. The Directors who retire from office on this occasion are Messrs. Albert Ricardo and Telford Macneill, who, being eligible, offer themselves for re-election.

16. Mr. E. Maynard, the Auditor, also retires from office, and offers himself for re-election.

GEORGE SHEWARD, *Chairman.*
J. B. DAVISON, *Secretary.*

113, Cannon-street, E.C., London, 8th February, 1878.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 2nd April, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of 29th March, enclosing a printed copy of the accounts of the Tasmanian Main Line Railway Company, Limited, from the 15th March to the 31st December, 1876, which you inform me it was proposed to submit to a general meeting of the proprietors of the Company to be held on the 18th day of February last. While thanking you for your courtesy in forwarding me the papers for my information, I, of course, must not be taken in any way to assent either to the accuracy of the accounts or to the statements contained in the printed report to which they are annexed, which latter contains several allegations which, within my own knowledge, are not consistent with fact.

I have, &c.

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

W. R. GIBLIN.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 5th April, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 2nd instant, in which you state that the printed copy of the Accounts of the Tasmanian Main Line Railway Company, Limited, for the year 1876 duly reached you.

It is with much regret that I notice the remarks in your letter, denying in express terms the accuracy of the statements made in the Report of the Directors; since when a direct and public charge of untruthfulness is made by a gentleman holding such a distinguished position as yourself, against a body of gentlemen acting in a public capacity, it becomes necessary that it should be enquired into and refuted.

It is certain that the well-known and honorable gentlemen, whose names (of cosmopolitan repute) are appended to the report, would not knowingly circulate any statement that bore even the semblance of untruth, and they cannot have been misled by me, since they were furnished with all the information on this matter that I am possessed of.

It would have been more satisfactory to all parties had you specifically alluded to the statements respecting which you impugn the veracity of the Directors, since they might be simply differences of opinion. Having carefully perused the report, I can find nothing therein but what I believe to be strictly correct and indisputable; but the wording of one statement has been challenged by a portion of the Press, and may be that you allude to, being "The Government . . . pleads the Royal Prerogative in bar of trial of the case at law." It is possible that this injury may not be expressed in strict legal phraseology, but of its substantial truth and justice you are well aware, from having advised upon and drawn the plea which wrought such serious evil to the Company, and delayed the settlement of the matter in a Court of Law to this day.

The Government having, in the letter of the hon. Colonial Treasurer, dated the 7th July, 1876, refused to give the Company any details of the peculiarities of this railway on which the Inspecting Engineers founded their hostile report, and it not being known at that time but that such information was in the hands of the Government, it appeared desirable to the advisers of the Company that a suit should be at once instituted against the Government, in order to obtain the much desired information in the pleas of the defendant, which in a trial between subject and subject must be furnished when demanded. The Government, however, acting on your advice, availed themselves of the Royal Prerogative, and pleaded in a form which debarred us from obtaining these particulars, thus making it virtually impossible for the Company to proceed with the suit. Their advisers would not, however, entirely abandon it until assured by the Government that Parliament should be asked to decide the dispute; or even then, until you had, in your place in Parliament, objected to the House of Assembly giving the matter any consideration until the action had been legally abandoned. You then strongly objected to the mode of settlement proposed by the Government (to secure which the Company finally withdrew their action), and having virtually a majority in Parliament, prevented any arrangement being made with the Company, and left them in a most embarrassing position, from which the property has since suffered enormously, and the Colony in no slight degree.

The Company's legal advisers still assert that an action at law cannot with justice to the Company be tried while the Government shelter themselves behind the Royal Prerogative, which they have frequently, but ineffectually, been challenged to surrender; and I, therefore, contend for the perfect accuracy of the statement that "the Government pleads the Royal Prerogative in bar of trial of the case at law."

I have, &c.

The Hon. the Colonial Treasurer.

C. H. GRANT.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 10th April, 1878.

SIR,

I HAVE the honor to acknowledge the receipt, on the 8th instant, of your letter of the 5th, respecting the Report of your Directors, a copy of which you had forwarded to me. I do not desire to enter into needless controversy with you as to the merits of that document, but since you had chosen so pointedly to bring the Report officially under my notice I was bound to meet by a simple denial the false charges which it contained, not against me but against the Government of this Colony. Had I failed to do so, you would doubtless, as on other occasions, have subsequently quoted the fact that such assertions had been put forward and "had never been contradicted."

It is impossible for me to discuss with you the nature of the advice which I, when not a Member of the Government, in my capacity as a Barrister of the Supreme Court, tendered to the Government of Tasmania as defendants in an action brought by your Company. Your assumptions on this point are not, I should hope, intended to be offensive, but are made in ignorance of the professional etiquette which precludes my even contradicting the assertions you are bold enough to make upon a matter of which you must be quite uninformed.

I am, however, at liberty to state that your version of the publicly known facts attending the abortive attempt of your Company to coerce the Government into paying moneys not earned is inaccurate and misleading.

I have, &c.

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

W. R. GIBLIN.

GENERAL CORRESPONDENCE.

MR. R. W. LORD to MINISTER OF LANDS AND WORKS.

*Launceston and Western Railway, Manager's Office,
Launceston, Tasmania, 3rd Dec., 1877.*

SIR,

I HAVE the honor to report that the Main Line Company's Day Train from Hobart Town, on Thursday last, the 29th ultimo, did not reach Launceston until 12.25 A.M. Friday morning. These irregularities, as previously reported, add very considerably to the working expenses, as overtime allowances have to be made to the gatekeepers and pointsmen.

I have, &c.

(Signed) R. W. LORD.

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

REFERRED to the Hon. the Colonial Secretary.

NICHOLAS J. BROWN.
6. 12. 77.

PERUSED and returned. A copy of this letter has been forwarded to Mr. C. H. Grant.

WM. MOORE.
10 Dec. 1877.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, 10th December, 1877.

SIR,

WITH reference to the subject of my letter of the 23rd ultimo, I have the honor to forward for your perusal copy of a further communication (3rd December, 1877) from the Manager of the Launceston and Western Railway to the Hon. the Minister of Lands and Works.

I have, &c.

(Signed) WM. MOORE.

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

MR. C. H. GRANT to COLONIAL SECRETARY.

Tasmanian Main Line Railway Company, Limited.
General Manager's Office, Hobart Town, 11th December, 1877.

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of the 10th instant, in which you again mention one of the slight delays on the Main Line Railway, which are common to all Railways, and especially to Freight Trains, as was the one in question.

As stated in my reply of the 29th ultimo, I think the pointsman should receive a small extra allowance in such cases, but not the gatekeepers. It should be remembered that the pointsman need not in such cases remain on duty the whole time, since the telegraph informs them exactly when the Train (if late) may be expected.

I have, &c.

(Signed) C. H. GRANT.

The Hon. WM. MOORE, M.H.A., Colonial Secretary.

CROWN AGENT to COLONIAL SECRETARY.

Via Brindisi.

Downing-street, London, 21st December, 1877.

TASMANIAN MAIN LINE RAILWAY.

SIR,

REFERRING to past correspondence on the above subject, I now enclose for your information some papers showing the action recently taken by the Company under the powers conferred by the Act of 1877.

From all I can learn I should think it probable that the Company will first take steps to satisfy themselves whether or not the new capital will suffice to put the line in a condition to earn the guaranteed interest, and to maintain it in that condition for a reasonable time. Should the conclusion be unfavourable to their doing so, then you may expect an early intimation of their desire to dispose of the property; but with anything like a fair prospect of being able to conform to the conditions of Contract with your Government, for ever so short a period, they will doubtless defer negotiations until you shall have recommenced to pay interest, when they believe they will occupy a much better position to treat for the sale of the Railway than they do at present.

The £100,000 Preference Stock referred to in my former letter is still in the hands of the same persons, and would I am told be sold for about £4000.

I have, &c.

(Signed) P. G. JULYAN.

Hon. W. MOORE, Colonial Secretary, Hobart Town.

P.S.—Since writing the above I have received from the Company a letter, of which the enclosed is a copy, (20 December, 1877), in reply to an inquiry as to what the Company were doing. I also enclose a copy of my rejoinder, (21 December, 1877).

THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

THE Board of Directors of the Tasmanian Main Line Railway Company, Limited, hereby give notice that an agreement, dated the 25th October, 1877, to carry into effect the purposes of the Tasmanian Main Line Railway Act, 1877, has been approved and signed in manner prescribed by the said Act, and has now come into force; and that, in consequence thereof, and by virtue of the said Act, the provisions in the second schedule to the said Act for giving votes to the Debenture Holders of the said Company, and making them eligible as Directors, have become and are part of the regulations of the Company, and that a copy has accordingly been filed by the Company with the Registrar of Joint-Stock Companies. And notice is hereby further given, in pursuance of the said regulations, (Art. 105A,) that an Extraordinary General Meeting of the Debenture Holders of the Company, (that is to say the holders of the 5 per Cent. Perpetual Debenture Bonds and of the 6 per Cent. Debenture Stock,) will be held at the *Terminus Hotel*, Cannon-street, in the City of London, on Monday, the 10th day of December, 1877, at 2 o'clock in the afternoon, for the purpose of electing, by the votes of the Debenture Holders present, in person or by proxy, four Directors of the Company, in accordance with Article 105B of the said Regulations. The holders of the 5 per Cent. Perpetual Debenture Bonds who desire to attend the meeting, and whose debentures are not now lodged with the Company, must previously deposit the same at the Company's Office, 113, Cannon-street, London, E.C., and they will receive in return a certificate entitling them to attend and vote at the meeting. Those holders whose bonds are now deposited with the Company can attend and vote upon production of the certificates which have been issued to them to attend and vote at the meeting. Those holders whose bonds are now deposited with the Company can attend and vote upon production of the certificates which have been issued to them. The registered holders of the 6 per Cent. Debenture Stock can attend and vote without any previous formality.

The following are Candidates for the office of Director, and have been recommended by the Committee of Debenture Holders as fit persons to be chosen:—

General O. Cavanagh.

W. W. Mackeson, Esq., Q.C., 1, New Square, Lincoln's Inn.

George Scott Freeman, Esq., Secretary General Life and Fire Assurance Co., 62, King William-street.

Telford Macneill, Esq., Contractor, 2, Great George-street, West, London.

William Louis Dudley, Esq., M.D., has given notice that he also is a Candidate for the office of Director.

Debenture Holders unable to attend the meeting can give proxies to any other Debenture Holder, (whose debentures have been duly lodged,) to vote for them. Forms of proxies and forms for the deposit of debentures may be obtained at the Company's office.

Dated this 29th day of November, 1877.

By order of the Board,

J. B. DAVISON, *Secretary*.

Offices of the Company, 113, Cannon-street, London, E. C.

8A, Tokenhouse Yard, London, 1st December, 1877.

TASMANIAN MAIN LINE RAILWAY DEBENTURE BONDS.

SIR,

We, the undersigned Bondholders of the Tasmanian Main Line Railway, being of opinion that its success, now that the agreement between the Shareholders and themselves has been effected, will mainly depend upon the capacity and efficiency of its Board of Management, and believing also that it is of paramount importance to the Bondholders that they should be well represented at the said Board, beg the favour of your attendance at a Conference to be held on Wednesday next, the 5th instant, with the view of coming to a general understanding, if possible, as to the best and most fitting members of that body to be proposed for election as Directors at the Public Meeting which is to take place on the 10th instant.

Our object in taking this step is the consideration that the qualities and capabilities of the different persons likely to be proposed as Directors can be much more fully discussed and considered, and with much greater freedom than could be allowed at a Public Meeting; and with much greater probability therefore of arriving at a satisfactory conclusion.

We are, &c.

(Signed)

F. MOWATT,
CHARLES MORRISON,
W. CUTHBERT QUILTER,
J. WOOTTON ISAACSON,

} *Holders of Debenture
Bonds of upwards of
£50,000.*

The Meeting will be held at the *Cannon-street Hotel*, on Wednesday, the 5th instant, at Two o'clock precisely.

N.B.—In the event of your not being able to attend the Conference, you are requested to abstain from signing any proxy until its results be known.

TASMANIAN MAIN LINE.

An extraordinary meeting of the debenture holders was held on December 10, at the *Cannon-street Hotel*, to exercise the powers they have lately acquired of electing Directors from among their own body.

Mr. A. Ricardo presided, and said the Directors had obtained a measure whereby they had been enabled to raise the capital required, and the provisions of that measure required the adhesion of three-fourths of the bondholders to the agreement. The Directors had taken, by convening this meeting, the earliest opportunity of calling upon the Debenture holders to elect four Directors from their own body. He trusted there would be no division among the Bondholders as to the gentlemen who should be elected.

Gentlemen from the body of the meeting then nominated General Cavanagh, Mr. W. W. Mackeson, Q.C., Mr. G. S. Freeman, and Mr. T. McNeill, the gentlemen named by the Directors as those who should be elected.

Mr. Quilter proposed Mr. W. Smith, and Mr. Morrison seconded the nomination, which was supported by Mr. Mowatt in a long speech, and subsequently by Mr. Albert Grant, who replied to some aspersions which had been cast upon his name.

There was a long wordy war between the supporters, on the one hand, of the four gentlemen combined, and of Mr. W. Smith on the other.

On a show of hands being taken, Mr. Mackeson received 67 votes, Mr. Freeman 53, Mr. McNeill 55, and Mr. W. Smith 54, and were elected by a large majority over General Cavanagh, who received only 21; but Mr. Alderman Abbiss and four others called for a poll on behalf of General Cavanagh. The meeting was adjourned for the poll to be taken.

The following is the result of the poll taken:—

For Mr. McNeill	38,175 votes.
Mr. Mackeson	23,493 votes.
Mr. Freeman	22,110 votes.
Mr. Smith	20,232 votes.
Gen. Cavanagh	19,851 votes.

And at the adjourned meeting the Chairman declared the following gentlemen duly elected Directors of the Company:—Telford McNeill, C.E.; W. W. Mackeson, Q.C.; G. Scott Freeman; and W. Smith.—*Herepath's Journal*, 15th December, 1877.

An extraordinary meeting of the debenture holders of the Tasmanian Main Line Railway Company was held yesterday, at the *Cannon-street Hotel*, to exercise the powers they have lately acquired of electing directors from among their own body. Mr. A. Ricardo presided, and said the directors had obtained a measure whereby they had been enabled to raise the capital required, and the provisions of that measure required the adhesion of three-fourths of the bondholders to the agreement. The directors had taken, by convening this meeting, the earliest opportunity of calling upon the debenture holders to elect four directors from their own body. He trusted there would be no division among the bondholders as to the gentlemen who should be elected. Gentlemen from the body of the meeting then nominated General Cavanagh, Mr. W. W. Mackeson, Q.C., Mr. G. S. Freeman, and Mr. T. McNeill, the gentlemen named by the directors as those who should be elected. Mr. Quilter proposed Mr. W. Smith, and Mr.

Morrison seconded the nomination, which was supported by Mr. Mowatt in a long speech, and subsequently by Mr. Albert Grant, who replied to some aspersions which had been cast upon his name. There was a long wordy war between the supporters, on the one hand, of the four gentlemen combined, and of Mr. W. Smith on the other. On a show of hands being taken, Mr. Mackeson received 67 votes, Mr. Freeman 53, Mr. M'Neill 55, and Mr. W. Smith 54, and were elected by a large majority over General Cavanagh, who received only 21; but Mr. Alderman Abbiss and four others called for a poll on behalf of General Cavanagh. There were cries of "Withdraw," but it was persisted in, and a personal appeal was made to General Cavanagh to withdraw. He, however, refused, and the meeting was adjourned for the poll to be taken.—*Times*, December 11, 1877.

8A, Tokenhouse Yard, E.C., London, 5th December, 1877.

SIR,

TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

We beg to inform you that, at the Conference of Bondholders held to-day, for the selection of the most eligible persons to act as Directors and Representatives of the Bondholders, no definitive decision was taken, except that on the motion being made that the four under-mentioned gentlemen, viz. :—

W. W. Mackeson, Esq.,
Telford Macneill, Esq.,
General Cavanagh,
G. S. Freeman, Esq.,

should be elected, that motion was rejected; the feeling of the Meeting generally being decidedly in favor of the substitution of Mr. Wm. Smith for one of the above-named Candidates.

Mr. Smith, it should be explained, is well known in the City, where he enjoys a high reputation, being also the Chairman of that most successful undertaking The Fore Street Warehouse Company. He is likewise a large bondholder, and has expressed his willingness to act if elected.

We, therefore, intend to propose the election of this gentleman at the General Meeting to be held on the 10th instant, and invite you to confide to us your proxy to ensure his return, and to represent you generally at the Meeting. To be available this must be signed and sent to us in the enclosed envelope by return of post.

We would only add that now that the position of the Company, since the passing of the Act of Parliament, is so much improved, it only requires a properly constituted Board of Directors of sufficient business experience to place the Company in the position to which the merit of its undertaking entitles it.

We are, &c.

(Signed)

FRANCIS MOWATT,
CHARLES MORRISON,
W. CUTHBERT QUILTER,
J. WOOTTON ISAACSON,

Holders of
Debtenture Bonds
of upwards
of £50,000.

P.S.— On your sending back signed the Proxy enclosed herein, it will cancel any other Proxy that you may have inadvertently signed.

MR. J. B. DAVISON to CROWN AGENT.

Tasmanian Main Line Railway Company, Limited.
113, Cannon-street, London, 20th Dec., 1877.

(Copy.)

SIR,

In reply to your letter of the 15th instant, I am desired to say that the Board are losing no time in carrying out the provisions of the Act of Parliament, and that we have no further report of the recent meetings than can be gathered from the public press. You will find the last meeting reported in Herapath's Journal of the 15th instant; but the Directors are not, of course, responsible for the accuracy of the report.

It has been stated in Tasmania, on the authority of the Hon. T. D. Chapman, and repeated by the Hon. Thomas Field, a Member of the Legislative Council, that the Government, through Sir Penrose Julyan, are purchasing this Railway; and he adds that, from his private advices, he believed that at the present time the line has been sold to the Government, and was virtually in their hands. Will you be good enough to inform the Board if Mr. Chapman had any authority for this statement?

I have, &c.

(Signed) J. B. DAVISON, Secretary.

Sir PENROSE JULYAN, Crown Agent for the Colonies.

CROWN AGENT TO MR. J. B. DAVISON.

(Copy.)

Downing-street, London, 21st December, 1877.

SIR,

I AM directed by Sir Penrose Julyan to acknowledge and thank you for the information contained in your reply to my letter of the 15th instant, respecting the Tasmanian Main Line Railway.

With regard to the last paragraph of your letter, I am to add that Sir P. Julyan has no knowledge whatever as to the statements alleged to have been made by the Hons. T. D. Chapman and Thos. Field, of which he had not even heard until communicated by you; and, so far from there being any desire on the part of the Government to purchase the Railway, I am instructed to say that they have, in their most recent communication on the subject, expressed a hope "that the Company, under the contemplated improved system of management, may find no difficulty in raising funds necessary to complete the construction of the line so as to legally entitle them to claim interest upon the £650,000, according to Contract;" and that they "are only anxious that the concurrent responsibilities of each of the contracting parties shall, as speedily as possible, be simultaneously fulfilled."

No intimation whatever has been given to Sir P. Julyan of a desire on the part of the Government to purchase the property; and it appears to him that, if the Directors wish to dispose of it, the initiative should be taken by themselves.

I have, &c.

(Signed) MARTIN KIRBY.

The Secretary Tasmanian Main Railway Company.

COLONIAL SECRETARY to CROWN AGENT.

*Colonial Secretary's Office, Hobart Town,
18th February, 1878.*

SIR,

I HAVE the honor to acknowledge and thank you for your letter of the 21st December last, enclosing sundry documents showing the action recently taken by the Main Line Railway Company under the powers conferred upon them by the Act of 1877.

As you are aware the Government are, and have always been, most anxious to arrive at a satisfactory solution of the questions in dispute between them and the Company; and we shall be rejoiced to learn that the new Board of Directors have taken effectual steps to put the line in a condition to earn the guaranteed interest, and to maintain it in proper working order.

Should, however, it appear that the Company find themselves unable to meet their Contract obligations, and should they decide to address the Government on the subject of the sale and purchase of the line, we should be prepared to give full consideration to any equitable proposals they may desire to make; or, should the Directors wish to send out a Deputation to confer with the Government in the Colony, armed with the necessary powers, we shall be equally ready to receive them, and endeavour to adjust all existing differences.

Should you deem it desirable, I shall be glad if you would communicate the contents of this letter to the Board of Directors.

I have, &c.,

(Signed)

WM. MOORE.

Sir PENROSE JULYAN, K.C.M.G.,

Colonial Office Buildings, Downing-street, London.

COLONIAL SECRETARY to CROWN AGENT.

*Tasmania,
Colonial Secretary's Office, 18th February, 1878.*

MEMO.

THE Colonial Secretary presents his compliments to Sir Penrose Julian, and begs to forward herewith a printed copy of correspondence, &c. connected with the Main Line Railway,—being in a form more convenient for reference than the manuscripts already transmitted.

I have, &c.,

(Signed)

WM. MOORE.

Sir PENROSE JULYAN, K.C.M.G.,

Colonial Office Buildings, Downing-street, London.

BY ELECTRIC TELEGRAPH.

To Crown Agents, London.

REFERRING to our letter twenty-fourth December, do Railway Company propose sending deputation to Colony, and when? Reply.

SECRETARY.

Tasmania, 18th February, 1878.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 25th February, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 2nd instant, enclosing a copy of a telegram received by you from England, which copy I was informed by the Honourable the Premier you had previously refused to furnish. Had it been supplied when asked for in the first instance, some misunderstanding would have been avoided.

I now enclose for your information a copy of a letter addressed by me to the new Board of Directors in London on the 24th December last, a perusal of which will satisfy you that the Government anticipated the desire of the Board to amicably adjust matters in difference between the Company and the Government.

The Government, however, felt that from the position which you have been compelled to assume as Engineer of the Company, and therefore presumably responsible for the defective construction of

the Railway, you could not be expected to be an unprejudiced medium of communication between the new Directors and the Government, and I consequently forwarded my letter through the Crown Agents for the Colony instead of through your hands.

I must reiterate the statement contained in the letter of the Honorable the Premier of the 24th January :—"The Government are not only willing but anxious to receive any proposals which the new Board of Directors of the Tasmanian Main Line Railway Company may desire to make to them with a view to the completion of the Contract and the termination of the present very unsatisfactory relations between the Company and the Government." In accordance with the promise contained in the Assistant Colonial Secretary's letter of the 6th instant, your letter of the 2nd instant (now under reply) was laid before the Cabinet on the 18th instant, the earliest occasion upon which Ministers could all meet to consider it; and a telegram was at once despatched to London referring to my letter of the 24th December, and requesting to be informed whether a deputation from the Railway Company was coming to Tasmania, and when. To this telegram no reply has yet been received, although daily expected. But as from your recent action in publishing letters to the Executive almost simultaneously with despatching them to their destination it would appear that you are anxiously awaiting a reply to the question contained in your letter of the 2nd instant, I have the honor to inform you (without prejudice to any action the Government may be called upon to take should any reply arrive from London necessitating a reconsideration of the present position) the Government will be prepared to receive at any time which may be convenient to the Directors any deputation or proposal having for its object the adjustment of the existing differences between the Government and the Company.

I have, &c.

(Signed) WM. MOORE.

C. H. GRANT, Esq., General Manager,
Tasmanian Main Line Railway.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 22nd February, 1878.*

SIR,

I HAVE the honor to forward you herewith a copy of documents just received by the San Francisco Mail from the Secretary of the Main Line Railway Company in England, which are so explicit that it is unnecessary I should comment thereon.

I have, &c.

(Signed) C. H. GRANT.

The Honorable the Colonial Secretary.

Via San Francisco.

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, 3rd January, 1878.*

(Copy.)

DEAR SIR,

I have only just time to send you copy of resolution passed at the Board held to-day, at which the whole of the eight Directors were present, in case this mail may reach you earlier than the regular mail of the 18th instant; and to inform you that the Board have to-day disposed of the whole of the new Debentures for £100,000 to a broker, who takes the whole amount.

I have, at the Chairman's request, sent you this afternoon the following telegram, which will be more fully explained by the next regular mail :—

"Hundred thousand raised. Propose sending two Directors and Secretary with full powers. To leave 6th February. Telegraph receipt of this."

The last sentence being intended to give you an opportunity of expressing any assent or dissent to the proposed embassy being sent out, either on the part of the Tasmanian Government or on any other account or reason which might occur to yourself or Messrs. Dobson and Mitchell, before the Deputation should actually be decided upon.

Yours faithfully,

C. H. GRANT, Esq., Hobart Town.

(Signed) J. B. DAVISON, Secretary.

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, 3rd January, 1878.*

COPY of Resolutions passed at full Meeting of the Board held this day.

GEORGE SHEWARD, Esq., in the Chair.

It was proposed, seconded, and unanimously resolved—

1. That, from the statements submitted to this (the newly constituted) Board, it is their opinion that the entire Line of Railway was opened for traffic on the 15th March, 1876, within the meaning of Art. 5 of the Contract with

the Tasmanian Government; and that the Line of Railway has been maintained and worked ever since in an efficient manner, within the meaning of Art. 6 thereof.

2. That the guaranteed interest from the 15th March, 1876, to the present time is therefore justly due by the Tasmanian Government to the Company.

3. That, notwithstanding the default on the part of the Government, it is desirable that friendly communication should be opened with the Tasmanian Government with a view to securing payment of the guaranteed interest.

4. That the Company will immediately raise the £100,000 or such portion thereof as will be sufficient to enable the Company to meet the financial difficulties occasioned by the default of the Tasmanian Government, and to continue to maintain and work the Line according to the Contract.

5. That the Board desire to concur with the Government of Tasmania in the appointment of an independent and competent Engineer, unconnected with the Colony, to examine and report whether the Contract with the Government has or has not been fulfilled; and, if not, in what respects the Company is bound to supply existing deficiencies; and that each party will be bound by the award of such referee.

6. That a copy of these Resolutions be sent through the Company's Manager in the Colony to the Tasmanian Government.

True copy of Resolutions.

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

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 25th February, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 22nd instant, enclosing copy of a letter from the Secretary of the Main Line Railway Company of the 3rd ultimo, transmitting certain Resolutions passed by the Board of Directors on that day.

The Government cannot but express their extreme regret that the new Board of Directors should, upon the very inaccurate information presumably supplied by you to the former Board, have placed on record Resolutions so contrary to fact as those numbered 1 to 4 inclusive, of which copies are forwarded by you, without having taken the trouble to institute any independent investigation of the merits of the questions at issue between the Government and the Company. Such a course of procedure is by no means calculated to bring about an amicable agreement between the parties in difference, but, on the contrary, intensifies the prevalent conviction that the Company are not prepared to loyally adhere to the conditions of the contract.

I have, &c.

(Signed)

WILLIAM MOORE.

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

COLONIAL SECRETARY to CROWN AGENTS.

Colonial Secretary's Office, Hobart Town, 7th February, 1878.

GENTLEMEN,

SINCE my letter to you of the 18th instant, I have received a further communication from Mr. C. H. Grant with enclosures, copy of which I now forward for your information, together with my replies.

As from the tenor of the Resolutions passed by the new Board of Directors it appears that they desire to assert the due fulfilment of the contract on the part of the Company, the Government deem it desirable to state shortly the several grounds upon which they are compelled to dissent from the views of the Directors, and to affirm most positively, and upon the clearest evidence, that the terms and conditions of the contract have not been complied with, and that neither the Line nor the Rolling Stock are such as to justify the Government in recognising the Railway as constructed and completed in a manner to warrant them in the payment of the interest demanded.

I would refer you to the letter of the Hon. F. M. Innes to Mr. Grant of the 5th July, 1876, copy enclosed, which sets off very clearly not only the many and important defects in construction, but in the fourth paragraph points to the direct injury to which the Colony is subjected in consequence of the development of traffic being retarded through the Line not being constructed and equipped in an approved manner.

The circumstances so fully set forth in Mr. Innes' letter remain unchanged, except that the Government, being desirous to save the Company from the disastrous effects that must have ensued

from the closing of the Line, have made further advances to the Company amounting in all to the sum of £23,900; and a further sum of £3000 is authorised by Parliament to be advanced on loan to the Company, namely, £1500 on the 21st proximo, and £1500 on the 21st April.

From first to last the Government have dealt with the Company in a liberal and conciliatory spirit, and have granted every reasonable concession, but when it is attempted to bring undue pressure to bear upon the Government and to stigmatise the Colony as guilty of default, the Government will resist to the last the endeavour of the Company to force upon them the recognition of a liability on the part of the Colony for a Railway, which has been admitted by every competent and independent Engineer who has examined it to fall far short of the contract obligations of the Company.

I am precluded on the present occasion from entering more fully into the views of the Government respecting the present relative position of the Government and the Company, as the Mail is about to close, but the Hon. P. O. Fysh is visiting England by the *Lusitania*, and will be able to explain every question that may occur to you in connection with this most unsatisfactory transaction.

I have, &c.

The Crown Agents for the Colonies,

Colonial Office Buildings, Downing-street, London, S.W.

(Signed) WILLIAM MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

(Copy.)

*Tasmanian Main Line Railway Company, Limited, General Manager's Office,
Hobart Town, 28th February, 1878.*

SIR,

I HAVE the honor to acknowledge the due receipt of your two letters of the 25th instant, and of the enclosed copy of letter from you to the new Board of Directors, dated the 24th December last, of which I was previously entirely unaware.

In commenting upon the resolutions passed by the new Board of Directors, you express the extreme regret of the Government that they "should, upon the very inaccurate information presumably furnished" by me, have placed on record resolutions so contrary to fact, as those numbered one to four inclusive, without having taken the trouble to institute any independent investigation of the merits of the question at issue: in the regret I join, because this is a grave reflection to cast on the new Board, and is virtually a charge against myself of having wilfully misled and deceived my Directors by cramming them with false information. To this charge I can only reply, that I have never once failed to send the Directors copies of every letter, report, or document that in any manner reflected or commented upon the Main Line Railway, or upon any matter or thing in which the Company are interested; and that by *each* mail several copies of *each* newspaper, in which the main line is in any manner mentioned, are sent to the Directors, especial care being taken that any hostile remarks are fully represented. The Secretary also informed me that the new Directors—who were mostly on the Committee of Bondholders—have for some months past been making themselves fully acquainted with the affairs of the Company, especially in its relation to your Government, and therefore are not likely to have recorded anything that, in their judgment, as men of vast experience in the conduct of railways, and other public undertakings of great magnitude, is in any degree contrary to fact.

I cannot forbear to observe upon the singularity of Government showing such a deep personal objection to myself, and carrying it to very extreme lengths, probably to a much greater extent than was ever before done in the whole history of British Constitutional Government in their contract relations, solely because I have expressed my well-grounded professional opinion, and my honest conviction to the same effect as the resolution of the Directors. The Government do not hesitate to charge us in the strongest terms with perversion of facts, from their view of the case; but I will guarantee to quote a far greater number of duly qualified professional opinions in favor of the Company's legal completion of their contract than the Government can against it.

If then there be—as would certainly appear—reasonable grounds for the opinions held by the Company, it does not seem calculated to bring about an amicable settlement between the parties in difference, to directly charge the Company with untruthfulness, and with not having a desire to loyally adhere to the conditions of the contract; when they have so often pointed out that under the present position of matters the onus rests on the Government of informing the Company (in reply to frequently renewed enquiries) what they wish to have done, or what real reason they have for complaint, or why they will not refer every difference in dispute to the unbiassed judgment of one independent and competent gentleman.

That the Company have not been fairly, and still less generously, treated by the heads of the different and contending political parties, the numerous speeches of the most honorable and independent members in both Houses of Parliament, during several past sessions, will amply prove,—the Main Line question having been rather a subject for political discussion than of mutual arrangement on purely business principles; and the leaders of both parties and the public press of the Colony have repeatedly observed that from this cause, and not from any fault on the part of the Company, has the matter remained so long unsettled.

As regards the statement made in your second letter, that I refused to furnish the Hon. the Premier with a copy of the telegram received from England, I must state that such is entirely a mistake, and no

such refusal was made. When asked by Mr. Fysh what were the contents of the telegram in question, I replied that I could not quote the exact words, but would communicate its substance in the letter he asked me to write; as was done. Mr. Dobson, who was with us at the time, fully endorses my remembrance.

In thanking you for the copy of the letter to the new Board of Directors sent by the mail of the 24th December, I beg permission to remark that it would probably have enabled the new Board to form a better and more impartial judgment on the matters at issue, had you favoured me with a copy at the time, so that I might also have addressed them in reply, and pointed out the misapprehension of facts, and of the true position of the question, that I must complain pervades the whole of your letter.

As, however, this letter was addressed direct to the Board, I will not reply to it until instructed by the Directors, or requested by you to do so; but it is perhaps desirable I should observe that the terms of your proposals, and the direct threat that unless they are approved you will advise Parliament to ruin the Company, do not appear to me at all favourable towards an amicable adjustment of the matters in difference; while the great anxiety you profess as to the safety of the line after it has been in perfectly safe and efficient operation about 2½ years might, in the minds of some, give rise to the impression that you desired to obtain it on inadequate terms.

It is hardly courteous to remark on the defective construction of the Railway, with the statement that I am presumably responsible therefor, and consequently so prejudiced that I could not be trusted with a communication to my own Directors (for whom I have been nearly six years the well-trusted and accredited agent) because both my honor and my professional reputation are directly challenged. On this point I would only observe, that my professional status should constitute me at least an equal authority with yourself, and give me a right to expect that professional consideration which should be reciprocated by all the members of an honorable profession.

So long as the proposals that the Government are willing to receive must be based on the terms of your letter to the Directors, it is hardly probable you will receive any, or that any reply will be made to your telegram; but it would afford me extreme pleasure to be able to inform my Directors that on the arrival of the proposed deputation all disputes that could not be arranged by negotiation would be referred to arbitration in a fair and friendly spirit. Upon receipt of any such assurance, I would immediately telegraph to London, advising that the deputation should leave at the earliest possible moment, notwithstanding that the Hon. the Premier informed me that he could see no use in the arrival of the Directors before the meeting of Parliament.

The Hon. the Colonial Secretary.

I have, &c.

(Signed) C. H. GRANT.

COLONIAL SECRETARY to MR. C. H. GRANT.

(Copy.)

Colonial Secretary's Office, Hobart Town, 12th March, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 28th ultimo on the 1st inst., the day after it had been sent to the Press for publication.

Your assumption that the Government entertain a "deep personal objection to yourself" is quite gratuitous, nor is it warranted by anything contained in my two letters of the 25th February addressed to you, or in my letter of the 24th December forwarded to the Board of Directors.

In the course of the correspondence which has taken place upon the subject of the non-fulfilment by the Railway Company of their contract engagements, the Government have, from time to time, been compelled to refute misstatements, and to expose the unjust attacks and unfounded aspersions which have been made, through your instrumentality, upon the good faith of the Colony. While doing so the Government have had occasion to comment upon your action, and finally to suggest that if the new Directorate really wished for an amicable adjustment of matters in difference, it would be desirable that a less prejudiced negotiator should be employed, but in doing so they were simply discharging a public duty, without reference to your individuality; and I am therefore unable to understand why you should single out yourself as an object of personal attack, or should imagine that the Government cared to make any further reference to the Manager of the Company than the necessities of the case demanded.

Your assertions as to the present satisfactory condition of the line can have but little weight with the Government, unless you are prepared to enable the Government to verify those assertions by an inspection of the line conducted by thoroughly able and impartial engineers.

The substance of your remarks with reference to the telegram of the 3rd January received by you from England was forwarded to the Hon. P. O. Fysh; and I now beg to inform you that a communication has been received from Mr. Fysh reiterating his statement that you refused to supply him with a copy of the telegram.

With regard to the willingness of the Government to receive the proposed deputation, I beg to refer you to my letter of the 25th ultimo, and to repeat the assurance therein contained.

I have, &c.

C. H. GRANT, Esq., General Manager
Tasmanian Main Line Railway.

(Signed) WM. MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

(Copy.)

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 13th March, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant.

My previous letter, of the 25th ultimo, was sent to your office before copies were despatched to the Press; but I may remark that in so promptly supplying the Press with the sequel of a correspondence they were publishing the following day, I but followed at least one precedent set by a former Government, of which the Honorable the Premier and yourself were members, when under the same circumstances I first read a long letter addressed to me in the columns of the *Mercury*.

I notice that you in no degree contradict or qualify my assumption that the Government entertain "a deep personal objection to myself," by which alone I could account for the extraordinary proceeding of your clandestinely writing to my Directors, and for the tone in which I am addressed by the late Honorable Premier and yourself; which I perceive has been most severely reprobated by the unanimous public voice of the Colony.

You directly charge me with making "misstatements," "unjust attacks," and "unfounded aspersions" regarding and upon the good faith of the Colony, either of which I must in the most unqualified manner deny, and challenge you to point to one instance of. That I have reflected upon the unjust, and to my mind inexcusable, treatment the Company have received from certain members of the Government, and its possible effect upon the Colony, I freely admit; but I have always felt assured that they were not supported by the Colony in such conduct.

You assign as a reason for making overtures to my Directors, unknown to their chosen representative, that it was desirable "a less prejudiced negotiator should be employed;" but in applying this term to me must surely forget that throughout the whole time I have been in the Colony I have cheerfully afforded the Government all the assistance they desired, having freely allowed and assisted in your inspections of the Line, to an extent far beyond the legal requirements of the Contract; having also repeatedly offered, and begged the Government to accept, any form of arbitration or mutual arrangement; and failing these have shown you that the Company were prepared to try the issue in the Supreme Court, (before Judges and a jury who could not possibly be assumed to have any leaning towards the Company, having necessarily a deep personal and pecuniary interest in the views you profess to uphold) if only we are allowed to meet on equal terms, as are private individuals. In fact I have exhausted every proposal for a reasonable settlement: on the other hand you most persistently refuse to listen to, or make any proposals, or to allow of any steps being taken towards a settlement of the disputes, but simply brand me as too "prejudiced" and therefore unfitted to negotiate.

I most deeply regret the personal aspect you have imprinted on our correspondence, and that I should have been the occasion, unwittingly, of your departure from those well-established principles of commercial usage in regard to agency that have hitherto ruled in all civilised countries. I rely confidently upon the support of my principals in this matter, and think you will find that you have adopted a course both injudicious and impracticable.

In proof of the condition of the Line I simply adduce a daily service of a far higher character in every respect than the Contract requires; but with regard to the inspection you suggest, the treatment experienced on the last occasion, as recorded in Mr. Dobson's letter of the 24th June, 1876, and my reply to the Engineer's Report of the 5th July, 1876, (Main Line Correspondence, 1876, Nos. 73 and 78) which remain uncontradicted, will, I feel sure, furnish a sufficient reason to the mind of every impartial person, either in or out of this Colony, against the Company again exposing themselves to similar treatment.

I am at a loss to understand why the Government should entertain the idea of such an inspection when its utter futility as a means of settling any difficulties, or improving the Line, has been so frequently and clearly demonstrated. The inspection last made by the Government under the fifth clause of the Main Line Railway Amendment Act still remains operative, and were the Government to follow the law so clearly defined therein all difficulties would vanish. The *ex parte* report of their own retained engineers can never prove satisfactory to the Colony, and still less to the Company, but were such inspectors mutually appointed, and vested with the powers of arbitrators, then ample justice must be done to both parties.

As regards the statement of the Hon. P. O. Fysh, that I refused to furnish him with a copy of the Telegram received from England, I would observe that the letter you quote from is, I presume, that contained in the editorial of *The Mercury* of the 5th instant, being there quoted as a communication just received by the Government; but on a re-perusal you will find Mr. Fysh does not now state that he asked for a copy of the Telegram, but simply (both of Mr. Dobson and myself) that "we

would embrace in the letter such extracts from the Telegram as would give Ministers an opportunity to judge of its import: this Mr. Grant said he could *not* do."

Both Mr. Dobson and myself have a distinct remembrance that these were not the words used; but that on my statement that I could not quote him the exact Telegram, he desired I would communicate its substance, or contents (which is virtually what Mr. Fysh acknowledges to), in my letter: this I promised to do forthwith, and it was accordingly done.

On comparing together my letter to the Hon. P. O. Fysh of the 9th January with the copy of Telegram sent you on the 2nd February, you will find that they exactly agree, with the single exception that I did not quote the date proposed for the starting of the deputation; since it was obvious that this depended entirely on my reply to such Telegram, which was necessarily dependent upon the answer obtained from the Government: I however used the words "immediately send out" to signify the urgency of the case. Mr. Fysh had previously informed us that it would be of little use for them to arrive before the end of June. Is it probable that I should have refused to do what I forthwith took in hand?

I should feel greatly obliged if you would definitely state what would be the most convenient time for the Government to receive the deputation from my Directors, should they decide to come out. Mr. Fysh very positively stated that it would be useless for them to arrive until the meeting of Parliament, which I am now informed will not be until early in September, and therefore feel diffident in asking them to start, with a prospect of many months of inaction on their arrival.

I trust you will also be able to assure me that the Government are not averse to immediately referring to arbitration any matters that cannot be mutually arranged with the Directors.

I have, &c.

The Hon. the Colonial Secretary.

C. H. GRANT.

COLONIAL SECRETARY to Mr. C. H. GRANT.

Colonial Secretary's Office, 15th March, 1878.

SIR,

I HAVE the honor to acknowledge the receipt on the 14th of your letter of the 13th instant.

Although it would be an easy task to rebut the oft-repeated and oft-refuted assertions with which your letter abounds, it does not appear to the Government that such a course would tend to promote that amicable settlement which your Directors profess to desire, and which is the earnest wish of Ministers. Therefore, without discussing any of the other points put forward in your letter, or commenting further upon its tone and contents, I desire to state that you can have no warrant for your assumption that Parliament will not meet until "early in September;" and that if the proposed deputation from your Directors are to meet Ministers usefully, it is the opinion of the Government that they should be in Tasmania not later than the month of May. Upon their arrival, the Government will be prepared to receive them in a friendly spirit, with the endeavour to arrange some plan which will enable all disputes to be settled in a fair and equitable manner.

I have, &c.

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

WM. MOORE.

MR. J. B. DAVISON to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, E.C., 15th February, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 24th December last, which I am directed to inform you shall receive the fullest consideration of the Board.

I have, &c.

The Hon. Colonial Secretary, Tasmania.

J. B. DAVISON, *Secretary.*

MR. J. B. DAVISON to COLONIAL SECRETARY.

Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, E.C., 15th March, 1878.

SIR,

THE Board of Directors of this Company have instructed me to inform you that your letter of the 24th December last has received their best consideration, and as a consequence they have been in communication with the Crown Agents for the Colonies; and, with every desire to submit all questions to arbitration, they have been unable to agree as to the mode of settlement.

In the face of the fact that the Main Line Railway has been worked efficiently for traffic during the past two years, the Board cannot admit that the Contract between the Government and the Company has not been fulfilled; nor can they admit that any very large amount would be required to put the line into a satisfactory condition.

I am also instructed to say that the Board do not intend to make any proposal for the sale of the line, and should the question come to be considered it would certainly not be on any such basis as that indicated by you.

The Resolutions of the Board, dated the 3rd January last, sent to the Government through the Company's Agent in Hobart Town, which you have no doubt received ere this, will, it is hoped, show the Government that there is every desire on the part of the Board to adjust all disputed questions in an amicable manner; and with that view the Board have now under consideration the appointment of a deputation to proceed to Tasmania, to ascertain, if possible, what the Government require, and to discuss and arrange all disputed questions with the Government.

In the meantime the Board desire me to enclose a copy of a Case submitted to Mr. J. Horatio Lloyd, and his opinion thereon, which they commend to the consideration of the Government. The Board would be glad to act upon the recommendation of Mr. Lloyd, which will be found at the end of his opinion, and which, it will be observed, supports the Resolutions already referred to.

The proposed deputation will not leave England before the Mail of the 10th May next, to allow time for a reply to the Mail letters of the 18th January last, and, if necessary, a reply by telegram to the letters by this Mail.

I have, &c.

J. B. DAVISON, *Secretary.*

The Hon. the Colonial Secretary, Tasmania.

TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

CASE for the Opinion of Mr. J. H. LLOYD.

A COPY of the Contract between the Company and the Government of Tasmania for the Construction of a Main Line of Railway is sent herewith.

Various disputes have arisen between the Government and the Company as to the obligations of the Government and the Company respectively under this Contract. It is not proposed to trouble Mr. Lloyd to give an opinion upon all the points in dispute, but there is one point of great importance, which underlies the whole matter, on which it is desired to obtain Mr. Lloyd's opinion.

It will be observed, from the Schedule to the Contract, that the whole of the Works were to be completed and the Railway opened for traffic within a period of four years from the date of the Contract, under a penalty of £20 for every day's delay.

The four years, by other provisions in the Contract, count from the 15th March, 1872. It will be noticed that, by clause 18 of the Contract, the obligations of the Government and the Company were 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*.

The line was opened for traffic on the stipulated day, and the stipulated number of trains, at the stipulated speed, have been running punctually ever since the opening to the time of the last news from the Colony. The Government, however, contend that the Railway is not constructed in accordance with the Contract; and the point on which Mr. Lloyd's opinion is requested is: Supposing it to be admitted,—for the purpose of obtaining his opinion, (it being of course understood that it cannot be admitted for any other purpose),—that the Railway is not in all respects as perfect as it might have been; and, even admitting that in some respects it does not come up to the line stipulated for in the Contract, would the Government under such circumstances be justified in refusing to pay the guaranteed interest?

A copy of an elaborate opinion, written on all the questions in dispute, by Mr. Fooks, Q.C.; also, an opinion obtained on behalf of the Government from Mr. Cyril Dodd; and an opinion of Mr. Fooks, written after he had seen Mr. Dodd's opinion, are sent herewith.

OPINION.

Confining myself to the single question submitted to me, I am of opinion that, assuming the entire line, as defined by the Contract, to have been opened for and earning traffic at the date stipulated for its completion, the guarantee would attach from that date, notwithstanding defects and imperfections in the Railway and Works as

executed, and though the clause in the Schedule, which requires that the Railway, together with all stations, rolling stock, and other works connected with such Railway, shall be constructed of the best material and in a thoroughly substantial manner, may not have been literally and in strictness fulfilled.

The 18th clause of the Contract, which makes fulfilment of the obligations of the Governor (that is of the Colonial Government) dependent upon fulfilment of the obligations of the Company, and conversely, does not, in my opinion, render fulfilment by the Company of each and all of those obligations, and of every part of each, a condition precedent to the fulfilment of any substantial obligation of the Government. The rule of law, as laid down in *Boone v. Eyre*, (1 Wm. Saunders, 320,) and confirmed by a long series of similar cases as to inter-dependent covenants, I apprehend to be this: that a default by one of the contracting parties, not affecting the essence of the Contract, and admitting of compensation in damages, is not the breach of a condition precedent absolving the other contracting party from the fulfilment of a material and substantial part of the Contract on his part, and this is in accordance with reason and common sense; for otherwise, to take the present case as an instance, the absurd consequence would follow that a defect, however trifling, in the strict fulfilment of the terms of the Contract by the Company, such as a slight deficiency in the depth of the ballast, or the like, would have the effect of absolving the Government from performing that which is the very essence and basis of the Contract; viz., the giving of a guarantee which in express terms is made to attach, not upon the Railway and Works being in every respect and particular perfect and complete, but upon the opening of the line for, and its capabilities of earning, traffic. It is indeed notorious that very few, if any, new railways when opened, though capable of being worked, and in fact worked efficiently for traffic, are in all respects perfect in construction; and that they require, after the opening, amendments of defects as and when ascertained. I am not asked to advise as to any practical mode of enforcing against the Colonial Government the obligation to provide the guaranteed interest. There may be serious difficulty in this respect, and the Government may, and probably will, take advantage of this difficulty for maintaining the ground which they have improperly, as I think, taken up. If I may venture to suggest a practical solution of the difficulty it would be this: That it should be left to a competent person or persons to determine whether any, and if any, what additional outlay is required for putting the line and works into such condition as would fairly and reasonably fulfil the undertaking of the Company as set forth in the clause before quoted in the Schedule,—the Company, on the one hand, binding itself to accept the decision and to do such additional work, if any, as may be prescribed; the Colonial Government, on the other hand, agreeing to pay a sum on account of the guaranteed interest as from the opening of the line,—retaining in reserve a reasonable amount (to be fixed by the referees) until the prescribed additional works are completed to the satisfaction of the referees; and I am disposed to recommend the Company to make to the Colonial Government this or some similar proposal.

J. H. LLOYD.

London, March 6, 1878.

COLONIAL SECRETARY to TASMANIAN RAILWAY COMPANY, LONDON.

TELEGRAM.

27th April, 1878.

GOVERNMENT await deputation with full powers to amicably adjust all differences.

COLONIAL SECRETARY, TASMANIA.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, 29th April, 1878.

SIR,

ADVERTING to my letter to you of the 15th ultimo, I have now the honor to inform you that having received, on the 26th instant, a letter from your Directors, dated the 15th ultimo, intimating that the proposed deputation would not leave England for Tasmania before the 10th May, I have replied by telegram that the Government are awaiting the arrival of the proposed deputation, which they trust will be armed with full powers to adjust amicably all matters in difference between the Company and the Government.

I have, &c.

C. H. GRANT, Esq., Manager T.M.L.R. Co.

W. R. GIBLIN,
For the Colonial Secretary.

MR. C. H. GRANT to PREMIER AND COLONIAL TREASURER.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 30th April, 1878.

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of the 29th instant, in which you inform me of the receipt of a letter from my Directors, intimating that the deputation from them would not leave England until the 10th May; and that you have replied by telegram, stating that the Government were awaiting their arrival, and hoped they would be endowed with full powers to amicably adjust all matters in difference.

In thanking you for this communication, I think it desirable (as possibly preventing inconvenience and misunderstanding) to state that my advices are by no means positive as to the deputation undertaking this long and costly journey, unless they feel in some degree assured that it will necessarily result in a settlement of the unhappy disputes at present existing. I trust you will

pardon my most respectfully suggesting that at the present time there is nothing whatever on record to make it probable that the Government and Directors will agree; but rather, that everything hitherto written would appear to prove the improbability of a successful result to the meeting.

The Board are, I believe, now awaiting my advices upon this all-important point; and if you could favour me with the statement that the Government—in the event of no agreement being arrived at by mutual understanding—would, either of their own powers, or by recommendation to Parliament, be willing to arbitrate all differences before any such tribunal as may be agreed upon, or by that provided in the Contract, I would immediately telegraph, advising the visit.

It will not have escaped your notice that Mr. J. H. Lloyd makes a very equitable proposal for arbitration, which the Board inform you they will be happy to accept; and were you able to state that it was viewed favourably by the Government, who would be prepared either to recommend or adopt it, a great additional inducement would be given for the Directors to start, and I would telegraph them a pressing request to leave on the 10th proximo.

I feel sure it is unnecessary to remark upon the exceedingly disadvantageous position in which the deputation would be placed, and the extent to which the Company's interests would be prejudiced; if, on their arrival here, they were unable to agree with the Government, and an arbitration were refused them on what they might consider just terms.

I have, &c.

C. H. GRANT.

The Hon. W. R. GIBLIN, M.H.A., Premier and Colonial Treasurer.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 4th May, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 30th April addressed to the Honorable the Colonial Treasurer, in reply to a communication from this Office of the 29th ultimo, having reference to the proposed visit to Tasmania of a deputation from your Directors, and suggesting that there is nothing whatever on record to make it probable that the Government and Directors will agree, but rather that everything hitherto written would appear to prove the improbability of a successful result to the meeting.

In reply I beg to assure you that the Government are sincerely desirous that the vexed questions at issue with the Company should be finally settled, and they are decidedly of opinion that the presence of the proposed deputation in Tasmania will materially help and probably lead to the adjustment of the difficulty.

Holding these views, the Government very much regret that you should feel it your duty to throw any obstacle in the way of the proposed deputation leaving London by the mail to start on the 10th instant.

It would not be consistent with the undertaking which the Government has given to Parliament as to the matters in difference, were they now to give you such a pledge as that which you seek. The Government do not desire to meet the deputation with any foregone conclusion as to their inability to adopt proposals to be submitted to Parliament for the amicable adjustment of all differences, nor can they conceive it necessary to do more than reiterate their desire and intention to endeavour to attain an object so desirable.

I have, &c.

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

WM. MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 6th May, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 4th instant, in which you frankly state the sincere desire of the Government that the questions at issue between it and the Main Line Railway Company should be finally settled, but decline to give any pledge that were a deputation of my Directors to incur the great expense of visiting this Colony to negotiate with the Government, you would in the event of their being unsuccessful either consent—or recommend Parliament to assent—to an arbitration.

I must very respectfully take exception to your remark, that "the Government very much regret that you feel it your duty to throw any obstacle in the way of the proposed deputation," as being a pure presumption, entirely unwarranted by any evidence before you; since on a re-perusal of my letters of the 30th ultimo, or any communication I have had the honor to make the Government on the subject in question, I cannot think you will find any intimation whatever that I in any manner or degree oppose the present desire of the Government, but rather wished to give it assistance and practical effect, having promised to exceed my duty by telegraphing a pressing request to the Directors to come here, on being assured that the Company's repeated proposal of arbitration—as the only probable means of settling all difficulties—should be eventually resorted to, did mutual negotiation fail.

In their recent letter to you this point is brought forward, and they state their unhesitating adhesion to the exceedingly equitable and practicable proposal of Mr. J. H. Lloyd. I cannot, therefore, but apprehend that on mature consideration the Board of Directors may form an opinion that either Government or Parliament should advance this one stage towards a settlement before expecting the Company to incur the great cost of a deputation, which otherwise could only negotiate here at a very great disadvantage.

It is, and has always been, the contention of the Company that they have done no wrong, and have most loyally fulfilled their part of the Contract; they therefore may reasonably enquire, why a great financial loss should be necessary in the endeavour to obtain justice.

This inequality in the condition of the contending parties might be partly removed were the Government to agree that the reasonable expenses of the deputation should be allowed in any agreement that might be mutually arrived at, or should form part of the subject matter of the eventual arbitration. Should this proposition meet your acceptance I shall be happy to inform my Directors by telegram.

I have, &c.

C. H. GRANT.

The Hon. the Colonial Secretary.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, 9th May, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 6th instant, having reference to previous correspondence upon the subject of the proposed deputation from the Board of Directors of the Main Line Railway Company to the Government.

1. In reply I would desire in the first place to remind you that the proposal emanated from your Directors and not from the Government, and that throughout the Government have expressed their readiness to receive the deputation, and their desire to deal with those gentlemen as representing the Company with a view to the friendly adjustment of all matters in dispute.

2. In no letter from your Directors have they ever asked from the Government any pledges other than the assurance, which the Government have repeatedly given, as to their readiness to receive the proposed deputation in a friendly spirit. If, therefore, any obstacles have been raised, it has neither been by the Directors, so far as the Government are aware, nor by the Government, and they are thus forced to the conclusion that they must have emanated from yourself.

3. As the Directors state in their letter of the 15th March, that it was intended the deputation should start by the mail leaving England on the 10th May, and as in consequence of the break in the cable no message can now reach England by that date, the Government see no use in further prolonging the correspondence, which was commenced solely with a view of inducing you to concur in their telegram of the 27th ultimo, agreeing to the starting of the deputation.

I have, &c.

WM. MOORE.

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

COLONIAL SECRETARY to MR. GEORGE SHEWARD.

Colonial Secretary's Office, 11th May, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your Secretary's letter of the 15th March, informing me that the Directors had been in communication with the Crown Agents, but had failed to agree with them as to the mode of settlement by arbitration of the questions at issue between the Company and the Government of this Colony.

The Government rejoice to learn that there is every desire on the part of the Board to adjust all disputed questions in an amicable manner; and they trust that the receipt of the telegram of the 27th ultimo, of which I subjoin a copy, will have satisfied the Directors that their anxiety for a friendly and equitable adjustment of all differences is fully reciprocated by the Government, and they hope to hear shortly that the deputation has left England.

I enclose a copy of correspondence which has taken place between the Government and the Manager of the Railway upon the subject of the proposed deputation; and I would observe that the tone of Mr. Grant's letters would lead to the inference that in his anxiety to promote the interests of the Company by obtaining from the Government pledges as to their line of action under possible contingencies, which he must have known were incompatible with their duty as Ministers of the Crown responsible to Parliament, he lost sight of the fact that any delay in the settlement of existing differences which might arise, should the visit of the deputation be postponed, must be directly attributed to the course he has thought it his duty to pursue in the matter, and not to any indisposition on the part of the Government to receive the members of the deputation.

I have, &c.

GEORGE SHEWARD, Esq., Chairman Board of Directors,
T.L.M.R. Co., 113, Cannon-street, London, E.C.

WM. MOORE.

MR. J. B. DAVISON to COLONIAL SECRETARY.

TELEGRAM.

London, 7th May, 1878.

DEPUTATION preparing to start agreeably with your telegram.

DAVISON.

Colonial Secretary, Hobart Town.

MR. J. B. DAVISON to COLONIAL SECRETARY.

TELEGRAM.

London, 4th June, 1878.

DEPUTATION have left *viâ* 'Frisco.

DAVISON.

Colonial Secretary, Hobart Town.

COLONIAL SECRETARY to MR. J. B. DAVISON.

*Tasmania,
Colonial Secretary's Office, 8th June, 1878.*

SIR,

I HAVE the honor to acknowledge, with thanks, the receipt of the following telegram of the 4th instant:—

"Deputation have left *viâ* 'Frisco."

I have, &c.

J. B. DAVISON, Esq., Secretary T.M.L.R. Co.,
113, Cannon-street, London, E.C.

WM. MOORE.

MR. J. B. DAVISON to COLONIAL SECRETARY.

Viâ Brindisi.

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, E.C., 10th July, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt, on the 29th ultimo, of your telegram dated 27th idem, as follows:—

"The Tasmanian Railway Company, London.

"Government await deputation with full powers to amicably adjust all differences.

"Colonial Secretary, Tasmania."

which was submitted to the Board ; and the following reply was sent to you on the 8th instant :—

“ Deputation preparing to start agreeably with your telegram.”

Definite arrangements with regard to the deputation, which will consist of two representatives from the Board and the Secretary of the Company, cannot be finally made until next week ; but I expect that the deputation will proceed either by the *Aconcagua*, *via* Melbourne from Plymouth, on the 20th instant, or by the next regular outgoing mail from London on the 7th proximo.

I have, &c.

J. B. DAVISON, *Secretary*.

The Hon. the Colonial Secretary, Tasmania.

P.S.—A telegram will be sent to the Company's Agent in Hobart Town as soon as everything is finally arranged.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 24th June, 1878.*

SIR,

YOUR letter of the 25th February last having directly and positively charged me with supplying my Directors with “very inaccurate information,” and also asserted that the Board had passed resolutions contrary to fact, without having taken the trouble to institute any independent investigation of the questions at issue between the Government and the Company, I have the honor to forward you herewith a copy of a letter written by the Secretary, under the instruction of the Board, and received by the last inwards mail.

Since your letter, to which the enclosed is virtually a reply, was communicated to the Press, I feel sure you will do the Directors and myself the justice to forthwith publish it, and thus relieve us from the imputation of most injurious and unwarrantable charges. The letter also sets forth the case of the Company in such a clear and unquestionable manner that it is a most valuable contribution to the correspondence.

I cannot refrain on this occasion from remarking upon the letter addressed to the *London Times* by the Hon. P. O. Fysh, under date of the 23rd April last, as containing statements which are entirely irreconcilable with facts, under any possible construction of words, notwithstanding which he professes to write from documentary evidence.

As to his first statement that the Company “unwarrantably used the name of the Tasmanian Government as the guarantors, while suppressing the all-important conditions of the guarantee ;” and that “the Government *immediately* addressed a caution to the British public through the columns of the *London Press*,”—this is sufficiently answered by the Chairman, who shows that the exact relation of the Government to the Company was placed before the public by the issue with each prospectus of a copy of the Contract between the parties, which was also referred to in each advertisement. The prospectus was issued and capital raised in March, 1872, and the letter of the Hon. T. D. Chapman he refers to, which has been so much questioned, was dated in Hobart Town the 10th April, 1874.

Secondly, Mr. Fysh intimates that I offered an “uncompromising resistance” to the passing through Parliament of a Bill for the regulation and inspection of railways, because, after the Reports of Messrs. W. H. Greene, Mais, Mason, and Stanley, I was afraid of the conditions of a Bill which “contains only provisions which exist in the legislation of every country where railways are the means of locomotion.”

Passing over the fact that the Bill was opposed and withdrawn long before three of these engineers had even been asked to inspect this line, I would observe that the Attorney-General who promoted the Bill fully recognised that its clauses were a direct infraction of the Contract rights of the Company, and he therefore declined to proceed with it. It is also very wide of truth to state that *such* legislation exists in every, or even in most communities provided with railways.

Thirdly, Mr. Fysh states that the Government advanced to the aggregate of *over* £90,000 during the construction of the line,—the correct figures being £88,580 8s. 2d.

He also asserts that the Colony had “advanced to the Company, by way of loan, as towards

interest said to be due, £27,000, being within £16,000 of the full amount which can be claimed by the Company ;” whereas the documentary evidence would have shown him that the Colony have only advanced in all £23,900, as a loan at six per cent. interest, against the Company’s claim for £67,968 5s. 11d., leaving £44,068 5s. 11d. now due, or nearly three times the amount given. Even from the 1st November, 1876, the balance of interest now due would be £20,383.

After criticising, fourthly, the assumed reason that the interest had not been paid, because no attempt had been made to raise the amount due by taxation, which only repeated opinions constantly affirmed by many leading and independent politicians, and, with one exception, by the whole newspaper Press of this Colony ; he asserts fifthly, that the Company, after giving notice of action, “ did not proceed to trial, because its advisers well knew that they were unable to show that the conditions of the Contract had been fulfilled :” as one of those advisers, I very positively state that such a view of the case never once occurred to them. The action was instituted in order to obtain the just rights of the Company as between man and man, but the intention was wholly frustrated by the Government sheltering themselves behind the prerogative of the Crown, and, as Mr. Fysh admits, “ the only privilege they did assert was that of not giving the particulars of their defence.” On this the Company’s solicitors advised me that it would be utterly impossible to get the case fairly tried. Upon this, and the refusal of the House of Assembly to let the Government proceed with the initiation of any settlement with the Company until the suit had been entirely abandoned, it was most reluctantly and hesitatingly withdrawn.

The sixth statement Mr. Fysh makes in defence of the remark that the Government declined proposals to submit their claim to arbitration,—his words being, “ I reply that our own legislation specially provides for this mode of settlement of the disputes, if any, and were we to decline arbitration an easy remedy is in the Company’s hands,”—is so totally opposed to the true legal position, that I can only suppose Mr. Fysh had forgotten the Contract.

Both parties are well aware that the want of an applicable arbitration clause in the Contract is the sole reason why such a settlement has not been enforced ; and the Company’s advisers would most thankfully learn the “ easy remedy” that is in their hands, but which as yet they have utterly failed to discover.

As regards the assertion that on one occasion only I have seriously entertained a proposal for arbitration, and then my powers were found insufficient, I would remark that this simply applies to the exercise of running powers over the Launceston and Western Railway, and not in any degree to the general question, on which I have repeatedly (under the instruction and with the approval of my Directors communicated to the Government,) most earnestly pressed that the whole matter should be freely and unreservedly referred to the decision of either one, or as many arbitrators as the Government desire. This, the correspondence (extending over the last two years) incontestably proves.

I forbear from commenting upon the paragraph in which Mr. Fysh—adopting the tone of a late Colonial Secretary—insists that “ the Company abates its pretensions or instructs its solicitors to proceed to trial,” except to remark that the Company have always been willing to try their case, if permitted to do so in an equitable manner ; and would certainly rather try an issue in the Supreme Court, than—under the threat of it—surrender any of their just Contract rights.

I deeply regret being compelled to reply to the assertions of Mr. Fysh in such direct terms, but they are so wholly unwarranted, that it is my unpleasant duty to supply their correction.

I have, &c.

The Hon. the Colonial Secretary.

C. H. GRANT.

MR. J. B. DAVISON to MR. C. H. GRANT.

Per s.s. *Cuzco*.

Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, E.C., 18th April, 1878.

DEAR SIR,

I AM in receipt of your letter of the 27th February, enclosing a copy of the Honorable the Colonial Secretary’s letter to you of the 25th February, in which he acknowledges receipt of the Board’s Resolutions of the 3rd January.

The Board regret that the Government should assume “ that the new Board of Directors should, upon the very inaccurate information presumably supplied by you to the former Board, have placed on record resolutions so contrary to fact as those numbered 1 to 4 inclusive, of which copies are forwarded by you, without having taken the trouble to institute any independent investigation of the merits of the question at issue between the Government and the Company.”

All the documents and correspondence touching upon these questions, including the Engineers' reports and legal opinions, were placed before each of the new Directors; and after considerable personal inconvenience and labour they satisfied themselves with respect to the various points at issue, before recording the conclusions mentioned in the Resolutions, which were prepared by the new Directors, and immediately approved by the entire Board.

In the hope that the Government were anxious for an amicable settlement of all questions in dispute, the Directors have hitherto refrained from commenting upon any of the inaccurate statements made by Mr. Moore in his letter to the Board of the 24th December last; and they have also discountenanced any publication in this country of the Company's grievances, especially during the recent attempt to float the new Tasmanian Loan; but now that the principal part of that letter has been published in the *Times*, they feel that it is necessary to express their opinions more freely regarding it, to prevent any erroneous impressions being inferred from their silence.

Passing over Mr. Moore's remarks upon your course of action as the representative of the Company, and upon the argument of the Company's Counsel at the Bar of the House of Assembly, which are neither correct nor justifiable, the Directors instruct me to say that they will be glad to receive copies of the independent opinions obtained by the Government, and referred to as having tended to deepen the general feeling of distrust in the safety of the Line.

The mere *ex parte* and oft-repeated statements of opinion by the Government, based upon information supplied by the persons they have employed—that the Contract obligations of the Company have not been fulfilled—is not sufficient to absolve the Government from their solemn obligation under the Contract to pay the guaranteed interest; but even this statement would have met with every consideration by the Board had it been accompanied by any specific statement of further works or alterations required to be executed, which has been so frequently asked for. Beyond the estimate of Mr. Mason, that a further expenditure of some £10,000 or £11,000 was then (June, 1876) still required, which has only within the last few months come indirectly to the knowledge of the Company, the Board are, up to the present moment, without any definite information as to what is still required to satisfy the Government.

So far from the Company wishing to avoid any legal adhesions to the conditions of the Contract, it is only necessary to refer to the fact that the Line has been maintained and worked as efficiently as any other similar undertaking for the past two years; and notwithstanding that the Government and the Colony have received all the benefits stipulated for in the Contract during that period, not one shilling of the promised guarantee, the accumulations of which exceed £65,000, has been paid to the Company.

The opinion of Mr. J. H. Lloyd, copy of which has already been sent to you and the Government, very clearly points out the breach of Contract committed by the various Governments of Tasmania in withholding payment of the guarantee, which is made to attach, not upon the railway and works being in every respect perfect and complete, but upon the opening of the railway for traffic, and its being efficiently worked; also, that defects in the railway or rolling stock, should any exist, are capable of adjustment by a counter claim on the part of the Government for damages, otherwise the most trifling defect in the fulfilment of the terms of the Contract would absolve the Government from payment of the guarantee; and as it is notorious that all railways require constant amendment of defects as ascertained, although capable of being worked efficiently for traffic, the Government might, if their present policy be established, continuously avoid payment to the Company during the whole term of the guarantee.

Mr. Lloyd's opinion fully supports the position hitherto maintained by the Company, that the Government are only entitled to refuse payment of the guarantee when the railway is not being worked for traffic; and this legal aspect of the case might long since have been settled if the Government had not pleaded under the Royal Prerogative when the action was brought against them.

The question of fact, as to whether the construction of the railway is equal to the line stipulated for in the Contract, is purely a question of damages against the Company, which the Board are quite prepared to submit to arbitration, but they are not content to submit that question alone, and to leave the Company's claim against the Government in its present unsatisfactory position.

The Board have already proposed that Mr. Lloyd's suggestion, to submit all questions to arbitration, should be acted upon, and they hope the Government will not lose any time in accepting the proposal, which will have the effect of adjusting all the existing differences between the Government and the Company.

Yours faithfully,

J. B. DAVISON, *Secretary.*

C. H. GRANT, *Esq., Hobart Town.*

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 25th June, 1878.

SIR,

I HAVE the honor to acknowledge the receipt, this day, of your letter of the 24th instant, enclosing copy of a letter, dated 18th April last, from your Directors to yourself.

I reciprocate your regret that you should feel called upon at the present time to re-assert statements as to which the views of the Government and yourself are irreconcilable, and I will not allow myself to be drawn into a discussion on them, which might eventuate in placing obstacles in the way of a friendly meeting with the deputation of your Directors, who I am advised are now on their way to the Colony.

The Government are of opinion that, without relinquishing the views which they entertain as to the circumstances which attended the inauguration of the Main Line Railway Company, and the construction and maintenance of the work, the interest of all parties will be better conserved by avoiding unnecessary controversy; and they, therefore, content themselves by recording their dissent from the allegations contained in your letter without at present restating the grounds upon which their dissent is based.

For the same reason I refrain from characterising in fitting language the unwarrantable efforts recently made by persons connected with your Company to damage the credit of this Colony in England.

I have, &c.

C. H. GRANT, *Esq.*, General Manager T.M.L.R.

WM. MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 24th June, 1878.*

SIR,

As I am informed that the opinions of the Attorney-General of England and of Mr. P. Benjamin, Q.C., on the "Case" submitted to them by the Government of Tasmania, respecting the Main Line Railway question, were duly sent you by the last Mail, I have the honor to request that you will kindly favour me with a copy. I venture to solicit this courtesy on the consideration that the many legal opinions obtained by the Company were forwarded to the Government immediately upon their receipt, and a perusal of these last would greatly oblige.

I have, &c.

Hon. WM. MOORE, *M.L.C.*, Colonial Secretary.

C. H. GRANT.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 25th June, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 24th instant, requesting me to favour you with a copy of certain opinions referred to therein. In reply, I beg to inform you that the Government have received an opinion from English Counsel upon the questions in dispute respecting the fulfilment of your Company's Contract obligations, and the rights and remedies of the Colony; but that inasmuch as this opinion was obtained for the information of the Government, and contains advice as to their action under various contingencies, it is not their intention to place it at the disposal of the Company unless directed to do so by Parliament.

I have, &c.

C. H. GRANT, *Esq.*, General Manager T.M.L.R.

WM. MOORE.

COLONIAL TREASURER to MR. GEORGE SHEWARD.

Colonial Secretary's Office, 10th June, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 10th May last, informing me of the intended departure of the deputation from the Board of Directors either by the *Aconcagua*, *via* Melbourne, from Plymouth, or by the regular outgoing Mail from London on the 7th June.

On the 4th instant I duly received your telegram as follows:—

"Deputation have left *via* 'Frisco.—DAVISON."

The Government, therefore, hope the deputation may arrive in Tasmania during the early part of next month.

I have, &c.

GEORGE SHEWARD, *Esq.*, Chairman T.M.L.R. Co., Limited,
113, Cannon-street, London, E.C.

WM. MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 26th June, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt this evening of your letter of the 25th instant, and notice that you do not now desire to discuss the questions at issue between the Government of Tasmania and the Main Line Railway Company; but you do not state that the letter from the Secretary of the Company to myself, in vindication of the course of conduct pursued by the Directors and of my own character from the aspersions so groundlessly cast upon them, had been communicated to the press as I requested.

In view of the visit of the Directors to which you allude, it appears to me most desirable that the public mind should be disabused of any incorrect statements that have been made; and I therefore send a copy of our correspondence to the editors of the newspapers, with a request for its publication.

It is necessary I should notice your condemnatory remark as to the action of certain important creditors of the Colony, who called the attention of possibly intending creditors to what they considered a very serious case of default to them by the Government in their Contract obligations. I cannot understand that any reasonable exception to this should be taken, when precisely the same view has been steadily maintained, and publicly expressed by most of the leading colonists, and by the principal portion of the press, who are in the relation of debtors to the Company.

It has also the support of all the principal legal authorities who have had the whole "case" submitted to them for deliberate opinion.

To all whom I have heard discuss the matter it seemed astonishing that the Company should so patiently and quietly submit to the treatment they received.

I have, &c.

The Hon. WM. MOORE, M.L.C., Colonial Secretary.

C. H. GRANT.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 26th June, 1878.

SIR,

THE Government having arranged with Mr. Thomas Higinbotham, late Engineer-in-Chief of Railways in Victoria, to act in the matter of the arbitration of the question of Tolls and Compensation payable by the Main Line Railway Company for the exercise of running powers over the Launceston and Western Railway, the Government would be glad to avail themselves of the presence of that gentleman to obtain a report from him, in conjunction with the Engineer-in-Chief of this Colony, on the present state of the Main Line Railway for the information of the Government.

As the Deputation from the Main Line Railway Company is now on its way to the Colony, it is very desirable the Government should possess the necessary detailed information on this point to enable it to deal promptly with all questions at issue.

Should you concur in this view, I shall be happy to make immediate arrangements with you as to the time and manner of the proposed inspection.

I have, &c.

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

WM. MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 27th June, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 26th instant, in which you inform me that the Government desire to obtain from Mr. Thomas Higinbotham, in conjunction with the Engineer-in-Chief of the Colony, a report on the present state of the Main Line Railway, in order that upon the arrival of the Deputation from the Main Line Railway Company the Government may possess the necessary detailed information to enable it to deal promptly with all questions at issue.

In reply, I have to state that before conceding this inspection, which has hitherto been positively refused to the Government in consequence of the use made of former inspections, as noticed in my letter of the 11th April, and that of Messrs. Dobson and Mitchell of the 19th May, in last year, it is

necessary that the Company should be informed of the precise object and character of such inspection; and whether it is proposed to be made under the 5th Section of "The Main Line Railway Amendment Act," as was the last by Messrs. Mais, Mason, and Stanley, or under what power contained in the Contract?

If you would kindly oblige me with information on these points I shall be happy to have a consultation with the Company's professional advisers, with a view to complying with your desire, if this can be done without prejudicing the Company's interests.

The difficulty of meeting your views is much increased by the refusal to reciprocate the courtesy of the Company, and to give them a copy of the opinions of the English Counsel consulted by the Government. These we confidently relied upon knowing, because the Government have hitherto very promptly published all reports and opinions, and were they in favour of the Government no possible harm could result from giving them publicity. If, however, they were against the Government, then the circumstances are those in which the former and present Premier very positively stated that the overdue interest would be immediately paid without further question. It will be remembered that a promise was made to Parliament to obtain these opinions on behalf of the Colony, as public property, on which consideration the Main Line question was allowed to stand over; and therefore the Company are much disappointed on finding that when finally secured they are to be reserved for private use.

I have, &c.

C. H. GRANT.

Hon. WM. MOORE, M.L.C., Colonial Secretary.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, 29th June, 1878.

SIR,

I HAVE the honor to acknowledge the receipt, this day, of your letter dated the 27th instant, informing me that before conceding the inspection referred to in my letter of the 26th instant it is necessary that the Company should be informed of the precise object and character of such inspection, and whether it is proposed to be made under the 5th Section of "The Main Line Railway Amendment Act."

In reply, I beg to state that the Government desire to have such an inspection made as will give them an approximate estimate of the present value of the line and rolling stock, so that the Government may be in a position either to entertain proposals from the Deputation, or, on the other hand, to suggest such arrangements as will finally dispose of all questions arising under the Contract.

Inasmuch as the Government have never acknowledged the line to be open for traffic, it is proposed that the inspection should be made by mutual arrangement, (as was the case with regard to the last inspection) and not under the 5th Section of "The Main Line Railway Amendment Act."

I may add that the Government disclaim any intention of showing discourtesy to the Company in not having furnished them with a copy of the opinion of the English Counsel. It is obvious that, as that opinion was obtained on behalf of the Colony, and for the present and future guidance of the Government, the Company cannot in the usual and proper course of business expect to have a copy of it.

I have, &c.

C. H. GRANT, Esq., Manager T.M.L.R. Company.

WM. MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 2nd July, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 29th ultimo, received at my Office yesterday afternoon, and regret that my letter dated the 27th instant, which was delivered to your Messenger at 11 A.M. on the 28th instant, did not sooner reach your hands.

I most respectfully request to be allowed to correct a misapprehension expressed in your letter as to the conditions under which the last inspection was made, which you state was "by mutual arrangement, and not under the 5th Section of 'The Main Line Railway Amendment Act.'"

If you would kindly refer to the printed copies of the Main Line Railway Correspondence, 1875, (Paper No. 56), you will find the following notice, which was served upon me *personally in triplicate* :—

To the Tasmanian Main Line Railway Company, (Limited).

On the part and on behalf of the Government of Tasmania, I hereby give you notice that the Governor in Council has been pleased to appoint Messieurs William Mason, Henry Charles Stanley, and Henry Coathupe Mais, as Officers for the purpose of inspecting the Main Line of Railway, and all stations, rolling stock, and works connected therewith, and reporting to the Governor in Council whether the said Railway and the whole undertaking are in good and efficient repair and working condition, pursuant to the provisions of the 5th Section of "The Main Line Railway Amendment Act, No. 2," (34 Vict. No. 13).

Dated this twenty-sixth day of May, A.D. 1876.

GEORGE GILMORE, *Colonial Secretary.*

The words used in such notices being copies of the section referred to. The then Hon. Colonial Secretary also wrote to these Engineers under date of 26th May, 1876, as follows, (Paper No. 57) :—

I have now to request that you will proceed to inspect the Main Line of Railway, and all stations, rolling stock, and works connected therewith; and report to the Governor in Council whether the said Railway, and the whole undertaking, are in good and efficient repair and working condition, pursuant to the provisions of the 5th Section of "The Main Line Railway Amendment Act, No. 2," (34 Vict. No. 13).

(Signed) GEORGE GILMORE.

Messrs. MAIS, MASON, & STANLEY, Webb's Hotel.

On the same date these Engineers acknowledged the receipt of their instructions to report to the Governor in Council, and stated they would carry them out. (Paper No. 58.)

At an interview they subsequently had with me, a question arose as to the manner in which they should examine "into the works so as to certify to their efficient and safe condition," (Paper No. 60), and the matter was referred back to the Colonial Secretary, but I then waived the point I had taken, and wrote as follows, (Paper No. 62) :—

I have the honor to acknowledge the receipt of your letter of the 25th instant, and of a formal notice to the Company dated the 26th instant, informing me that the Governor had been pleased to appoint Messieurs Henry Coathupe Mais, William Mason, and Henry Charles Stanley as officers for the purpose of inspecting the Main Line of Railway, and all stations, rolling stock, and works connected therewith, and reporting to the Governor in Council whether the said Railway, and the whole undertaking, are in good and efficient repair and working condition, pursuant to the provisions of the 5th Section of "The Main Line Railway Amendment Act, No. 2," (34 Victoria, No. 13.) In reply I have to inform you that the Company will cheerfully afford every possible facility and assistance to the Engineers for the examination * * * * and in accordance with your instructions, have four men, with a trolley and the tools you mention, now waiting in the Station here, who will hold themselves entirely at the disposal of the inspecting Engineers.

This letter was very courteously acknowledged on the same date (Paper No. 63), but without a hint that the Government withdrew the notice I had accepted; and in the meantime the Engineers had commenced work.

Upon this documentary evidence I feel sure you will acknowledge that the inspection was made strictly under the 5th Clause of "The Main Line of Railway Amendment Act," and on no other conditions.

As regards the inspection you desire for the purpose of obtaining an approximate estimate of the present value of the line and rolling stock, I have the honor to state, that after a consultation with the Company's professional advisers, we are obliged to ask you to defer the request until the arrival of the Deputation of the Directors, who may reach this city within the next week.

The reason we do not feel at liberty to concede the inspection for the desired purpose is, that the Board have always peremptorily instructed me that the question of liability for the guaranteed interest must be satisfactorily cleared up before they could entertain proposals for the sale of the line; it would therefore appear premature to enter upon a valuation of the property before the interest is paid, and would probably lead to further embarrassment to both parties.

I may also observe that a correct valuation of the property could not possibly be obtained by inspecting the line.

In thanking you for the courteous manner in which you again decline to give the Company copies of Counsels' opinion recently obtained, I must observe that this action of the Government places the Company in a very difficult position for negotiating any settlement.

I have, &c.

C. H. GRANT.

The Hon. the Colonial Secretary.

**CORRESPONDENCE RELATING TO THE COMPLETION OF THE MAIN LINE
RAILWAY BY THE COMPANY.**

COLONIAL SECRETARY to CROWN AGENTS.

Colonial Secretary's Office, Hobart Town, 24th December, 1877.

GENTLEMEN,

THE successful passage through the British Parliament of the Bill authorising the Tasmanian Main Line Railway Company to raise One hundred thousand Pounds of additional capital, with the express object of enabling the Company to complete the Line and supply the required rolling stock, in accordance with the conditions of the Contract, led the Government to anticipate that before this they would have received such information as would satisfy them that at length there was a reasonable hope of the Company fulfilling their Contract obligations, and thus solving the important questions at issue, the existence of which is alike injurious to the interests of the Company and the Colony.

As, however, by the last mail the Government have not heard of the Company having raised the necessary funds, and as the Line is now kept open by monthly contributions from the Colonial Treasury amounting to £1500, which the Parliament have been induced to sanction as a loan for a limited period in order to avoid the serious consequences which the stoppage of the Line would involve, the Government are of opinion that the time has arrived when they are bound to seek from the Company such an expression of their views and intentions as regards the completion of the Line as shall guide the Government in the consideration of the course to be pursued most conducive to the credit and interests of the Colony.

The Government have been induced to address the Directors by the hope that, under the altered arrangements for the management of the Company's affairs, there may be found to exist a more earnest desire to meet the requirements of the Government in a fair and equitable spirit, and to appreciate the efforts on the part of the Colony to aid in preventing the collapse of the Company and the closing of the railway, than has hitherto been manifested by the Company.

Unfortunately the proposals made by the Government to the local Manager for a settlement of the material questions at issue have hitherto met with no success, but on the contrary, failing to extort from the Government admissions and concessions wholly unwarranted by the condition of the line, he has, at the same time, raised successive obstacles to the adjustment of the existing differences, and thus tended to prolong and intensify the difficulties between the Company and the Government.

I may state for your information that up to the present time the Main Line Railway has been running on sufferance, not being subject to or in the most material points complying with the regulations of the English Board of Trade as applied to railways; and when it was thought the time had arrived when legislation on this matter could no longer with safety to the travelling public be postponed, a Bill was introduced into the Tasmanian Parliament for the inspection and regulation of railways in Tasmania, the provisions of which were less onerous than those in force in England and the other Australasian Colonies.

The local Manager entered a protest against such legislation so far as affects the Main Line Railway, and by counsel at the bar of the House contended that the element of safety as applied to passenger traffic formed no part of the Company's Contract. This state of things I believe to be unprecedented in the history of railways.

I have now the honor to request that you will convey the accompanying letter to the Board of Directors of the Company; and should they avail themselves of your services in transmitting any proposals to the Government of a nature so definite and important as in your judgment to warrant the expense, I have to request that you will avail yourselves of the cable and communicate with me at once.

As the Government propose to float a loan of £300,000 early in the ensuing year, they are desirous to prevent the dissemination of any misstatements as regards the position of the Colony in relation to the Main Line Railway Company which might tend to injure the credit of the Colony; and the Government, in thus forwarding their communication to the Directors through you, are convinced that they are adopting the most effectual means for the protection of the interests of Tasmania in this matter.

I have, &c.

(Signed) WM. MOORE.

*The Crown Agents for the Colonies,
Colonial Office Buildings, Downing-street, London.*

COLONIAL SECRETARY to DIRECTORS OF T.M.L.R. COMPANY.

*Colonial Secretary's Office, Hobart Town,
24th December, 1877.*

GENTLEMEN,

I HAVE the honor to bring under your notice the present very unsatisfactory state of the relations between the Company which you represent and the Government of this Colony. You are no doubt aware that during the period of construction of the Tasmanian Main Line Railway great dissatisfaction was felt in this Colony with the manner in which the Railway was being constructed; and a general feeling of distrust in the safety of the Line was generated, which has never been removed. Every independent professional opinion that has reached successive Governments has rather tended to deepen the distrust alluded to; nor has it been in any way removed by the action taken by the local representative of the Company,—the resident Manager and Chief Engineer having in the first instance stated that the speed contracted for was impossible of attainment; and subsequently, on the eve of the time appointed for opening the line, Counsel for the Company having, presumably from his instructions, argued at the bar of the House of Assembly of the Colony that safety of passengers formed no ingredient in the Company's Contract, and that persons using the Railway must do so at their own hazard.

The Government are of opinion, from the information supplied to them, that substantially the Railway has not been constructed and completed in accordance with the Contract; and that the incomplete state of the line, and the very inefficient and unsuitable character and condition of the rolling stock, have tended, and do daily tend, to the diminution of the traffic receipts of the Railway, to the injury alike of the Company and of the Colony. Necessity compels the travelling public to use the Railway, and hence the traffic receipts are increasing, as the Government are happy to notice; but such receipts, I have no hesitation in saying, would be very much larger if the Railway had been constructed and equipped in the manner provided by the Contract.

My present object in addressing you is not, however, to discuss questions in controversy between the Government and the Company so much as to urge the expediency of immediate steps being taken to adjust all disputed questions in an amicable manner. The present state of matters is as unsatisfactory and as disappointing to the Government of Tasmania as it can possibly be to the bondholders and shareholders of the Company; and nothing would give the Government greater pleasure than to be assured that immediate steps had been taken to complete and equip the Line, so that it would satisfy any independent and competent Board of Engineers who might be appointed to inspect it that it was at last in accordance with the Contract, in order that our payment of the conditionally guaranteed interest might immediately commence. The Government looked forward hopefully to the passing of the Imperial Act for enabling the Company to raise additional capital to complete the construction of the Line; but although that Act was passed some months ago, the completion of the Line seems as far off as ever, and the delay in proceeding with the matter is operating to the disadvantage of the Railway, and would indeed have led to the total closing of the Line, and the probable winding up of the Company, but for pecuniary assistance afforded by the Government from time to time, which has served to keep the Line open, in the hope that some definite action would be taken by your Board for the completion of the undertaking in accordance with the Contract.

If, however, for any reason the Company are unable, or unwilling, to complete the railway so as to enable them to receive payment of the guaranteed interest, the Government would be prepared to entertain any proposal for the sale of the line in its present unfinished state; but as they are well aware of the very large amount of money that would be required to put the line into a satisfactory condition, they would not feel at liberty to entertain, or to submit to Parliament, any proposal that was not based upon a recognition of that fact. The Government are not in a position to put in force the compulsory powers of purchase contained in the Contract, inasmuch as, the line not having been "completed and opened for traffic" in accordance with the conditions of the Contract, the power to compel a sale by the Company has not yet arisen.

If the Company are not prepared to adopt one of the two courses indicated, viz.—

1. Either at once to put the line into such a condition as to fulfil satisfactorily and essentially the Contract conditions; or
2. Offer the railway to the Colony for sale on fair and reasonable terms so as to enable the Colony to expend the amount required to put the line into proper order, and enable it to be worked with reasonable safety and satisfaction to the public,—

the only course that would be open to the Government will be reluctantly to advise Parliament to withhold any further advance by way of loan to the Company, and to enforce the payment of the loans already made, amounting up to the present time to £20,900, and now proceeding at the rate of £1500 per month for a period which will expire in May next. It is even now a matter of much anxiety to the Government whether, in the present state of the Line, they are morally justified in making advances to keep it open,—the Express, hitherto the most punctual of the

trains run by the Company, having on two days during the past week met with accidents, fortunately unattended with injury to life and limb, but causing great anxiety to the friends and relatives of passengers owing to the detention of the trains.

I trust that your Board of Directors will meet the Government in a fair and friendly spirit, and make such proposals as will enable this very unsatisfactory business to be adjusted on terms which may be found more advantageous to all parties interested than a continuance of the present unpleasant and embarrassing relations.

The Government are induced to address your Board in this direct manner, in the hope that a more prompt action and a more beneficial result may attend this correspondence than that which has hitherto followed upon letters passing between successive Governments and the Resident Manager.

I have requested the Crown Agents to hand you this letter; and shall be glad if you will communicate either with them, or, if you prefer it, direct with me on the important matter to which it refers.

I have, &c.

(Signed) WILLIAM MOORE,
Colonial Secretary.

*The Board of Directors of the
Tasmanian Main Line Railway Company, Limited,
London.*

MR. C. H. GRANT to THE PREMIER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 9th January, 1878.*

SIR,

I HAVE the honor to inform you that the Act of the Imperial Parliament which, as you are aware, granted to the Main Line Railway Company, Limited, power to raise additional capital, and altered the constitution of the Company, in requiring a new Board of Directors to be formed, of which half the number should be elected solely by the bondholders, has been carried into effect, and that the Company is now reconstituted in a manner which ensures that all classes of its property holders can have but one and the same interest, thus securing a perfect unanimity both of opinion and action in relation to this undertaking.

By a telegram just received I learn that the new Directory have commenced business, and received the subscription of the full amount of authorised additional capital. It is also proposed to immediately send out a deputation of two of their number, accompanied by their Secretary, to endeavour to arrange a settlement of all points in dispute with the Government, if they could be assured that you were equally desirous to adjust all differences, and that the present was an opportune time for entering upon the negotiations.

The time of the gentlemen who represent the Company being extremely valuable, I have to request that you will kindly inform me whether their arrival here at the latter end of March would be the most suitable time for carrying into effect a definite settlement, if such could be arranged, or whether you would first desire to obtain the professional opinions of the English barristers that you informed Parliament you had decided upon consulting, and if so, the precise period at which it would be the most convenient to you to receive the deputation from the Company.

Since I am desired to communicate your reply to England by telegram as speedily as possible, I shall feel extremely obliged by its receipt at your early convenience.

I have, &c.

(Signed) CHARLES H. GRANT.

The Hon P. O. Fysh, Premier of Tasmania.

COLONIAL SECRETARY to CROWN AGENTS.

Colonial Secretary's Office, Hobart Town, 21st January, 1878.

GENTLEMEN,

SINCE addressing you on the 24th ultimo, I have received from Mr. C. H. Grant a letter, of which I enclose a copy, (9th January, 1878) as it is deemed desirable by the Government that you should be made fully acquainted with the contents of any communication from the local Manager of the Railway in relation to the matter in dispute between the Company and the Government.

Having by the last mail addressed the Directors of the Company through you, the Government, for the reasons adduced in my letter to you above referred to, are of opinion that it would be preferable to receive any proposals the Company may desire to make direct from the Chairman of the new Directory, to be forwarded through you, and it is proposed to reply to Mr. Grant's letter to that effect.

I have, &c.

(Signed)

WM. MOORE.

*The Crown Agents for the Colonies,**Colonial Office Buildings, Downing-street, London, S.W.*

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 24th January, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 9th instant, to which I should have replied earlier, but that my absence from town, and that of some other members of the Government, prevented my doing so.

The Government are not only willing but anxious to receive any proposals which the new Board of Directors of the Tasmanian Main Line Railway Company may desire to make to them, with a view to the completion of the contract, and the termination of the present very unsatisfactory relations between the Company and the Government.

In view, however, of the result of the previous correspondence which has been carried on through your agency, the Government are of opinion that it would be more likely to facilitate an amicable settlement of matters in difference if the new Board were to make their proposals either to the Government direct, or through the medium of the Crown Agents in London.

I have, &c.

(Signed)

P. O. FYSH,

(For the Colonial Secretary, absent.)

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

MR. C. H. GRANT to THE PREMIER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 24th January, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of this date, and deeply regret to find that, while it contains no reply to my urgent letter to you of the 9th instant, it continues that policy of procrastinating any settlement of the just claims of the Company which has already been attended with such disastrous results to the undertaking, and has naturally caused such severe reflections to be cast upon the Government of Tasmania, not only by the public press of this Colony, but in London.

It does not surprise me to learn that you desire to negotiate with parties not so well acquainted with the affairs of the Company as the original Directors and myself; but it is scarcely just to attribute the result of correspondence, spreading over nearly two years (since the line was completed and worked in exact accordance with the contract condition in every respect), to me personally when, by both parties in Parliament, as also by the press and the voice of public opinion, the failure of the Colony to complete its engagements to the Company has been attributed only to political agencies.

The present very unsatisfactory relations between the Government and Company cannot fairly, I apprehend, in consideration of the correspondence you allude to, be ascribed to any want of perseverance in the Directors or myself repeatedly offering and urging every possible proposition by which a settlement can be arrived at; while the completion of the Contract is daily proved to every impartial mind by the train service, as I believe you are very frequently advised by high authorities.

You steadfastly refuse to allow us a fair trial in a Court of Law, neither will you meet us in an arbitration, or even discuss the terms of a mutual arrangement of any kind whatever; such being the case, I cannot understand how any settlement, amicable or otherwise, could possibly be made with your Government.

Your reply is, unfortunately, received too late for either the Brindisi or American mail, but shall be forwarded to my Directors by the very first opportunity. It certainly is not in any degree inviting towards their sending out the proposed deputation to negotiate *direct* with you, as I informed you they would do.

I have, &c.

(Signed)

CHARLES H. GRANT.

The Hon. P. O. Fysh, M.H.A., Premier.

THE PREMIER to MR. C. H. GRANT.

Colonial Secretary's Office, Hobart Town, 25th January, 1878.

SIR,

I AM directed by the Honorable the Premier to acknowledge the receipt, this day, of your letter of the 24th instant, and to state that in his opinion the tone of your communication fully justifies the views expressed by him in his letter of the 24th instant, as to the undesirability of communicating through you with the new Board of Directors of the Main Line Railway Company; and I am also to state that the language you have thought fit to adopt precludes the possibility of further reply.

I have, &c.

(Signed)

B. TRAVERS SOLLY.

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

THE COLONIAL SECRETARY to THE CROWN AGENTS.

Colonial Secretary's Office, Hobart Town, 25th January, 1878.

GENTLEMEN,

REFERRING to my letter of the 21st instant, on the subject of the correspondence between Mr. C. H. Grant, the local Manager of the Main Line Railway, and the Government of this Colony, I have the honor to enclose copy of a communication addressed to that gentleman, dated the 24th instant, with copy of his reply of the same date, and the answer which has been sent to him this day.

I have, &c.

(Signed)

B. TRAVERS SOLLY,

(*For the Colonial Secretary, absent.*)

The Crown Agents for the Colonies,
Colonial Office Buildings, Downing-street, London.

MR. C. H. GRANT to THE PREMIER.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 25th January, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of this date, and much regret the position that you assume towards the Company, and to myself as the duly accredited representative; since its tendency is to indefinitely delay any settlement of the Company's claims.

It is however my duty to disregard all personal considerations, and to beg that you will favour me with a reply to my letter of the 9th instant, (written at your request, communicated through the Company's Solicitors): the question being simply, whether it is more desirable that the deputation of two Directors and the Secretary of the Company (that the Board of Directors propose to send out to negotiate direct with the Government,) should arrive in this Colony within the next few weeks, or at the end of June? the latter period being that at which you informed me the Parliament would reassemble.

I feel assured that, on consideration, the Government will recognize the extreme improbability of being able to arrange their differences with the Company through the medium of the Crown Agents, should even years be consumed in the attempt.

I have, &c.

(Signed)

CHARLES H. GRANT.

Hon. P. O. Fysh, Premier.

THE PREMIER to MR. C. H. GRANT.

Colonial Secretary's Office, 31st January, 1878.

SIR,

I HAVE the honor, by direction of the Premier, to acknowledge the receipt of your letter of the 25th instant.

I have, &c.

(Signed)

B. TRAVERS SOLLY,
Assistant Colonial Secretary.

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

MR. C. H. GRANT to COLONIAL SECRETARY.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 2nd February, 1878.

SIR,

THE public announcement having been made that the Honorable the Premier will very shortly leave for England, I have the honor to send you hereunder an exact copy of a Telegram recently received :—

London, 3rd January, 1878.

GRANT, Railway, Hobart.

Hundred thousand raised, propose sending out two Directors and Secretary, invested with full powers. To leave sixth February. Telegraph receipt of this.

DAVISON.

And to request that you will promptly inform me (in order that I may reply to the Telegram) whether or not the Government deem it desirable that this deputation of two Directors and Secretary, possessed of full powers to adjust all differences with the Government and Parliament, should visit this Colony at the present or any future time.

I have, &c.

(Signed)

CHARLES H. GRANT.

The Hon. WM. MOORE, Colonial Secretary.

THE PREMIER to MR. C. H. GRANT.

Colonial Secretary's Office, 6th February, 1878.

SIR,

I AM directed by the Premier to acknowledge the receipt of your letter of the 2nd instant, addressed to the Colonial Secretary, received on the 4th, forwarding copy of a Telegram recently received by you from London to the effect that it is proposed to send out two Directors and the Secretary of the Main Line Railway Company, invested with full powers, and requesting to be informed whether or not the Government deem it desirable that this deputation should visit the Colony at the present or any future time.

In the absence of the Colonial Secretary and some of the other members of the Ministry from town, the Premier is not in a position to reply definitively to your question, but upon their return your letter will be at once laid before the Cabinet.

I have, &c.

(Signed)

B. TRAVERS SOLLY.

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

TOLL AND COMPENSATION FOR RUNNING POWERS.

MR. R. W. LORD to MINISTER OF LANDS.

*Launceston and Western Railway, Manager's Office,
5th October, 1877.*

SIR,

I HAVE the honor to remind you that, at the expiration of this current month, the Tasmanian Main Line Railway Company will have exercised running powers over the portion of the Launceston and Western Railway between Evandale Road and Launceston for the period agreed upon, namely, twelve months. After which, the amount to be paid as Toll and Compensation it was agreed should be immediately settled by arbitration. I may inform you that, so far as this Department is concerned, the necessary statements and evidence to support our claim can be produced almost immediately.

I have, &c.

R. W. LORD, *Manager.*

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

REFERRED to the Hon. the Colonial Secretary.

NICHOLAS J. BROWN, *Minister of Lands and Works.*
8. 10. 77.

MEMO.

PERUSED and returned with the request that immediately upon the expiration of the present month the claims of the Government against the Main Line Railway Company for Toll and Compensation, including also diversion of traffic on account of the exercise by the Company of running powers over the Launceston and Western Railway between Evandale Junction and Launceston, may be made out and forwarded to this Office for transmission to the Manager of the Main Line Railway. The claim to include the additional cost of maintaining the permanent way.

WILLIAM MOORE, *Colonial Secretary,*
24th Oct. 1877.

The Hon. the Minister of Lands and Works.

MEMO.

FORWARDED to the Manager of the Launceston and Western Railway in order that the request may be complied with, as particularised in the Honourable the Colonial Secretary's Memorandum of this date.

GEORGE F. LOVETT,
By instruction Minister of Lands and Works,
24th October, 1877.

MEMO.

UNDER Sect. 2 of the Agreement, dated 1st day of November, 1877, the Company is bound, within one month after the expiration of the term of twelve months, to pay the Governor such an amount as may be fixed by "mutual agreement,"—failing that, to be referred to arbitration.

NICHOLAS J. BROWN,
Minister of Lands and Works, 27th October, 1877.

R. W. LORD, *Esq., Manager Launceston and
Western Railway, Launceston.*

COLONIAL TREASURER to MINISTER OF LANDS.

Colonial Treasury, 13th November, 1877.

MEMO.

THE Colonial Treasurer has the honor to call the attention of the Hon. the Minister of Lands and Works to the Agreement (prepared under the direction of his predecessor) under which the Tasmanian Main Line Railway Company has agreed with the Government for the exercise of running powers over the Launceston and Western Railway for one year, which expired on the 31st ultimo.

It now becomes necessary to fix the amount to be paid by the Company, as well as tolls and compensation, for the exercise of such running powers and for the maintenance of the third rail.

The amount of such compensation, &c. is, in the first instance, to be fixed by mutual agreement. The Colonial Treasurer would therefore suggest that a letter should be at once sent to the Manager of the Company, naming Five thousand Pounds as the amount which the Government consider should be paid for the year just completed, and asking the concurrence of the Company in fixing such amount; and to that letter an immediate reply should be requested. It would also be desirable to arrange with the Company that their present exercise of running powers over the Launceston and Western Railway should be upon similar terms to those contained in the Agreement of the 1st November, 1876, except as the payment of the compensation, which hereafter would have to be paid weekly or monthly (when once fixed either by agreement or arbitrators), or at such other times as the Minister of Lands and Works might decide. Probably the best course would be to have a new Agreement drawn up, in continuation of the Agreement of the 1st November, 1876, providing for the exercise of running powers over the Launceston and Western Railway from the 31st October last.

W. R. GIBLIN.

The Hon. the Minister of Lands and Works.

MINISTER OF LANDS to COLONIAL SECRETARY.

MEMO.

UPON referring to the distribution of Public business under the Ministerial Heads of Departments, I find that the Main Line Railway Correspondence is conducted by the Honorable the Colonial Secretary, to whom this Memorandum should have been addressed, and to whom I now refer it.

I drew the Hon. the Colonial Secretary's attention, on the 8th October last, to the fact that an agreement entered into with reference to a claim for toll and compensation would expire at the end of that month; and on the 2nd instant I forwarded the correspondence as to the basis upon which such toll and compensation should be claimed.

It now remains for the Honorable the Colonial Secretary to name a sum of Five thousand Pounds as the sum to be paid by the Tasmanian Main Line Railway Company for the exercise of running powers over the Launceston and Western Railway, as suggested by the Honorable the Colonial Treasurer; and to arrange that an interim agreement be entered into for running powers, as also suggested therein.

NICHOLAS J. BROWN, *Minister of Lands and Works.*
15th November, 1877.

The Hon. the Colonial Secretary.

MINISTER OF LANDS to COLONIAL TREASURER.

Lands and Works Office, 11th December, 1877.

MEMORANDUM.

THE Governor in Council has been pleased to approve, that any expense incurred by the Launceston and Western Railway Department in maintaining the third rail used by the Main Line Railway Company be charged upon a Supplementary Estimate for 1877, to be hereafter made a charge against "The Tasmanian Main Line Railway Company, Limited," when dealing with the question of toll and compensation to be paid for the exercise of running powers.

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

The Hon. the Colonial Treasurer.

MR. R. W. LORD to MINISTER OF LANDS.

*Launceston and Western Railway,
Manager's Office, Launceston, 4th December, 1877.*

SIR,

REFERRING to my letter of October 5th, on the subject of the Toll and Compensation to be paid by the Main Line Railway Company for the use of the portion of the Launceston and Western Line in the exercise of running powers, and the termination of the agreement entered into for the same, I have now the honor to remind you that since the termination of this agreement, which contained certain provisions giving me control of the Main Line trains and their officers when upon the Launceston and Western Line, I have ceased to have such power; and, therefore, cannot interfere with or be responsible for the safe conduct of the narrow gauge traffic. It is within my knowledge that trucks are frequently run in connection with the Main Line trains dangerously overloaded. I am desirous, therefore, of drawing your immediate attention to this

important matter, that a further arrangement of some kind may be entered into if the toll question is not likely to be speedily settled, that may contain the necessary provisions for affording this department proper direction and control over all trains running upon the line. There can be no question as to the absolute necessity of this, and its invariable insistence elsewhere.

I have, &c.

R. W. LORD, *Manager.*

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

REFERRED to the Honorable the Colonial Secretary.

NICHOLAS J. BROWN.
6. 12. 77.

THE Solicitor-General is requested to advise whether any necessity exists for the execution of a fresh agreement between the Government and the Main Line Railway Company, as regards their exercise of running powers over the Launceston and Western Line, pending the settlement of the claim for toll and compensation, in order to give the Manager of the Launceston and Western Line full power over; and control of, the Main Line trains and officers when upon the Launceston and Western Line,—the exercise of such running powers subsequent to the expiration of the agreement of the 1st November, 1876, being a matter of grace and concession on the part of the Government.

WM. MOORE,
10. 12. 77.

The Solicitor-General.

I ADVISE that a new agreement to the effect suggested should be prepared; but would suggest whether it is desirable that such agreement should extend beyond the date of the termination of the reference to arbitration, which, I understand, is contemplated by the Government and the Manager of the Main Line Railway Company.

ROBT. P. ADAMS.
14. 12. 77.

WILL the Solicitor-General be good enough to prepare a draft of agreement, so as to continue the powers of the Manager of the Launceston and Western Line, as regards Main Line Railway trains and officers, contained in the agreement of the 1st November, 1876 (copy annexed), until the case for arbitration shall have been finally settled?

WM. MOORE.
17. 12. 77.

COLONIAL SECRETARY to CHIEF SECRETARY, VICTORIA.

*Tasmania,
Colonial Secretary's Office, 12th December, 1877.*

SIR,

A DISPUTE having arisen between the Government of Tasmania and the Main Line Railway Company in respect to the amount to be paid by the Company to the Government for the exercise of running powers over the Launceston and Western Railway between Evandale Junction and Launceston, and as it is provided by law that the question in dispute shall be settled by arbitration, I have the honor to enquire whether you will allow your Engineer-in-Chief, Mr. Thomas Higinbotham, to act as Arbitrator on behalf of this Government?

Your consent to this request would be highly appreciated should Mr. Higinbotham be willing to undertake the duty; and I have, by this mail, addressed a letter to him, inquiring if he will be good enough to accept the office, provided your Government offer no objection.

I shall much esteem an early reply to this communication, as the Government are anxious not to delay the settlement of the question.

I have, &c.

(Signed) WM. MOORE.

The Hon. the Chief Secretary, Victoria.

COLONIAL SECRETARY to MR. T. HIGINBOTHAM.

*Tasmania,
Colonial Secretary's Office, 12th December, 1877.*

SIR,

THE Government of Tasmania are very desirous to obtain the benefit of your services in a case for arbitration between the Government and the Tasmanian Main Line Railway Company upon the question of the amount of toll and compensation to be paid by the Company for the exercise of

running powers over the Launceston and Western Line, between Evandale Junction and Launceston; and I have now the honor to enquire if it will be agreeable to you to undertake this duty on behalf of this Government, provided your Government are pleased to accord their consent to the proposal?

I have, by this mail, addressed a communication on the subject to the Honorable the Chief Secretary. As I am anxious to take action as soon as possible, may I request the favour of your reply as early as may be convenient.

I have, &c.

(Signed) WM. MOORE.

THOMAS HIGINBOTHAM, *Esq., C.E.,*
Engineer-in-Chief of Railways, Victoria.

MR. T. HIGINBOTHAM to COLONIAL SECRETARY.

Engineer-in-Chief's Office, Railway Department,
Melbourne, 21st December, 1877.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 12th instant, asking if I would undertake to act as Arbitrator on behalf of the Tasmanian Government upon the question of the amount of toll and compensation to be paid by the Tasmanian Main Line Railway Company for the exercise of running powers over the Launceston and Western Line, between Evandale Junction and Launceston.

In reply, I beg to say that this Government having consented to my doing so, I shall be happy to undertake the duty of Arbitrator, and shall be glad to hear from you when, and at what time, you propose that the arbitration should take place.

I have, &c.

WM. MOORE, *Esq., Colonial Secretary,*
Hobart Town, Tasmania.

(Signed) T. HIGINBOTHAM.

COLONIAL SECRETARY to MINISTER OF LANDS.

Colonial Secretary's Office, 29th December, 1877.

MEMO.

REFERRING to his Memorandum of the 4th instant, respecting the proposed Arbitration between the Government and the Main Line Railway Company on the disputed amount of Toll and Compensation to be paid by the Company, the Colonial Secretary has now the pleasure to inform the Hon. the Minister of Lands and Works that Mr. Thomas Higinbotham, Engineer-in-Chief of Railways in Victoria, has, with the concurrence of his Government, consented to act as Arbitrator on behalf of the Government.

The Colonial Secretary requests that the case for submission to the Arbitrators on the part of the Government may be prepared as speedily as possible, so that early information may be given to Mr. Higinbotham as to when and where it may be decided that the Arbitration shall take place.

I have, &c.

(Signed) P. O. FYSH,
(For Colonial Secretary, absent.)

The Hon. the Minister of Lands and Works.

COLONIAL SECRETARY, VICTORIA, to COLONIAL SECRETARY.

Victoria,

Chief Secretary's Office, Melbourne, 17th January, 1878.

SIR,

IN reply to your letter of the 12th ult., I have the honor to inform you that this Government would have been much pleased to allow the Engineer-in-Chief to act as Arbitrator in the matters referred to, and a letter to that effect was drafted to you. Owing, however, to the necessity which has arisen for making changes and reductions in the public service in this Colony, Mr. Higinbotham's services have been dispensed with, but I have no doubt that gentleman will be happy to accept the position if you think fit to ask his assistance.

I have, &c.

The Honorable the Colonial Secretary,
Tasmania.

(Signed) GRAHAM BERRY.

COLONIAL SECRETARY to MR. R. P. ADAMS.

Colonial Secretary's Office, Hobart Town, 18th March, 1878.

MEMO.

THE Colonial Secretary requests the Solicitor-General will be good enough to state the cause of the delay in the proceedings connected with the arbitration case upon the Main Line Railway Company's Toll payable for the exercise of their running powers over the Launceston and Western Railway.

WM. MOORE.

The Solicitor-General.

THE reason is that I cannot get Draft Agreement returned approved by the Company's Solicitors, notwithstanding several promises of theirs that the matter should be promptly attended to. The Draft Agreement was forwarded to them on 25th January last.

ROBT. P. ADAMS.
18. 3. 78.

The Hon. the Colonial Secretary.

COLONIAL SECRETARY to MR. C. H. GRANT.

Colonial Secretary's Office, 19th March, 1878.

SIR,

I HAVE the honor to inform you, that on reference to the Solicitor-General enquiring the cause of the delay in the proceedings connected with the arbitration case upon the Main Line Railway Company's Toll payable for the exercise of their running powers over the Launceston and Western Railway, that officer states—"The reason is that I cannot get Draft Agreement returned approved by the Company's Solicitors, notwithstanding several promises of theirs that the matter should be promptly attended to. The Draft Agreement was forwarded to them on 25th January last."

May I request your immediate attention to this matter?

I have, &c.

WM. MOORE.

C. H. GRANT, Esq., General Manager T.M.L.R.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 19th March, 1878.*

SIR,

IN reply to your letter of this date, I have the honor to inform you that I first heard of the Draft Agreement between the Government and the Main Line Railway Company, in respect to the Tolls payable by the latter for the exercise of running powers over a part of the Launceston and Western Railway, when it was enclosed with a letter from the Company's Solicitors, which reached my hands on the 8th instant.

This draft was returned to them on the 13th instant, with a suggestion for a very slight alteration, since which I have not heard of it, but refer your communication to the Company's Solicitors.

I have, &c.

CHARLES H. GRANT.

The Hon. WM. MOORE, M.L.C., Colonial Secretary.

COLONIAL SECRETARY to MR. H. E. SMITH.

Colonial Secretary's Office, Hobart Town, 21st March, 1878.

ASCERTAIN whether draft agreement between the Government and Main Line Railway Company, in respect to the payment of Tolls by the latter for the exercise of running powers over the Launceston and Western Railway from Evandale Junction to Launceston, has been returned to the Crown Solicitor.

Mr. H. E. SMITH.

WM. MOORE.

It has not been returned. Mr. H. Dobson spoke to me on the subject yesterday, and said he had not the agreement of 1st November, 1876, on which it is proposed that the new agreement shall be endorsed, but on obtaining same he would return the draft agreement to me.

Mr. H. E. SMITH.

ROBT. P. ADAMS.
22. 3. 78.

COLONIAL SECRETARY to Mr. C. H. GRANT.

Colonial Secretary's Office, 22nd March, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 19th instant, and regret to have to inform you that, on reference to the Crown Solicitor this morning, I find that the Draft Agreement therein referred to has not yet been returned to him. As the matter is urgent I am compelled again to call your immediate attention to it.

I have, &c.

C. H. GRANT, Esq., General Manager T.M.L.R.

WM. MOORE.

MR. C. H. GRANT to COLONIAL SECRETARY.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 23rd March, 1878.*

SIR,

REFERRING to your letter of the 22nd instant, I have the honor to inform you that the Company's Solicitors write me that they have returned the Draft Agreement to the Crown Solicitor after making such slight amendments as they consider necessary.

I have, &c.

Hon. W.M. MOORE, M.L.C., Colonial Secretary.

C. H. GRANT.

MESSRS. DOBSON & MITCHELL to MR. R. P. ADAMS.

Hobart Town, 23rd March, 1878.

DEAR SIR,

WE return you approved, as altered, on behalf of the Tasmanian Main Line Railway Company, the agreement between the Company and the Governor as to the exercise by the Company of their running powers over the Launceston and Western Line.

Yours faithfully,

DOBSON & MITCHELL.

R. P. ADAMS, Esq., Crown Solicitor.

MESSRS. Dobson and Mitchell having returned the draft agreement, with certain alterations therein, I forward same to the Hon. the Colonial Secretary, so that he may consider the effect of the alterations, and decide whether they are to be agreed to.

ROBT. P. ADAMS.
25. 3. 78.

The Hon. the Colonial Secretary.

PERUSED and forwarded to the Hon. the Attorney-General for his opinion as to the effect of the proposed alterations.

WM. MOORE.
11. 4. 78.

FORWARDED to the Solicitor-General with an amendment to the proposed alterations, and requesting him to see the Company's Solicitors upon the matter as soon as possible.

ALFRED DOBSON.
12. 4. 78.

MR. R. P. ADAMS to MINISTER OF LANDS.

MEMO.

Crown Solicitor's Office, 2nd May, 1878.

HIS EXCELLENCY THE GOVERNOR with THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

WILL the Honorable the Minister of Lands and Works be so good as to have the accompanying Agreement executed by His Excellency the Governor at the next meeting of the Executive Council? This is the copy for the Company's Solicitors.

ROBT. P. ADAMS.

The Hon. the Minister of Lands and Works.

THE Agreement is returned to the Solicitor-General, duly executed by His Excellency the Governor, and stamped. It is desirable that I should have a copy of the Agreement as a record.

NICHOLAS J. BROWN.
7. 5. 78.

(Copy.)

This Agreement made the sixth day of May, one thousand eight hundred and seventy-eight, BETWEEN His Excellency FREDERICK ALOYSIUS WELD, Esquire, Companion of the Most Distinguished Order of Saint Michael and Saint George, Governor of Tasmania, by and with the advice and consent of His Executive Council, for and on behalf of the Government of Tasmania, and hereinafter called the Governor, of the one part; and the TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED, hereinafter called the Company, of the other part: WHEREAS the Company pursuant to the provisions of the within-written Agreement have, from the thirtieth day of October, one thousand eight hundred and seventy-six, exercised the running powers over the Launceston and Western Railway therein referred to: AND WHEREAS the Company have been unable to agree with the Government of Tasmania as to the amount to be paid by the Company as tolls and compensation for the exercise of such running powers, and the amount as provided by the within-written Agreement so to be paid has not been assessed by arbitration: AND WHEREAS it has been agreed between the Governor and the Company that the amount to be paid for the exercise of such running powers as aforesaid, and for the further period of two years from the thirtieth day of October, one thousand eight hundred and seventy-seven, or for such lesser period as the Company shall exercise such running powers, shall be assessed by arbitration forthwith, and that the Company may continue to exercise the running powers aforesaid during the remainder of the said term of two years, or such lesser period as aforesaid, in the manner and on the terms and subject to the conditions hereinafter expressed and contained: It is therefore hereby agreed between the Governor and the Company, in pursuance of the within-recited Acts of Parliament and Contract, and in pursuance of the lastly hereinbefore recited Agreement, as follows:—

1. The Governor hereby authorises and empowers the Company to use and exercise such running powers over the Launceston and Western Railway as are mentioned in the within Agreement for the further period of two years from the thirtieth day of October, one thousand eight hundred and seventy-seven, if the said Company shall so long require to exercise such running powers; and the Company agree to use and exercise such running powers during the said term or lesser period as aforesaid, in conformity with the said Acts and Contract, and subject to the provisions and stipulations hereinafter contained or referred to.

2. The sum to be paid by the Company as tolls and compensation for the exercise of such running powers as aforesaid for the within-mentioned period of twelve months ending on the thirtieth day of October, one thousand eight hundred and seventy-seven, and for the said further period of two years, shall be forthwith assessed by arbitration in manner provided in the Lands Clauses Act for cases of disputed compensation, so far as the same shall not be inconsistent herewith. Such tolls and compensation shall include the cost of the maintenance of the third rail as provided in the within-written Agreement.

3. The arbitrators shall assess the sum to be paid by the Company for the exercise of the running powers under the within-written Agreement as aforesaid, in respect of the twelve months which ended on the thirtieth day of October, one thousand eight hundred and seventy-seven, and shall fix the date on which such payment shall be made, and shall assess separately the sums to be paid in respect of the years ending on the thirtieth day of October in the years one thousand eight hundred and seventy-eight and one thousand eight hundred and seventy-nine respectively, and shall fix dates for payment of such respective sums, and the Company shall pay such sums to the Governor on the days so to be fixed for payment thereof, and shall forthwith pay such costs, if any, as the said arbitrators may award to be paid by the Company. And it is hereby agreed, that immediately upon the Company ceasing to exercise such running powers as aforesaid before the expiration of the further term of two years, then the payments to be made by them in pursuance of the award of the said arbitrators in respect of the future right of exercising the said running powers shall cease; but if the Company shall so cease to exercise the said running powers on any other day than one of the days fixed by the arbitrators for payment of the said sums, then a proportionate part of the sum or payment next to fall due shall be forthwith paid by the Company to the Governor up to the day the Company shall cease to exercise such running powers as aforesaid.

4. The sections respectively numbered 4, 5, 6, 7, 8, and 9 in the within-written Agreement shall, so far as they may continue to be applicable, be taken to be incorporated herewith, and shall have full force and effect for the further period of two years from the thirtieth day of October, one thousand eight hundred and seventy-seven, or for such lesser period as aforesaid, and be binding on all parties hereto as if such sections had been set out and contained in this Agreement.

As witness the hands of the said parties to these presents the day and year firstly hereinbefore written.

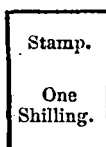
THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED,

By their Agent and Attorney,

(Signed) C. H. GRANT.

Signed by the above-named Company by its Attorney,
Charles Henry Grant, in the presence of

(Signed) HENRY DOBSON, Sol., Hobart Town.



Signed by His Excellency Frederick Aloysius Weld,
Esquire, Governor of Tasmania, in Executive
Council, in the presence of

(Signed) W. R. GIBLIN.

(Signed) FRED. A. WELD, Governor.

MR. R. P. ADAMS to MINISTER OF LANDS.

Crown Solicitor's Office, 10th May, 1878.

SIR,

I HAVE the honor to request that you will procure the Governor's signature to the accompanying Agreement of 6th instant, made between His Excellency of the one part, and the Tasmanian Main Line Railway Company of the other part.

I have, &c.

The Hon. the Minister of Lands and Works.

ROBT. P. ADAMS.

THE Agreement has been signed by His Excellency the Governor in the presence of the Honorable the Premier, and is now returned to the Solicitor-General.

G. F. LOVETT.
13. 5. 78.

THE agreement, dated 6th inst., made between the Governor and the Tasmanian Main Line Railway Company has been executed by the former, and also by Mr. Grant on behalf of the Company, and is now forwarded to the Colonial Secretary.

R. P. ADAMS.
31. 5. 73.

MR. R. P. ADAMS to COLONIAL SECRETARY.

Crown Solicitor's Office, 6th June, 1878.

SIR,

TASMANIAN MAIN LINE RAILWAY.

I HAVE the honor to acquaint you that Mr. Grant, attorney and agent for the Railway Company, was served yesterday with a notice of the appointment of Mr. Higinbotham as arbitrator to act for the Governor, and requiring Mr. Grant to appoint an arbitrator on behalf of the Company, pursuant to the provisions of Agreements of 6th May last and 1st November, 1876, and of "The Lands Clauses Act." Duplicate notice has been forwarded to the Minister of Lands and Works.

I have, &c.

The Hon. the Colonial Secretary.

ROBT. P. ADAMS.

COLONIAL SECRETARY to MR. THOMAS HIGINBOTHAM.

TELEGRAM.

ARRANGEMENTS completed for arbitration between Government and Main Line Railway Company on question of Toll and Compensation for running Trains on Launceston and Western Railway. Are you still prepared to act for Government? If so, I will write when day fixed. Please reply.

THOMAS HIGINBOTHAM, *Esq., Melbourne.*

Colonial Secretary.
Tasmania, 13th June, 1878.

MR. D. H. KELLY to COLONIAL SECRETARY.

TELEGRAM.

Hobart Town, 13th June, 1878.

SIR,

COMMUNICATION with Melbourne interrupted. Cable broken. Expected to be repaired by Monday next.

D. H. KELLY, *pro Operator.*

COLONIAL SECRETARY to MR. THOMAS HIGINBOTHAM.

Colonial Secretary's Office, 13th June, 1878.

SIR,

I HAVE the honor to inform you that arrangements have been completed for the arbitration between the Government and the Main Line Railway Company on the question of Toll and Compensation for running Trains on the Launceston and Western Railway.

Will you be good enough to inform me if you are still prepared to act as Arbitrator for this Government? if so, I will inform you when the arbitration takes place.

Will you kindly reply by telegram if cable is not interrupted?

I have, &c.

W. R. GIBLIN, *for Colonial Secretary, (absent).*

THOMAS HIGINBOTHAM, *Esq., Melbourne, Victoria.*

COLONIAL SECRETARY to MINISTER OF LANDS.

Colonial Secretary's Office, 13th June, 1878.

MEMORANDUM.

THE accompanying Agreement between His Excellency the Governor and the Main Line Railway Company, by their Agent, Mr. C. H. Grant, for the settlement by arbitration of the amount of Toll and Compensation to be paid by the Company for the exercise of running powers over the Launceston and Western Railway between Evandale Junction and Launceston, is forwarded to the Hon. the Minister of Lands and Works with a request that he will arrange an early date for the meeting of the Arbitrators.

Mr. Thomas Higinbotham, of Melbourne, has been selected as Arbitrator on the part of the Government; and if the Minister of Lands and Works will signify when his presence will be required, the Colonial Secretary will at once communicate with him.

W. R. GIBLIN, *for the Colonial Secretary (absent).*

The Hon. the Minister of Lands.

MINISTER OF LANDS to MESSRS. DOBSON & MITCHELL.

Lands and Works Office, 14th June, 1878.

GENTLEMEN,

HAVING this day received a communication from the Honorable the Colonial Secretary, accompanied by an Agreement between His Excellency the Governor and the Tasmanian Main Line Railway Company, Limited, by their agent C. H. Grant, Esq., for the settlement of the amount of toll and compensation to be paid by the Company for the exercise of running powers over the Launceston and Western Railway between Evandale Junction and Launceston, I have the honor to intimate to you as Solicitors to the said Company that the Government are prepared to proceed to arbitrate, and have selected Thomas Higinbotham, Esq., of Melbourne, in Victoria, as arbitrator to act on the part of the Tasmanian Government.

I have therefore to request you to name an arbitrator to act on behalf of the said Company, whom you represent, and to communicate with me at your earliest convenience as to the time at which the arbitrators appointed shall meet at Launceston.

I have, &c.

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

Messrs. DOBSON & MITCHELL, Solicitors to Tasmanian Main Line Railway Company.

MESSRS. DOBSON & MITCHELL to MINISTER OF LANDS.

Hobart Town, 20th June, 1878.

SIR,

WE have the honor to acknowledge the receipt of your letter requesting that the Tasmanian Main Line Railway Company will nominate the Arbitrator who is to act for them in the arbitration as to the Tolls payable for the use of the Launceston and Western Railway. Some weeks ago we informed the Solicitor-General that Mr. Grant would appoint Mr. Feehan, of Melbourne, to act as Arbitrator for the Main Line Company; but as the Directors of the Company, expected from London, will reach Tasmania in a few days, Mr. Grant would prefer that anything he does now should be subject to their approval.

We have, &c.

DOBSON & MITCHELL.

The Hon. the Minister of Lands.

REFERRED to the Solicitor-General who will please take such steps as may be necessary, according to provisions of the Agreement for reference to arbitration. If the letter is to be taken as declining to name Arbitrator, I presume the Arbitrator named by the Government will proceed to arbitrate alone.

NICHOLAS J. BROWN.
24. 6. 78.

CROWN SOLICITOR to MINISTER OF LANDS.

Crown Solicitor's Office, 27th June, 1878.

MEMO.

MAIN LINE RAILWAY ARBITRATION.

THE Company's Solicitors should be asked if, in contravention of the Agreement of Reference dated 6th May last, signed by the Governor and also by the Company by their Attorney, Mr. Grant, which provides that the sum to be paid by the Company for the exercise of the running powers therein referred to shall be *forthwith* assessed by arbitration, it is the Company's intention not to appoint their Arbitrator to proceed with the arbitration forthwith.

Messrs. Dobson & Mitchell should also be asked if their letter of the 20th instant is to be taken as conveying the Company's refusal to appoint an Arbitrator and to proceed to arbitration before the arrival of the Directors of the Company.

The fact that Messrs. Dobson & Mitchell verbally stated to the Crown Solicitor that Mr. Grant would appoint Mr. Feehan, of Melbourne, to act as Arbitrator, is in no way a fulfilment of the Company's obligation to make the appointment; and it is difficult to understand the reason of the Company's Solicitors referring to an appointment which they suggested would be, but seems not to have been made, and as the Crown Solicitor gathers from Messrs. Dobson & Mitchell's letter, is not to be made until after the arrival of the Directors. If Mr. Grant refuses to appoint an Arbitrator to proceed forthwith, proceedings will be taken to force on the arbitration without an Arbitrator on behalf of the Company.

ROBT. P. ADAMS.

The Hon. the Minister of Lands and Works.

MINISTER OF LANDS to MESSRS. DOBSON & MITCHELL.

Lands and Works Office, Hobart Town, 1st July, 1878.

GENTLEMEN,

I HAVE the honor to acknowledge the receipt of your letter of the 20th ultimo, on the subject of a reference to arbitration as to Tolls and Compensation payable for the use of the Launceston and Western Railway by the Tasmanian Main Line Railway Company, Limited.

By an Agreement of Reference dated the 6th of May last, signed by the Governor and by the Company by their Agent, Mr. Grant, it is provided that the sum to be paid by the Company for the exercise of running powers therein referred to shall be *forthwith* assessed by arbitration. Am I to understand that it is not the intention of the Company to appoint their Arbitrator to proceed forthwith, notwithstanding that there is an express undertaking to do so? In other words,—is the letter of the 20th instant to be taken as conveying the Company's refusal to appoint an Arbitrator, and to proceed to arbitration before the arrival of the Directors of the Company?

The Governor having appointed Thomas Higinbotham, Esquire, C.E., of Melbourne, to act as Arbitrator on behalf of the Government, I hereby give you notice of such appointment; and I have to inform you that unless an Arbitrator is appointed by the Company, as provided by the agreement and in accordance with the provisions of "The Lands Clauses Act," proceedings will be taken to carry on the arbitration without an Arbitrator on behalf of the Company.

I have, &c.

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

Messrs. DOBSON & MITCHELL, *Solicitors to the
Tasmanian Main Line Railway Company.*

MR. R. P. ADAMS to MINISTER OF LANDS.

Main Line Railway and Launceston and Western Railway.

HEREWITH I forward appointment of Arbitrator, (Mr. Higinbotham,) for the Governor's signature.

ROBT. P. ADAMS.

1st July, 1878.

The Hon. the Minister of Lands and Works.

IN PURSUANCE of an Agreement dated the 6th day of May, one thousand eight hundred and seventy-eight, made and entered into between myself FREDERICK ALOYSIUS WELD, Esquire, Companion of the Most Distinguished Order of Saint Michael and St. George, Governor of Tasmania, by and with the advice of the Executive Council, for and on behalf of the Government of Tasmania of the one part, and THE TASMANIAN MAIN LINE RAILWAY COMPANY, (LIMITED), hereinafter called the Company, of the other part, the said Agreement being endorsed on an Agreement dated the first day of November, one thousand eight hundred and seventy-six, which was also made between myself as Governor as aforesaid of the one part, and the Company of the other part; and also in pursuance of "The Lands Clauses Act," and of all other powers enabling me in this behalf: I, the said FREDERICK ALOYSIUS WELD, Esquire, Companion of the Most Distinguished Order of Saint Michael and St. George, Governor of Tasmania, do by this writing under my hand appoint Thomas Higinbotham, of Melbourne, Esquire, Civil Engineer, to be the Arbitrator to act for me and on my behalf to settle and determine the amount to be paid by the Company pursuant to the hereinbefore mentioned Agreements, or either of them, as tolls and compensation for the exercise of such running powers over the Launceston and Western Railway as are expressed or referred to in the said Agreements: AND also as such Arbitrator on my part and behalf to do all such other acts as are required by the said Agreements or either of them.

Dated this first day of July, one thousand eight hundred and seventy-eight.

FRED. A. WELD, *Governor of Tasmania.*

MESSRS. DOBSON & MITCHELL to MINISTER OF LANDS.

Hobart Town, 2nd July, 1878.

SIR,

WE have the honor to acknowledge the receipt of your letter of the 1st instant. The Government, as you are aware, have invited a deputation from the Board of Directors in London to visit Tasmania, with full powers enabling them to settle everything; and such deputation will probably reach Hobart Town next week. Until it is seen whether the full powers, which the Government asked the deputation to bring, in any way clash with the powers at present held by Mr. Grant, or render it inexpedient for Mr. Grant to act independently of the deputation, we thought it best to allow the matter in question to remain as it is till the arrival of the Directors in Hobart Town; and judging by your silence between the 20th June (date of our last letter) and the 1st instant (date of your letter now under reply) we assumed that you concurred in our view.

Is it the intention of the Government, as it formerly was, to have an agreement of reference prepared, in which the names of the Arbitrators and their Umpire shall be stated, and the questions to be decided clearly defined? if so, will you kindly give the necessary instructions to the Solicitor-General, and we will at once communicate with him, and arrange for the immediate preparation of the deed of arbitration.

We have, &c.

The Hon. the Minister of Lands and Works.

DOBSON & MITCHELL.

REFERRED to the Solicitor-General.

GEORGE F. LOVETT.

4. 7. 78.

I HAVE no official information with respect to the intended action or objects of the Deputation referred to in Messrs. Dobson and Mitchell's letter, and fail to see that the anticipated arrival of such Deputation should be used as a pretext for delaying an arbitration which has been agreed to by the Governor and by the Company's Agent and Attorney, Mr Grant. With the Agreement for reference to arbitration before them I am at a loss to understand what the Company's Solicitors can mean by suggesting the preparation of a Deed of Arbitration, especially as I understood that they have never admitted Mr. Grant's power to execute a deed on behalf of the Company. The objects of the arbitration, and the mode of procedure, viz., under the provisions of "The Lands Clauses Act," are fully pointed out by the agreement of the 6th May last; and the Governor, acting in accordance with the agreement, has nominated his arbitrator, Mr. Higinbotham, and the Company's Solicitors have received notice of such appointment.

I therefore advise that the Company's Solicitors be informed that the Governor will proceed, and require the Company to proceed, in terms of the Agreement of 6th May last.

ROBERT P. ADAMS.

4th July, 1878.

The Hon. the Minister of Lands and Works.

THE MINISTER OF LANDS to MESSRS. DOBSON & MITCHELL.

Lands and Works Office, Hobart Town, 4th July, 1878.

GENTLEMEN,

I HAVE the honor to acknowledge the receipt of your letter of the 2nd instant; and in reply have to inform you that, inasmuch as the object of the arbitration and the mode of procedure, viz., under the provisions of "The Lands Clauses Act," are fully pointed out by the Agreement of the 6th May last; and the Governor, acting in accordance with the Agreement, has nominated his arbitrator, Mr. Higinbotham; and you, as the Main Line Railway Company's Solicitors, have received notice of such appointment,—the Governor will proceed, and require the Company to proceed, in terms of the Agreement referred to.

I have, &c.

NICHOLAS J. BROWN.

*Messrs. DOBSON & MITCHELL, Solicitors to T.M.L.R. Co.,
Macquarie-street, Hobart Town.*

MR. R. P. ADAMS to COLONIAL SECRETARY.

MEMORANDUM.

RE *Main Line Railway Company, Limited.*

A NOTICE (in duplicate) of the appointment of the Arbitrator to act on behalf of the Governor is forwarded herewith for the Governor's signature.

ROBT. P. ADAMS, *Crown Solicitor.*
4th July, 1878.

The Hon. the Colonial Secretary.

THE Notice in duplicate is herewith forwarded for the signature of His Excellency the Governor.

WM. MOORE.
4th July, 1878.

RETURNED to the Solicitor-General duly signed for service on Mr. Grant.

B. TRAVERS SOLLY.
5th July, 1878.

The duplicate notice was served on Mr. Grant personally yesterday.

ROBT. P. ADAMS.
6. 7. 78.

The Hon. the Colonial Secretary.

*To the Tasmanian Main Line Railway Company, Limited,
and*

*To CHARLES HENRY GRANT, of Hobart Town, in Tasmania, Esquire,
Agent and Attorney for the said Company.*

TAKE NOTICE that I, FREDERICK ALOYSIUS WELD, Esquire, Companion of the Most Distinguished Order of St. Michael and Saint George, Governor of Tasmania, did, on the first day of July instant, appoint THOMAS HIGINBOTHAM, of Melbourne, Esquire, Civil Engineer, to be the Arbitrator to act for me and on my behalf to settle and determine the amount to be paid by the said Company, pursuant to the provisions of an Agreement dated the sixth day of May, one thousand eight hundred and seventy-eight, made and entered into between myself the said Frederick Aloysius Weld, by and with the advice of the Executive Council, for and on behalf of the Government of Tasmania of the one part, and the Tasmanian Main Line Railway Company, Limited, of the other part, (the said Agreement being endorsed on a certain other Agreement, dated the first day of November, one thousand eight hundred and seventy-six, which was also made between myself as such Governor as aforesaid of the one part, and the said Company of the other part); and I do hereby require the said Company, or you the above-named Charles Henry Grant, as Agent and Attorney for the said Company as aforesaid, to appoint an Arbitrator to act on behalf of the said Company, pursuant to the said several Agreements, and to the provisions of "The Lands Clauses Act."

Dated this fifth day of July, one thousand eight hundred and seventy-eight.

FRED. A. WELD.

SERVED a duplicate of the within Notice on the within-named Charles Henry Grant, this fifth day of July, 1878.

A. O. NORMAN.

MINISTER OF LANDS to COLONIAL SECRETARY.

Lands and Works Office, Hobart Town, 5th July, 1878.

MEMORANDUM.

THE Governor having appointed Thomas Higinbotham, Esq., C.E., of Melbourne, to act as Arbitrator on the part of the Tasmanian Government *in re* Toll and Compensation to be paid by the Tasmanian Main Line Railway Company, Limited, for the use of the Launceston and Western Railway, all recent correspondence with the Company's Solicitors on the subject of Arbitration, together with a copy of an agreement of reference, is forwarded to the Honorable the Colonial Secretary with a request that he will intimate to the Arbitrator that his presence will be required in Launceston after the expiration of fourteen days from the date of the service of notice upon the Company's Solicitors that such appointment had been made.

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

COLONIAL SECRETARY to MR. THOMAS HIGINBOTHAM.

Colonial Secretary's Office, 6th July, 1878.

SIR,

I HAVE the honor to inform you that the Government have decided upon taking immediate action with the view of settling the amount to be paid by the Main Line Railway Company for the exercise of running powers over the Launceston and Western Railway between Evandale Junction and Launceston.

Notice was duly served yesterday upon the Company's Solicitors that His Excellency the Governor had appointed you to act as Arbitrator on the part of the Government; and I forward herewith copy of the Agreement of Reference entered into between the Governor and the Main Line Railway Company of the 6th May, 1878.

The Government request that you will have the goodness to visit Launceston by Saturday, the 20th instant, being fourteen clear days from the date of the service of the notice above referred to.

Mr. Lord, the Manager of the Launceston and Western Railway, will, upon your arrival, place you in possession of all the information you may require to enable you to proceed with the arbitration.

Up to the present date the Company's Solicitors have not signified the appointment of an arbitrator on behalf of the Company; and should they fail to appoint such arbitrator within fourteen days from the date of the service of the notice before mentioned, the arbitration must be proceeded with without an arbitrator on behalf of the Company.

I enclose the following documents for your information and guidance:—

Lands Clauses Act, 21 Victoria, No. 11.
Main Line of Railway Act, 33 Victoria, No. 1.
Main Line of Railway Amendment Act, 34 Victoria, No. 13.
The Main Line Railway Amendment Act, No. 2, 36 Victoria, No. 19.
Launceston and Western Railway Act, 1873, 37 Victoria, No. 20.

Also, copy of original Agreement of the 1st November, 1876, relating to the exercise of running powers by the Company and the settlement of Toll and Compensation by arbitration.

I have, &c.

THOMAS HIGINBOTHAM, *Esq., C.E., Melbourne, Victoria.*

WM. MOORE.

P.S.—Should anything occur to interfere with the foregoing arrangement I will communicate with you by telegram.

W. M.

MAIN LINE RAILWAY.

Correspondence in continuation of Paper No. 34 of the present Session.

[Laid on the Table by the Colonial Treasurer, and ordered by the House to be printed, September 4, 1878.]

Re CARRIAGE OF MAILS.

MR. C. H. GRANT to COLONIAL TREASURER.

[Recd. 27th July, 1878.—W. R. G.]

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 25th July, 1878.*

SIR,

REFERRING to my letters of the 15th and 26th of April last, in which I pressed for a settlement as to the amount of remuneration to be allowed to the Tasmanian Main Line Railway, Limited, for the carriage of the Post Office Mails, and expressed the desire of the Company that—failing a settlement by mutual arrangement—the amount payable should be ascertained in accordance with the conditions contained in the general contract between the Government and the Company; and proposed that advantage should be taken of the appointment of arbitrators to determine the tolls payable by the Company to the Government for the use of a portion of the Launceston and Western Railway, I have now the honor to state that since the terms payable for the carriage of Mails have not been agreed upon, the Company desire to arbitrate them forthwith.

It being quite as necessary to ascertain this amount as of that payable for the use of running powers over the Launceston and Western Railway, before any final settlement can be made, I trust you will render every facility in obtaining a speedy decision, (which there is no possibility of settling mutually,) and that you will therefore agree to its being referred to the very high and entirely impartial authorities who have been selected as arbitrators on the question of the tolls.

With this object, I have instructed the Company's Solicitors to serve a notice on the Government of the appointment of Mr. Fehon as their arbitrator, and trust you will at once name Mr. Higinbotham, and concur with the Company in taking advantage of an extremely favourable opportunity for this arbitration being completed, immediately after that respecting the tolls.

The case of the Company is contained in the letters I have addressed to Mr. Douglas, and his very able replies I presume include all the points contended for by the Government, therefore the matter appears complete for immediate submission to arbitration, which I trust you will join with the Company in pressing forward.

I have, &c.

C. H. GRANT.

Hon. W. R. GIBLIN, M.H.A., Premier and Postmaster-General.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 30th July, 1878.

SIR,

I HAVE the honor to acknowledge the receipt on Saturday, the 27th instant, of your letter of the 25th, with reference to the remuneration to be paid to the Tasmanian Main Line Railway Company for the carriage of Mails.

I have now the honor to inform you that the Government have no objection to the amount to be paid for the current year being assessed by Messrs. Higinbotham, Fehon, and Elsdon, and will abide by any sum passed by them, not being less than £2000 nor more than £3857 for the year.

The Government cannot consent to a final reference to arbitration of this question being made under the original Contract for the construction and maintenance of the Railway—as you will remember that the Mails are now being carried “without prejudice to any question or dispute between the Company and the Government as to any matters in difference between them.”—*Vide* my letter to you of 23rd March last.

As, however, both parties are only desirous that some impartial person or persons should fix the fair amount to be paid for the service performed, I trust that no formal or technical obstacle may be interposed to prevent the question being settled in the way indicated so far as the year ending 30th April next is concerned.

I have, &c.

C. H. GRANT, Esq., Manager T.M.L.R. Company.

W. R. GIBLIN.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 30th July, 1878.*

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of this date, and am much pleased to learn that the Government approve of the remuneration to be paid to the Tasmanian Main Line Railway Company (Limited) for the carriage of Mails for the current year being assessed by Messrs. Higinbotham, Fehon, and Elsdon, within the limitation of the amount paid for the past year, and the sum now claimed for a specified service.

As regards the objection that the Government cannot consent to the arbitration being held under the original contract, but require that it be without prejudice to any questions in dispute between the Government and the Company as to any matters in difference between them, I must remind you that I did not adopt, or in any way approve of, such conditions, and the Company have consequently continued to carry the Mails for the same provisional payment as provided in the agreement made in April, 1877.

The Company therefore contend that their carriage of the Mails is done under the original contract, but hope that this controversy—which would appear to be one of words only, and without practical value—will not hinder the progress of the arbitration when such an exceedingly favorable opportunity of holding it has occurred.

The Company cannot but adhere to their present position, that having loyally fulfilled a duty cast upon them by the General Contract, without reservation or special conditions, they are entitled to the use of that contract in deciding terms which are in dispute; but they have no wish to prejudice the case of the Government, and cannot think that the proposed arbitration can possibly do so.

I have, &c.

C. H. GRANT.

The Hon. W. R. GIBLIN, M.H.A., Colonial Treasurer.

COLONIAL TREASURER to MR. R. P. ADAMS.

TELEGRAM.

31st July, 1878.

GOVERNMENT have agreed to question of cost of carriage of Mails for year ending 30th April by Main Line being referred to arbitrators.

W. R. GIBLIN, *Colonial Treasurer.*

R. P. ADAMS, *Launceston.*

MR. R. P. ADAMS to COLONIAL TREASURER.

TELEGRAM.

Launceston, 31. 7. 78.

ARBITRATORS and umpire consent to act.

R. P. ADAMS.

Hon. W. R. GIBLIN, Premier.

Dated 13th August, 1878. Attested Copy. Award of Messrs. T. HIGINBOTHAM and W. M. FEHON.

TO ALL TO WHOM THESE PRESENTS SHALL COME We THOMAS HIGINBOTHAM of Melbourne in the Colony of Victoria Civil Engineer and WILLIAM MEEKE FEHON of Melbourne aforesaid Merchant Send Greeting—

WHEREAS by an Agreement dated the Third day of August now instant and made between ARTHUR CUNNINGHAM DOUGLAS Secretary of the Post Office Department for and on behalf of the Government of Tasmania of the one part and CHARLES HENRY GRANT General Manager and Attorney of the Tasmanian Main Line Railway Company Limited for and on behalf of the said Company of the other part After reciting that the said Company have since the First day of May last been carrying the Mails between Hobart Town and Launceston and between those places and all intermediate stations on the Main Line Railway and including all English and Intercolonial Mails but that the remuneration to be paid by the said Government to the said Company for such Mail Service had not been settled and that the said Government and the said Company had differed as to the amount of such remuneration to be paid as aforesaid It was agreed that the amount of such remuneration not to be less than Two thousand pounds nor more than Three thousand eight hundred and fifty-seven pounds for the period of twelve months from the said First day of May last to the Thirtieth day of April one thousand eight hundred and seventy-nine (which was to be payable monthly) and all other matters in dispute between the said Government and the said Company touching or in any way relating to the Mail Service of the Company then being conducted by the said Company should be

forthwith and the same were thereby referred to arbitration in the manner provided by the Lands Clauses Act AND WHEREAS we the said THOMAS HIGINBOTHAM and WILLIAM MEEKE FEHON respectively have been duly appointed as arbitrators on behalf of the said Government and the said Company respectively to act in the matter of the said reference and to do and perform all acts deeds matters and things necessary for carrying out the said reference NOW KNOW YE AND THESE PRESENTS WITNESS that we the said THOMAS HIGINBOTHAM and WILLIAM MEEKE FEHON having taken upon ourselves the said arbitration and having before entering upon the matters referred to us as aforesaid respectively made and subscribed the declarations hereunto annexed and nominated and appointed by writing GEORGE GORDON of Melbourne aforesaid Esquire to be the umpire to decide on any such matters on which we might differ and having fully and deliberately considered the matters in difference do make this our award in writing in manner following that is to say That the amount to be paid by the Government of Tasmania to The Tasmanian Main Line Railway Company Limited as remuneration for such Mail Service as aforesaid for the period of Twelve months from the said First day of May last to the Thirtieth day of April one thousand eight hundred and seventy-nine and for and in respect of all other matters in dispute between the said Government and the said Company touching or in any way relating to the Mail Services of the said Colony of Tasmania at the date of the said recited agreement being carried on by the said Company is the sum of Two thousand eight hundred and fifty pounds AND WE FURTHER AWARD and determine that the Government of Tasmania and the said Company respectively shall bear and pay their own costs of and incidental to this arbitration except the costs of this our award and that the costs and expenses of this our award shall be paid by the said Government and the said Company respectively in equal shares IN WITNESS whereof we have hereunto set our hands and seals the Thirteenth day of August one thousand eight hundred and seventy-eight T. HIGINBOTHAM (LS) W. M. FEHON (LS) Signed sealed and delivered by the said THOMAS HIGINBOTHAM and WILLIAM MEEKE FEHON in the presence of ARTHUR P. BLAKE Solr. Melbourne.

WE hereby certify that the before written is a true copy of the original Award of which the same purports to be a true copy the same having been examined and compared therewith by us this Twenty-sixth day of August One thousand eight hundred and seventy-eight.

ARTHUR L. GIBLIN, } Clerks to Dobson & Mitchell, Solicitors,
VAL. FINLAY, } Hobart Town.

RECEIVED from R. P. Adams Esq. (Solicitor-General) the sum of £20 6s. 1d. being the amount of half costs charges and expenses payable by the Governor of Tasmania under the Arbitrators' Award. Dated 3rd September 1878.

3rd September, 1878.

DOBSON & MITCHELL per ARTHUR D. WATCHORN.

Re MR. ALBERT GRANT AND T.M.L.R. COMPANY.

MR. C. H. GRANT to PREMIER AND COLONIAL TREASURER.

[Received 29 July, 1878.]

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 26th July, 1878.*

SIR,

By the mail which arrived from England during my absence from the Colony, I received instructions from my Directors, through their Acting Secretary, to very positively contradict the rumours which had obtained circulation that Mr. Albert Grant was in any way connected with, or had any influence over, the Directorate of the Tasmanian Main Line Railway Company, Limited, either collective or individual.

Since my return, I learn that in your address to the House of Assembly, on the 18th instant, you dwelt at great length upon the presumed connection between Mr. Albert Grant and the Company, and expressed the disappointment of the Government that Mr. A. Grant's influence did not cease with the appointment of the new Directory, but still remained potent with the Company. You also read extracts from English Journals, and mixed together the name of the Company and of Mr. A. Grant in a manner which would imply that a very close connection existed between them. In reflecting upon the Company you did them what I know was an unintentional injury,—arising from having been yourself misled by the apparent combination between the parties, which, however, had no real existence whatever. I am aware that I have no right to question your statements in Parliament, nor do I wish to do so in any unfavourable manner; but feel sure you will allow me to carry out my instructions by correcting, through your intervention, the error into which many besides yourself have fallen.

As regards the position of the Chairman of the Company, he was in no way or manner whatever connected with Mr. A. Grant, either in his nomination or continuance in office; and had never once seen Mr. A. Grant or known him in business until the Company (at a comparatively recent date), knowing he had some slight interest in the shares issued to the Contractors, applied to him in his capacity of banker and financial agent for a small loan, which he advanced.

Mr. A. Grant had nothing whatever to do with the election of the Bondholders' representatives, but spoke at the meetings as one of the outside public; and whatever interest he may have in the Company, acquired through the Contractors, which must be comparatively very little, he has no influence with the Board of Directors.

The Company, after very many intimations to the Colony during years past of what might be expected, and the most careful consideration, exercised their unquestionable right of applying to the Committee of the Stock Exchange to defer the consideration of the application made by the agents of the Tasmanian Government for an official quotation of their new loan until the differences between the Government and the Company had been adjusted.

"The Directors state that they have reason to believe that a wholly unauthorised representation has been made that, by the influence of Mr. Albert Grant, the Board have been induced to withdraw their request to the Stock Exchange: you are therefore authorised to give this statement an unqualified contradiction."

"The Board wrote first to the Committee, asking them to defer the quotation; and then wrote again, in further definition of the position they desired to assume, requesting that the consideration of the question might be deferred until the result of the negotiations with the Government of Tasmania is made known in this country; and with neither letter had Mr. Albert Grant anything whatever to do. He has ceased to be a shareholder since the 29th December, 1877, and the Directors repudiate absolutely the idea that he in any way controls or influences, even in the slightest degree, the action of the Directors or the affairs of the Company."

As regards your statement respecting the arbitration it was attempted to arrange between the Crown Agent and Directors, my information is to the effect that the proposals were abandoned solely because the Crown Agents—in the absence of any powers or definite instructions—would not agree to include all questions in dispute in the reference, which is precisely the point of difference that has always obtained between the Government and myself when we endeavoured to arrange an arbitration, and respecting which the Company naturally feel much aggrieved.

I must apologise for introducing into this letter one other matter of a personal character, being that you are reported to have stated that the doubt as to the stability and sufficiency of the line was first expressed by myself, and that I had said the line could not sustain the contract speed; and that the Company had undertaken to do an impossible thing, in the terms it had made with the Colony.

While making these remarks, I feel sure you were not aware how entirely they are contradicted by documentary evidence, for which I would refer you to my evidence before the Select Committee of the House of Assembly in 1873, my letters to the Hon. the Colonial Secretary of the 3rd January, 1874, and the 12th of July, 1875, my replies to Mr. Greene's reports of the 15th May, 1874, and 18th August, 1875, and to very numerous other official communications, extending over the whole period from my arrival in this Colony to the present time.

In common with every professional authority who has been consulted about this railway, I have consistently deprecated the extremely unprecedented speed, but inasmuch as it was a Contract requirement—however erroneous in the conception—I have always acknowledged the obligation, and promised its loyal fulfilment. I trust, therefore, that you will kindly refer to the documents I have quoted, and then absolve me from the imputation of asserting that the Company ever purposed to evade this or any other condition of their Contract, however unreasonable any of them might have been considered.

There are many other matters in your address in which a very different version is rendered to what I should offer, but being comparatively unimportant I will not now presume to contradict the views you stated.

I have, &c.

Hon. W. R. GIBLIN, *M.H.A., Premier and Colonial Treasurer.*

C. H. GRANT.

COLONIAL TREASURER to MR. C. H. GRANT.

Colonial Treasury, Hobart Town, 31st July, 1878.

SIR,

I HAVE the honor to acknowledge the receipt on the 29th instant of your letter of the 26th instant, conveying to me the denial of your Directors that Mr. Albert Grant, whose name has so frequently been mentioned in connection with your Company, "was in any way connected with, or had any influence over, the Directorate of the Tasmanian Main Line Railway Company, either collective or individual."

You further proceed to comment upon remarks which I am supposed to have made in the House of Assembly. It would not be fitting for me to discuss with you my Parliamentary utterances, but I think it right to state that what I did say on the occasion referred to is not accurately quoted by you even in substance.

With regard to the matter personal to yourself, I am bound to accept your assurance that I, in common with many others, have fallen into error in understanding you to state, shortly after your arrival in the Colony, and on many occasions about that period, that you were of opinion that the Company you represent had contracted to do that which was impossible,—the natural inference to be drawn from such statements being that the Contract of the Company as to speed would not be performed.

I have, &c.

C. H. GRANT, *Esq., Manager T. M. L. R. Company, Hobart Town.*

W. R. GIBLIN.

MAIN LINE RAILWAY.

Correspondence in continuation of Paper No. 34 of the present Session.

CLAIM FOR INTEREST FOR THE QUARTER ENDED 30 JUNE, 1878.

MR. C. H. GRANT to COLONIAL TREASURER.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 8th August, 1878.*

SIR,

I HAVE the honor to forward you herewith an abstract of the receipts and disbursements of the Tasmanian Main Line Railway Company, Limited, on Traffic Account for the quarter ending the 30th June last (so far as it can be made up in this Colony), which shows that the expenses exceeded the receipts.

From this cause, as also from the correction of the London office expenses and other preceding accounts, the balance to the debit of working the Line has increased from £14,902 16s. 8d. for the quarter ending the 31st March to £18,012 10s. 3d. at the termination of last quarter.

The full amount of interest guaranteed by the Government of Tasmania in their contract with the Company therefore becomes payable, and I enclose an account for the amount of Eight thousand one hundred and twenty-five Pounds. (£8125.)

I have also the honor to forward a statement of the present direct liability of the Government to the Company, amounting to Seventy-six thousand and ninety-three pounds five shillings and eleven pence (£76,093 5s. 11d.), exclusive of expenses, &c. due to the action of Government, but not yet ascertained.

Since the deputation from the Board of Directors are so near at hand, and will, I trust, be able to arrange with the Government of Tasmania for the immediate payment of the amount claimed to be due, I will not now do more than refer to my letters of the 3rd May, and those transmitting the accounts of previous quarters, as expressing the views of the Company; and simply request that the amount owing may be paid within the fourteen days prescribed by the 8th Clause of the Contract before cited.

I have, &c.

C. H. GRANT.

The Hon. Colonial Treasurer.

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1878.	Guaranteed Interest Department.	£ s. d.
1 April to 30 June	To one full Quarter's Interest due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, Limited, at the rate of £5 per cent. per annum on the full sum of £650,000 expended on the Construction of the Railway, as shown by previous accounts and vouchers in the possession of the Government. One full Quarter of whole Guarantee of £32,500 per annum.....	8125 0 0

Amounting to Eight thousand one hundred and twenty-five Pounds.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,
by their Attorney—*

£8125 0 0

C. H. GRANT:

R. J. ELLIS, Accountant.

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1876-8.		Guaranteed Interest Department.	£	s.	d.
March 15, 1876.	Balance due, as per account rendered		1003	12	10
March 31, 1876.	Interest due, ditto		1424	13	2
June 30, 1876.	Ditto, ditto		8125	0	0
Sept. 30, 1876.	Ditto, ditto		8125	0	0
Decr. 31, 1876.	Ditto, ditto		8125	0	0
March 31, 1877.	Ditto, ditto		8125	0	0
June 30, 1877.	Ditto, ditto		8125	0	0
Sept. 30, 1877.	Ditto, ditto		8125	0	0
Decr. 31, 1877.	Ditto, ditto		8125	0	0
March 31, 1878.	Ditto, ditto		8125	0	0
June 30, 1878.	Ditto, ditto		8125	0	0
Jan. 16, 1877.	Interest paid to Government on account of loans		87	2	5
Nov. 24, 1877.	Ditto, on not meeting draft		0	7	6
July 31, 1877.	Interest due to Government on account of loans, as per account received		452	10	0
			<u>£76,093 6 11</u>		

Amounting to Seventy-six thousand and ninety-three pounds five shillings and eleven pence.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
by their Attorney—

C. H. GRANT.

£76,093 5s. 11d.

R. J. ELLIS, Accountant.

NOTE.—This account does not include the amount due for interest on overdue accounts after fourteen days from time of rendering the same according to Contract, upon a portion of which interest at the rate of 10 per cent. per annum has necessarily been paid to the Commercial Bank.

*Tasmanian Main Line Railway Company, Limited.**Accountant's Office, Hobart Town, 8th August, 1878.**AN Abstract of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway for the Three months ending 30th June, 1878.*

Dr.	£	s.	d.	Cr.	£	s.	d.
Balance from last quarter	14,902	16	8	Traffic Receipts—			
Additional amounts, as per London advices:—				Passengers	5943	0	8
London expenses to Dec. 31, 1876:				Parcels, &c.	633	13	10
Amount	£2363	16	11	Telegrams	35	11	11
Less estimated..	1583	6	8	Goods	2574	7	5
				Minerals	314	17	2
				Live Stock	747	14	4
Locomotive power to December 31, 1876	125	12	6	Mails	505	1	8
General charges to December 31, 1877..	213	10	5	Rents	68	16	0
	16,022	9	10	Balance carried forward	10,823	3	0
Maintenance of Way, &c.	5537	1	0		18,012	10	3
Locomotive power	3398	9	10				
Carriage and Wagon repairs	422	19	10				
Traffic expenses	1560	11	11				
General charges	912	1	2				
Miscellaneous expenses	231	19	8				
London expenses (estimated)	500	0	0				
Launceston and Western Railway (estimated)	250	0	0				
	<u>£28,835</u>	<u>13</u>	<u>3</u>				
					<u>£28,835</u>	<u>13</u>	<u>3</u>

R. J. ELLIS, Accountant.

C. H. GRANT, General Manager.

CORRESPONDENCE WITH THE HON. COLONIAL SECRETARY.

*Tasmania,
Colonial Secretary's Office, 21st January, 1878.*

GENTLEMEN,

I HAVE the honor to forward herewith a Case for the opinion of Counsel, prepared on behalf of the Government of Tasmania, as to the construction of a Contract entered into between the Government and the Tasmanian Main Line Railway Company, Limited, and as to certain matters in dispute between the Government and the Company.

You have already been advised of the very unsatisfactory state of things existing with regard to the Main Line of Railway, and of the grounds upon which the Government have, from the outset, refused to recognise the fulfilment of the Contract entered into by the Railway Company, or to pay the interest which the Company assert to be due.

The Company obtained the opinion of Mr. Fooks, Q.C., upon certain points connected with the matters in dispute, and subsequently, in April, 1877, they submitted a Case for opinion to three Counsel, at the Colonial Bar. Mr. Fooks' opinion, or rather so much of it as has been shown to the Government, and the other opinions support in some measure the claim made by the Company for interest.

The late Attorney-General forwarded the above-mentioned Case and Opinions, together with a short memorandum, to Mr. Cyril Dodd, of Number 2, Harcourt Buildings, Temple, to obtain his advice on behalf of the Government as to the legal points in dispute, and that gentleman's opinion is at variance with the views of the other Counsel.

As the matter is one of paramount importance to the Colony, the Government are desirous of obtaining the best legal advice, and with this object the accompanying Case has been carefully prepared, setting out impartially the actual facts, and referring to the various documents affecting the question.

Will you be good enough to submit the Case to the Attorney-General, Mr. Benjamin, Q.C., and Mr. Cyril Dodd, and obtain their joint opinion in the matter? If the services of any of these Counsel cannot be obtained, will you be good enough to retain other Counsel of some standing at the Bar?

I forward three copies of the Case, one for each Counsel, and six extra copies to be kept by you in case they should be serviceable hereafter. Copies of the documents referred to in the Case are also forwarded for each Counsel, and will be found duly numbered and in order.

The Government are anxious to receive the opinion as soon as possible, more especially as Parliament will probably meet next June. It is earnestly hoped that you will be in a position to forward to me the Opinion by the mail, *via* Brindisi, which leaves London on the 12th of April.

The Government desire to receive an answer to the questions numbered *one, two, three, and four*, (1, 2, 3, and 4), by the cable, at the earliest moment. Some of these questions will admit of a simple negative or affirmative, so if you will simply send the number of the question with its answer, the reference will be understood and the message shortened. The junior Counsel in the Case will have no difficulty in drafting a short and comprehensive telegram should you desire his assistance in the matter.

Please pay any legal expenses connected with the Case, and place the amount to the Government account.

I have, &c.

WM. MOORE.

*The Crown Agents for the Colonies, Colonial Office
Buildings, Downing-street, London, S.W.*

TELEGRAM.

To Hon. Chief Secretary, Tasmania.

London, 29. 1. 78.

RAILWAY Company officially threaten to oppose issue of Loan by publicly declaring you defaulters. Better arm us for defence, stating in what particulars contract remains unfulfilled, what advances made to maintain traffic.

CROWN AGENTS.

Colonial Secretary's Office, Hobart Town, 18th February, 1878.

GENTLEMEN,

I HAVE the honor to acknowledge the receipt of your Telegram of the 29th ultimo, as follows:—"Railway Company officially threaten to oppose issue of Loan by publicly declaring you defaulters. Better arm us for defence, stating in what particulars Contract remains unfulfilled, what advances made to maintain traffic."

Your suggestion appears to the Government to be so fully provided for by my letter to you of the 24th December, enclosing one of the same date to the Board of Directors, which would reach you on the 11th instant, that it has not been thought necessary to use the telegraph in reply.

I am not aware that I can add anything to what has already been communicated to you upon the general question at issue, nor without a detailed engineering inspection, to which the Manager has previously declined to consent, could the "particulars" in which the Line still fails to meet the conditions of the Contract be separately specified; at the same time, the Report of Messieurs Mais, Mason, and Stanley demonstrates beyond dispute that in many essentials the works are faulty and the Contract unfulfilled.

I have, &c.

WM. MOORE.

*The Crown Agents for the Colonies,
Colonial Office Buildings, Downing-street, London.*

*Tasmania,
Colonial Secretary's Office, 18th February, 1878.*

MEMO.

THE Colonial Secretary presents his compliments to Sir Penrose Julian, and begs to forward herewith a printed copy of Correspondence, &c. connected with the Main Line Railway, being in a form more convenient for reference than the manuscripts already transmitted.

WM. MOORE.

SIR PENROSE JULIAN, K.C.M.G.,
Colonial Office Buildings, Downing-street, London.

*Tasmania,
Colonial Secretary's Office, 18th March, 1878.*

GENTLEMEN,

I HAVE the honor to forward herewith two printed copies of the Tasmanian Main Line Railway Correspondence, commencing on the 3rd December, 1877, and terminating on the 15th instant.

I have, &c.

WM. MOORE.

*The Crown Agents for the Colonies,
Colonial Office Buildings, Downing-street, London, S.W.*

Downing-street, London, 11th April, 1878.

SIR,

I HAVE the honor to forward herewith a copy of Counsel's Opinion on the Case submitted in your letter of the 21st January last. I also annex copy of a telegram briefly conveying to you the conclusions to which Counsel had arrived in *re* Tasmanian Main Line Railway Contract.

It would be out of place for me to attempt to add anything to what is contained in these documents; at the same time it is right I should tell you that I attended a consultation which took place at the Attorney-General's Chambers in the Temple on the subject, and that, judging from the utterances then made by Counsel—especially by Mr. Benjamin—they were very decidedly of opinion that your refusal to pay the guaranteed interest to the Company could not be sustained in a Court of Law.

I enclose for your information the further correspondence noted in the margin,* which has taken place between the Crown Agents and the Company, and from which you will observe that it has been thought desirable to communicate to the latter the contents of your letter of the 18th February last.

I have the honor to be,

Sir,

Your most obedient Servant,

P. G. JULYAN.

The Hon. the Colonial Secretary, Tasmania.

COPY of Telegram despatched 10th April, 1878.

From CROWN AGENTS to COLONIAL SECRETARY, TASMANIA.

1. Yes all interest payable from opening Hobart Launceston.
3. Yes both.
4. If trains run interest payable.
5. Launceston.
6. Court has power unlikely exercise.
7. Sections five six seven Amendment Act.
8. Not prejudiced expressly reserve rights past breaches.
9. No.
11. No breach Contract.

From CROWN AGENTS to TASMANIAN MAIN LINE RAILWAY COMPANY.

14th March, 1878.

SIR,

WITH reference to your recent interviews with Sir P. Julyan, and to your letter of the 12th inst., I am directed by the Crown Agents for the Colonies to enquire whether your Directors intend sending a deputation to the Colony?

I am, &c.

MARTIN KIRBY.

The Secretary Tasmanian Main Line Railway Company.

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-st., London, 15th March, 1878.*

SIR,

I HAVE to acknowledge the receipt of your letter of yesterday, and in reply I beg to say that it is the intention of the Board to send a deputation to Tasmania, as you will see by the Board's letter to the Col. Secretary, of which I am instructed to send you a copy (enclosed herewith).

I understand the Company's Solicitors have already sent you a copy of Mr. Lloyd's opinion referred to in the letter.

I am, &c.

J. B. DAVISON, *Secretary.*

The Crown Agents for the Colonies, Downing-st.

ENCLOSURE to preceding Letter.

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, 15th March, 1878.*

SIR,

THE Board of Directors of this Company have instructed me to inform you that your letter of the 24th December last has received their best consideration, and as a consequence they have been in communication with the Crown Agents for the Colonies, and with every desire to submit all questions to arbitration, they have been unable to agree as to the mode of settlement.

In the face of the fact that the Main Line Railway has been worked efficiently for traffic during the past two years, the Board cannot admit that the contract between the Government and the Company has not been fulfilled; nor can they admit that any very large amount would be required to put the line into a satisfactory condition.

I am also instructed to say that the Board do not intend to make any proposal for the sale of the line, and should the question come to be considered it would certainly not be on any such basis as that indicated by you.

The resolutions of the Board, dated the 3rd January last, sent to the Government through the Company's agent in Hobart Town, which you have, no doubt, received ere this, will, it is hoped, show the Government that there is every desire on the part of the Board to adjust all disputed questions in an amicable manner; and with that view the Board have now under consideration the appointment of a deputation to proceed to Tasmania to ascertain, if possible, what the Government require, and to discuss and arrange all disputed questions with the Government.

* C. A. to Company, 14.3.78. Company to C. A., 15.3.78. C. A. to Company, 22.3.78. Company to C. A., 28.3.78.
Crown Agents to Company, 3.4.78. Ditto, 9.4.78.

In the meantime the Board desire me to enclose a copy of a case submitted to Mr. T. Horatio Lloyd, and his opinion thereon, which they commend to the consideration of the Government. The Board would be glad to act upon the recommendation of Mr. Lloyd, which will be found at the end of his opinion, and which, it will be observed, supports the resolutions already referred to.

The proposed deputation will not leave England before the mail of the 10th May next, to allow time for a reply to the mail letters of the 18th January last, and, if necessary, a reply by telegram to the letters by this mail.

I have, &c.

J. B. DAVISON, *Secretary.*

The Hon. the Col. Secretary, Govt. of Tasmania.

22nd March, 1878.

SIR,

I AM directed by the Crown Agents for the Colonies to enclose for the information of your Directors copy of a correspondence* which has recently taken place in the Colony on the subject in dispute between the Government and the Company; and I am to suggest for the Board's consideration, whether it is not (having regard to the tone assumed by the Company's Manager in his letter of the 24th January last) more likely that a solution of the difficulty may be arrived at in this country than in Tasmania.

The deputation which the Board have signified their intention of sending out to Hobart Town could not, it is presumed, under the most favourable circumstances, be expected to do more than arrive at some understanding with the Government as to the means to be adopted for the settlement of the points in dispute, and such an understanding would, the Crown Agents believe, be much more expeditiously and satisfactorily reached in London, between the Company and themselves, than in the Colony.

I am, &c.

MARTIN KIRBY.

J. B. DAVISON, *Esq., Secretary Tasmanian Main Line Railway.*

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, E. C., London, 28th March, 1878.*

SIRS,

I HAVE to acknowledge the receipt of your letter of the 22nd instant, enclosing copy of recent correspondence in the Colony between the Government of Tasmania and the Company's agent, which has been submitted to the Board; and in reply I am directed to inform you that by still more recent advices, dated Hobart Town, 5th February, the Board are informed of the intended visit to this country of the Hon. P. O. Fysh, Premier of Tasmania, who, on his arrival, proposes to see if terms can be arranged for the purchase of the Railway.

As there is a probability that Mr. Fysh may be here within the next three weeks, the Directors have postponed making final arrangements for the departure of the proposed deputation.

In the meantime the Directors will be happy to consider any suggestions from the Crown Agents for arranging means that will have the effect of settling all points in dispute between the Company and the Government.

I am, &c.

J. B. DAVISON, *Secretary.*

The Crown Agents for the Colonies, Downing-street.

3rd April, 1878.

SIR,

I AM directed by the Crown Agents for the Colonies to state for the information of your Board of Directors, with reference to the last paragraph of your letter of the 28th ult., that the expectation of the early arrival in this country of the Premier of Tasmania for the purpose stated in your letter under acknowledgment (of which the Crown Agents had no previous knowledge), would seem to render it expedient that they should abstain for the present from offering any suggestions as to the mode of proceeding best calculated to bring about a friendly settlement of the matters in dispute.

I am, &c.

MARTIN KIRBY.

*The Secretary, Tasmanian Main Line Railway Company,
113, Cannon-street, E. C.*

* Col. Secy. to Genl. Man. 24. 1. 78. Genl. Man. to Col. Secy. 24. 1. 78. Col. Secy. to Genl. Man. 25. 1. 78.

9th April, 1878.

SIR,

I AM directed to forward herewith, for the information of your Directors, copy of a letter which has reached the Crown Agents for the Colonies by the last mail from the Colonial Secretary of Tasmania, on the subject in dispute between the Tasmanian Main Line Railway Company and the Colonial Government.

It will be observed that no allusion is made therein to the contemplated visit to this country of Mr. Oakley Fysh, the Premier, as stated in your letter of the 28th ultimo, but on the contrary, the inference to be drawn from its contents would seem to lead to an opposite conclusion.

I am, &c.

MARTIN KIRBY.

*The Secretary Tasmanian Main Line Railway Company,
113, Cannon-street, E.C.*

*Tasmania,
Colonial Secretary's Office, 8th June, 1878.*

SIR,

I HAVE the honor to acknowledge the receipt of your letters of the 11th and 12th April last, the former transmitting copy of Counsel's opinion on the case submitted with my letter of the 21st January last, copy of your Telegram of the 10th April, together with copies of correspondence between the Crown Agents and the Main Line Railway Company, the latter enclosing copy of a letter from the Secretary to the Company which contains a request to be furnished with a copy of the case submitted to Counsel and the opinion thereon.

The Government do not deem it desirable to comply with this request of the Company, but prefer awaiting the arrival of the deputation, when the opportunity will be afforded of deciding all disputes upon the merits of the questions at issue.

I have, &c.

WM. MOORE.

*Sir PENROSE JULYAN, C.B., K.C.M.G.,
Colonial Office Buildings, Downing-street, London.*

*Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, E.C., 7th June, 1878.*

SIR,

I TELEGRAPHED to you on the 3rd instant as follows:—

"Deputation have left *via* 'Frisco."

And now beg to confirm the same.

Colonel Grey, one of the Directors, accompanied by Mr. Davison, the Secretary, and furnished with the necessary powers, left England on the 30th ultimo for Tasmania, *via* San Francisco, and will arrive early in August.

It was the intention of Mr. Macneil, another Director, to have accompanied Colonel Grey, but he was ultimately prevented from doing so.

I am, &c.

EDWARD BELLAMY, *Acting Secretary.*

*The Hon. the Colonial Secretary, Government of Tasmania,
Hobart Town.*

Colonial Secretary's Office, Hobart Town, 23rd July, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 7th June last, informing me that Colonel Grey, one of the Directors, accompanied by Mr. Davison, the Secretary, and furnished with the necessary powers, left England on the 30th May last for Tasmania, *via* San Francisco, and will arrive early in August.

I have, &c.

WM. MOORE.

*EDWARD BELLAMY, Esq., Acting Secretary,
Tasmanian Main Line Railway Company, Limited,
113, Cannon-street, London, E.C.*

MAIN LINE RAILWAY.

Correspondence in continuation of Paper No. 34 of the present Session.

AUDIT OF ACCOUNTS.

The Treasury, 20th November, 1878.

MEMO.

IN compliance with the Auditor's request, the claims made by the Tasmanian Main Line Railway Company for the period from 15th March, 1876, to 30th September, 1878, are forwarded herewith, with covering letter in each case.

To 31st March, 1876; 30th June, 1876; 30th September, 1876; 31st December, 1876; 31st March, 1877; 30th June, 1877; 30th September, 1877; 31st December, 1877; 31st March, 1878; 30th June, 1878; and 30th September, 1878.

*W. R. GIBLIN, Colonial Treasurer.**The Auditor.**Audit Office, 16th December, 1878.*

SIR,

WITH reference to a letter from the Honorable the Colonial Secretary, of 12th October, intimating that His Excellency the Governor had appointed me as the officer to examine and audit the accounts of the Tasmanian Main Line Railway on behalf of the Government, also to a conversation I had the honor to hold with you on the subject of remuneration to be paid to me for the performance of this extra work, I have the honor to inform you that I have now been occupied in the examination of these accounts at the Railway offices, from 4 to 6 o'clock P.M., on 36 occasions, and that I do not expect to complete the examination to 30th September, and preparation of my report thereon, before the end of this month. I have found the work very arduous and fagging, from the necessity of a minute examination of the vouchers to ascertain whether the Company had fairly charged construction and maintenance items to the proper head of account, and I hope to obtain satisfactory evidence on this point before completing the examination. May I now ask the favour of a definite arrangement as to the amount of remuneration that will be paid to me for the work.

I have, &c.

The Honorable the Premier.

W. LOVETT.

GOVERNOR in Council Minute sent on to Auditor approving of £50 being paid to Mr. Lovett.
20. 12. 78.

CLAIM FOR GUARANTEED INTEREST TO 31 DECEMBER, 1878.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 23rd January, 1879.*

SIR,

I HAVE the honor to forward you herewith an Abstract of the Receipts and Expenditure, on Traffic Account, of the Tasmanian Main Line Railway Company, Limited, for the quarter ending 31st December, 1878, so far as the accounts can be made up in this Colony, and which is supplied in accordance with the terms of the Contract between the Government and Company.

You will observe with satisfaction that, although in this quarter the income does not quite equal the expenditure, the discrepancy is less than in the preceding quarter; while the receipts compare very favourably with those of the corresponding period last year. I anticipate that the income will more than balance the expenditure during the current year, and at present it is very satisfactory.

The balance to the debit of the Revenue Account now amounts to twenty-eight thousand five hundred and five pounds ten shillings and one penny (£28,505 10s. 1d.), but will, I trust, from this date continue to decrease each quarter.

The whole amount of interest guaranteed for the quarter, amounting to eight thousand one hundred and twenty-five pounds (£8125), being payable, I have the honor to enclose an account for the same, and to request that it may be paid within the fourteen days prescribed by the Contract.

In rendering this account I have made it irrespective of the sum claimed by the Tasmanian Main Line Railway Company, Limited, from the Tasmanian Government for arrears of interest and expenses, such being now in litigation, but which, I trust, will be amicably agreed upon, and thus the great cost of trials in the courts of law be avoided.

I have the honor to be,

Sir,

Your most obedient Servant,

C. H. GRANT.

Hon. D. LEWIS, M.H.A., Colonial Treasurer.

Accountant's Office, Hobart Town, 22nd January, 1879.

AN Abstract of Receipts and Expenditure on account of Traffic, &c. conveyed over the Tasmanian Main Line Railway for the Three Months ending 31st December, 1878.

Dr.	£	s.	d.	Cr.	£	s.	d.
Balance from last quarter	26,680	1	2	Traffic Receipts—			
Maintenance of Way, Works, and Stations	5888	5	7	Passengers	6572	7	0
Locomotive Power	3453	6	1	Parcels, &c.	579	4	10
Carriage and Wagon repairs	529	11	0	Telegraph	31	18	10
Traffic Expenses	1806	18	3	Mails	718	5	0
General Charges	911	7	11	Goods	2984	15	9
Miscellaneous expenses, Cr. £506 12s. 1d.				Minerals	290	2	10
Launceston and Western Railway Toll ..	966	13	4	Live Stock	481	10	11
London Office expenses (estimated)	500	0	0	Rents	65	16	0
					11,724	1	2
				Balance to next quarter	28,505	10	1
	£40,229	11	3		£40,229	11	3

C. H. GRANT, General Manager.

R. J. ELLIS, Accountant.

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1878.	Guaranteed Interest Department.	£	s.	d.
Oct. 1st to Dec. 31st, both inclusive.—To	One full Quarter's Interest, due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, Limited, at the rate of 5 per cent. per annum on the full sum of £650,000 expended on the construction of the Railway, as shown by previous Accounts and Vouchers in the possession of the Government—One full Quarter of Guarantee of £32,500 per annum	8125	0	0

MEMO.—This claim has reference to the quarter mentioned *only*, and is rendered without prejudice in any way to the claims made in accounts previously sent to the Government and which still remain unsettled.

R. J. ELLIS, Accountant.

Amounting to Eight thousand one hundred and twenty-five pounds stg.

(Signature of Claimant)—The Tasmanian Main Line Railway Company, Limited,
by their Attorney—

C. H. GRANT.

MAIN LINE RAILWAY RECEIPTS.

(Taken from Manager's certified Accounts.)

HEAD.	Quarter ending 31 March.	Quarter ending 30 June.	Quarter ending 30 September.	Quarter ending 31 December.	Total for the Year.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
1876.					
Passengers Parcels, &c. Telegraphs Goods Minerals Live Stock Rents Mails					
	—	7020 5 11	4637 2 11	6878 13 4	£18,536 2 2
1877.					
Passengers	8081 6 10	5069 13 9	4460 0 8	6164 7 2	
Parcels, &c.	402 6 2	512 7 10	541 19 3	542 9 1	
Telegraphs	21 17 5	24 1 11	23 15 4	25 16 3	
Goods	2649 16 7	2230 9 10	2100 0 2	2268 12 10	
Minerals	61 9 11	113 7 4	
Live Stock	241 16 1	632 17 9	709 17 2	308 6 4	
Rents	56 10 0	33 8 4	58 12 0	64 15 0	
Mails	335 16 8	503 15 0	503 15 0	
	11,453 13 1	8838 16 1	8459 9 6	9991 9 0	£38,743 7 8
1878.					
Passengers	8847 9 8	5943 0 8	4833 13 6	6572 7 0	
Parcels, &c.	721 9 0	633 13 10	518 12 9	579 4 10	
Telegraphs	54 7 10	35 11 11	29 18 7	31 18 10	
Goods	3371 15 10	2574 7 5	1784 0 0	2984 15 9	
Minerals	165 4 3	314 17 2	420 9 3	290 2 10	
Live Stock	576 7 8	747 14 4	731 2 4	481 10 11	
Rents	79 11 0	68 16 0	49 0 0	65 16 0	
Mails	503 15 0	505 1 8	718 5 0	718 5 0	
	14,320 0 3	10,823 3 0	9085 1 5	11,724 1 2	£45,952 5 10

D. LEWIS, Colonial Treasurer.

Colonial Treasury, 27 January, 1879.

MAIN LINE RAILWAY.

Correspondence in continuation of Paper No. 34 of the present Session.

Colonial Secretary's Office, Hobart Town, 12th October, 1878.

SIR,

I HAVE the honor to inform you that, in accordance with the Contract between the Governor and the Tasmanian Main Line Railway Company, His Excellency has been pleased to appoint you as the Officer to examine and audit the Accounts of the Company connected with the expenditure incurred upon the construction of the line, as referred to in Clause 5 of the Contract, and also to examine and audit all books and accounts of the Company, so as to check the Abstracts referred to in Clause 8 of the Contract, commencing from the 1st November, 1876, to the present time.

I shall be glad if you will make arrangements for an early commencement of your duties.

I have notified your appointment to Mr. C. H. Grant, from whom I doubt not you will receive every facility for the purpose of verifying the Accounts.

I have, &c.

WM. MOORE.

The Colonial Auditor.

Colonial Secretary's Office, Hobart Town, 12th October, 1878.

SIR,

I HAVE the honor to inform you that the Governor has been pleased to appoint Mr. William Lovett, the Colonial Auditor, to examine and audit the books and accounts of the Tasmanian Main Line Railway Company, in accordance with the provisions of the Contract; and I shall feel obliged by your furnishing him with all necessary vouchers, &c., and, as far as lies in your power, facilitating the discharge of his duties.

I have, &c.

WM. MOORE.

C. H. GRANT, *Esquire, General Manager*
Tasmanian Main Line Railway.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 14th October, 1878.

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of the 12th instant, in which you inform me that His Excellency the Governor has appointed Mr. William Lovett, the Colonial Auditor, to examine and audit the books and accounts of the Tasmanian Main Line Railway Company, Limited, in accordance with the conditions of the Contract between the Government and Company.

It will give me much pleasure to comply with your desire that the Auditor should be furnished with all the necessary vouchers, &c., and that he should have all necessary facilities for the discharge of his duties.

I have, &c.

C. H. GRANT.

The Hon. WM. MOORE, M.L.C., Colonial Secretary.

Audit Office, 16th January, 1879.

SIR,

REFERRING to your letter of the 12th October last, informing me that His Excellency the Governor had been pleased to appoint me as the officer to examine and audit the accounts of the Tasmanian Main Line Railway Company connected with the expenditure upon the construction of the line, and also to examine and audit all books and accounts of the Company so as to check the abstracts referred to in Clause 8 of the Contract, commencing from 1 November, 1876, I have the honor to inform you that I have completed the examination of the construction accounts, and now forward my Report thereon.

Before commencing the audit of these accounts, I was informed by the Manager of the Tasmanian Main Line Railway Company, that Messrs. Clark, Punchard, & Reeve entered into a Contract with the Company to construct the Railway for a lump sum exceeding £650,000; the sum named in the Contract with the Government as the maximum amount upon which the Company could claim interest; that the Contract was *bonâ fide*, and offered to lend it to me, but, considering that I could not be expected to understand the legal phraseology of such a Contract, I declined to take it, and obtained a promise from Mr. Grant that he would lend it to the Government if it should be applied for; I therefore beg to recommend that it be borrowed and referred to the Law Officers for their opinion thereon. Assuming, therefore, that I had been correctly informed, and that my instructions simply require me to procure satisfactory evidence of the expenditure of the maximum sum named in the Contract, I thought I had no right in auditing the construction accounts to go beyond contractors' receipts, supported by evidence of the payments having been made in good faith. Following this principle, I find by the vouchers and accounts that payments have been made for constructing the Railway up to the 15th March, 1876, (the date upon which the line should have been opened according to the Contract) amounting to seven hundred and fourteen thousand eight hundred and fifty-four pounds five shillings and seven pence; viz.—

	£	s.	d.
Paid to Contractors at Hobart Town.....	360,068	10	5
Ditto in London	317,249	1	6
Office expenses, Hobart Town	15,625	4	5
Ditto, London	11,639	15	0
Stores supplied from London by the Company	10,271	14	3
	<u>£714,854</u>	<u>5</u>	<u>7</u>

A considerable additional amount has been expended for construction since the above date, which I did not consider it necessary to examine, seeing that the amount had already exceeded the sum required to be expended according to the Contract.

Supposing the Contract with Messrs. Clark, Punchard, & Reeve to be *bonâ fide*, I am satisfied that the payments made at Hobart Town to the Contractors, and for office expenses, are correct, having compared the same with the banking account and vouchers produced. The expenditure in London to Contractors I am also able to report to be correct, having yesterday obtained from Mr. Grant copy of the Account Current between the Company and the Bank of New South Wales in London to 30th June, 1875, which includes all the payments named in the vouchers: the expenditure for London office expenses and stores are only at present supported by certificates from the Secretary and Accountant in London, and copies of invoices; but as the total expenditure, excluding these items, exceeds the sum of £650,000, it can hardly be necessary to wait for further evidence of the correctness of these accounts.

The examination of the accounts for maintenance from 1st November, 1876, to 30th September, 1878, I hope to complete to-morrow, and to forward my Report thereon the next day.

It is only right, in conclusion, that I should add that the Manager of the Railway and the Accountant have courteously offered me every possible assistance during the examination of these accounts, which has extended over a period of four months, and must have been a source of considerable trouble and inconvenience to the Railway officials.

I have, &c.

W. LOVETT, Colonial Auditor.

The Hon. the Colonial Secretary.

Colonial Secretary's Office, Hobart Town, 16th January, 1879.

SIR,

In a report just received from the Colonial Auditor, upon the examination of the construction account of the Main Line Railway, the following passage occurs:—

"Before commencing the audit of these Accounts, I was informed by the Manager of the Tasmanian Main Line Railway Company that Messrs. Clark, Punchard, and Reeve entered into a Contract with the Company to construct the Railway for a lump-sum exceeding £650,000, the sum named in the Contract with the Government as the maximum amount upon which the Company could claim interest; that the Contract was *bond fide*, and offered to lend it to me, but considering that I could not be expected to understand the legal phraseology of such a Contract, I declined to take it, and obtained a promise from Mr. Grant that he would lend it to the Government if it should be applied for."

I have, therefore, now the honor to request that you will have the goodness to favour me with a perusal of the Contract referred to, which shall be duly returned with as little delay as possible.

I have, &c.

WILLIAM LODGE^K. CROWTHER,
For the Colonial Secretary, absent.

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

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 18th January, 1879.*

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of the 16th instant, in which you express the desire that a copy of the Contract between the Tasmanian Main Line Railway Company, Limited, and Messrs. E. Clark, Punchard, & Company, (Mr. Reeve being subsequently admitted as a partner), should be sent to you for perusal, and accordingly enclose herewith the lithographed copy of the Contract, handed me in London by the Secretary of the Company for my guidance.

I cannot send this as an official document, because the Company consider that any arrangement made between themselves and any other parties than the Government are not properly subject to review by the latter, while I thank you for the promise to return the document, because I believe it is the only copy of the Contract in this hemisphere.

You will notice by Article 12 the original amount of the Contract, which has been subsequently increased by additional share payments made to the Contractors for extra works.

Articles 25, 26, and 27 were altered by mutual consent, on my being appointed the "Engineer of the Company in Tasmania," immediately prior to my leaving England for this Colony.

I have, &c.

C. H. GRANT.

The Hon. the Colonial Secretary.

*Colonial Secretary's Office, Hobart Town,
29th January, 1879.*

SIR,

I HAVE the honor, by direction of the Colonial Secretary, to enquire if you have any objection to the Contract between the Main Line Railway Company and Messrs. Clark, Punchard, and Reeve, which you kindly forwarded the other day for the perusal of the Government, being printed and laid before Parliament.

I have, &c.

B. TRAVERS SOLLY.

C. H. GRANT, *Esquire*, Manager Main Line Railway.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 29th January, 1879.*

SIR,

I HAVE the honor to acknowledge your letter of this date, in which, on behalf of the Honorable the Colonial Secretary, you ask if I have any objection to the printing for public circulation of the Contract between the Main Line Railway Company and Messrs. Clark, Punchard, & Co.

In reply, I have to state that, personally, I have no objection whatever to this, but do not think I ought to give consent to making known such a purely private document without the permission of my Directors. If the matter be deemed of sufficient importance to consult them by telegram, I shall be happy to do so; meanwhile, I am pleased to leave the document in the hands of the Government for inspection by any one who may be interested therein.

I have, &c.

C. H. GRANT.

B. T. SOLLY, *Esquire, Assistant Colonial Secretary.*

Audit Office, 24th January, 1879.

SIR,

I HAVE now the honor to forward my Report upon the Accounts of the Tasmanian Main Line Railway Company connected with the Receipts and Expenditure referred to in Clause 8 of the Contract between the Government and the Company, from 1st November, 1876, to 30th September, 1878, in accordance with your instructions.

On 9th November, 1878, I sought the opinion of the Law Officers as to the meaning of Section 8 of the Contract respecting interest payable upon the production of each quarter's Abstract of Account, and was favoured with opinion to the following effect; viz.—“That the Accounts for each quarter should be made up and taken quite separately and distinctly; and that the profit in any quarter could be taken to reduce the Company's claim for interest for that quarter, without reference to losses on any other quarter's transactions.” I have therefore prepared, and append, separate Abstracts (quarterly) of Receipts and Expenditure upon which the Company can claim interest within the meaning of Section 8 of the Contract without bringing forward a balance of profit and loss from quarter to quarter.

In the examination of these accounts I noticed certain expenditure introduced as expenditure for maintenance which I thought could not fairly be considered as chargeable to the working expenses of the Railway, but should more properly have been entered to construction account; viz.—

	£	s.	d.
Labour for extra ballasting, amounting to	5218	2	3
New Rails per “Vanguard”	870	7	3

and certain items of minor importance, which have been transferred to the proper account. I addressed the Manager of the Railway on the subject of the two amounts named; and, in order that the Government may have the opportunity of taking further action if necessary, have shown such expenditure separately in the abstracts, and forward copies of my letters and Mr. Grant's replies. The correctness of Mr. Grant's view with respect to these debits, and to the matter introduced in the last paragraph of his letter of the 21st December, 1878, of course depends upon the question as to whether the Railway was fully equipped in the first instance,—of which I cannot be expected to express an opinion.

The sum entered in each quarter's abstract for office expenses in London is only estimated, no detailed account of this expenditure having yet been furnished, but application has been made for such details with supporting vouchers; these items will therefore be subject to future adjustment.

With the exceptions named, I am satisfied of the correctness of the accounts, and am pleased to be enabled to state that there is evidence in the accounts of care and fairness on the part of the Company in apportioning the various charges to what is called “the Revenue Account,” which affects the Company's claim for guaranteed interest, and to “Construction” or “Capital Account,” respectively.

It will be noticed that the receipts and expenditure for the quarter ending 31st March, 1878, show a profit of £2165 8s. 8d., which, subject to the adjustment of the item for London office expenses, is recoverable from the Company, according to the opinion of the law officers.

Unavoidable circumstances have delayed the completion of the audit of these accounts beyond the time anticipated in my letter of the 16th instant.

I have, &c.

W. LOVETT.

The Hon. the Colonial Secretary.

ABSTRACT of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway, from 1st November to 31st December, 1876.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	3268	7	4	Maintenance of Permanent Way	1835	11	7
Parcels	180	5	2	Ditto, extra Ballasting	171	6	7
Telegrams	9	10	0	Locomotive Power	980	11	1
Goods	1524	3	10	Carriage and Wagon repairs	131	12	4
Live Stock	191	1	9	Traffic expenses	640	9	6
Sundries	2	2	0	General charges	771	7	1
Balance—Loss	803	0	9	Miscellaneous expenses	1	14	0
				Tolls and Compensation L. & W. Railway.	498	0	0
				Stores issued	614	12	0
				London Office expenses (estimated)	333	6	8
	<u>£5978</u>	<u>10</u>	<u>10</u>		<u>£5978</u>	<u>10</u>	<u>10</u>

24th January, 1879.

W. LOVETT, Colonial Auditor.

ABSTRACT of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway, for the Quarter ending 31st March, 1877.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	8081	6	10	Maintenance of Permanent Way	3352	15	2
Parcels, &c.	402	6	2	Ditto, new Rails per "Vanguard" ..	870	7	3
Telegrams	21	17	5	Ditto, extra Ballasting	853	3	7
Goods	2649	16	7	Locomotive Power	2914	14	9
Live Stock	241	16	1	Carriage and Wagon repairs	233	7	10
Sundries	56	10	0	Traffic expenses	1550	5	5
Balance—Loss	528	6	1	General charges	703	8	7
				Miscellaneous	256	16	7
				Tolls and Compensation, L. & W. Railway.	747	0	0
				London Office expenses (estimated)	500	0	0
	<u>£11,981</u>	<u>19</u>	<u>2</u>		<u>£11,981</u>	<u>19</u>	<u>2</u>

24th January, 1879.

W. LOVETT, Colonial Auditor.

ABSTRACT of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway, for the Quarter ending 30th June, 1877.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	5069	13	9	Maintenance of Permanent Way	3413	0	6
Parcels, &c.	512	7	10	Ditto, extra Ballasting	552	12	16
Telegrams	24	1	11	Locomotive power	3444	11	0
Goods	2230	9	10	Carriage and Wagon repairs	366	11	9
Live stock	632	17	9	Traffic expenses	1527	6	5
Sundries	369	5	0	General charges	860	10	10
Balance—Loss	2858	12	5	Compensation	213	3	8
				Miscellaneous	72	11	0
				Tolls and Compensation, L. & W. Railway.	747	0	0
				London Office Expenses (estimated)	500	0	0
	<u>£11,697</u>	<u>8</u>	<u>6</u>		<u>£11,697</u>	<u>8</u>	<u>6</u>

24th January, 1879.

W. LOVETT, Colonial Auditor.

ABSTRACT of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway, for the Quarter ending 30th September, 1877.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	4460	0	8	Maintenance of Permanent Way	3665	17	0
Parcels, &c.	541	19	3	ditto, extra Ballasting	873	16	8
Telegrams	23	15	4	Locomotive power	3802	3	10
Goods	2100	0	2	Carriage and wagon repairs	307	10	8
Live stock	709	17	2	Traffic expenses	1659	12	10
Minerals	61	9	11	General charges	816	6	3
Sundries	562	7	0	Compensation	52	3	8
Balance—Loss	3974	7	10	Miscellaneous	9	6	5
				Tolls and Compensation, L. & W. Railway..	747	0	0
				London Office expenses (estimated) ..	500	0	0
	<u>£12,433</u>	<u>17</u>	<u>4</u>		<u>£12,433</u>	<u>17</u>	<u>4</u>

24th January, 1879.

W. LOVETT, Colonial Auditor.

ABSTRACT of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway, for the Quarter ending 31st December, 1877.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	6164	7	2	Maintenance of Permanent Way	3983	4	1
Parcels	542	9	1	Ditto, extra Ballasting	512	16	8
Telegrams	25	16	3	Locomotive Power	3859	9	8
Goods	2268	12	10	Carriage and Wagon Repairs	310	1	8
Minerals	113	7	4	Traffic Expenses	1500	14	2
Live Stock	308	6	4	General Charges	858	14	11
Mails, Rents, &c.	568	10	0	Compensation	40	13	10
Balance—Loss	2627	5	3	Miscellaneous	200	12	7
				Tolls and Compensation, L. & W. Railway	852	6	8
				London Office expenses (estimated)	500	0	0
	£12,618	14	3		£12,618	14	3

24th January, 1879.

W. LOVETT, Colonial Auditor.

ABSTRACT of Receipts and Expenditure on account of Traffic carried over the Tasmanian Main Line Railway, for the Quarter ending 31st March, 1878.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	8847	9	8	Maintenance of Permanent Way	3457	16	4
Parcels	721	9	0	Ditto, extra Ballasting	601	1	0
Telegrams	54	7	10	Locomotive Power	3814	7	4
Goods	3371	15	10	Carriage and Wagon Repairs	321	14	0
Minerals	165	4	3	Traffic Expenses	1737	6	1
Live Stock	576	7	8	General Charges	810	3	7
Mails, Rents, &c.	583	6	0	Miscellaneous	7	3	3
				Tolls and Compensation, L. & W. Railway	905	0	0
				London Office expenses (estimated)	500	0	0
	£14,320	0	3	Balance—Profit	2165	8	8
					£14,320	0	3

24th January, 1879.

W. LOVETT, Colonial Auditor.

ABSTRACT of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway during the Quarter ending 30th June, 1878.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	5943	0	8	Maintenance of Permanent Way	4970	18	8
Parcels	633	13	10	Ditto, extra Ballasting	566	2	4
Telegrams	35	11	11	Locomotive Power	3524	2	4
Goods	2574	7	5	Carriage and Wagon repairs	422	19	10
Minerals	314	17	2	Traffic Expenses	1560	11	11
Live Stock	747	14	4	General Charges	1125	11	7
Mails, Rents, &c.	715	11	0	Miscellaneous Expenses	231	19	8
Balance—Loss	2842	10	0	Tolls and Compensation, Launceston and			
				Western Railway	905	0	0
				London Office Expenses (estimated)	500	0	0
	£13,807	6	4		£13,807	6	4

24th January, 1879.

W. LOVETT, Colonial Auditor.

ABSTRACT of Receipts and Expenditure on account of Traffic conveyed over the Tasmanian Main Line Railway, for the Quarter ending 30th September, 1878.

Receipts.	£	s.	d.	Expenditure.	£	s.	d.
Passengers	4833	13	6	Maintenance of Permanent Way	4548	3	3
Parcels	518	12	9	Ditto, extra Ballasting	1086	2	7
Telegrams	29	18	7	Locomotive Power	3388	5	3
Goods	1784	0	0	Carriage and Wagon repairs	593	12	5
Minerals	420	9	3	Traffic Expenses	1717	7	10
Live Stock	731	2	4	General Charges	940	16	1
Mails, Rents, &c.	767	5	0	Miscellaneous	480	4	11
Balance—Loss	5074	10	11	Tolls and Compensation, Launceston and			
				Western Railway	905	0	0
				London Office Expenses (estimated)	500	0	0
	£14,159	12	4		£14,159	12	4

24th January, 1879.

W. LOVETT, Colonial Auditor.

Audit Office, 9th November, 1878.

SIR,

REFERRING to the Audit of the Tasmanian Main Line Railway Accounts now being proceeded with, I have the honor to request you will be so good as to obtain the opinion of the Law Officers as to the meaning of Section 8 of the Contract, respecting the interest payable upon the production of each quarter's Abstract of Account; viz.,—supposing there should be a profit on one quarter's working of the Railway and a loss upon another quarter, whether the Government would be entitled to deduct the profit in the first instance without reference to the loss in the second, or whether the total loss must be first made up to the Company out of profits before the Government is entitled to reduce the payment for interest according to the amount of profit that may arise at any time during the term and within the meaning of the Contract.

As this information will materially assist me with regard to the method to adopt in auditing the Main Line Railway Accounts, I shall feel obliged by any early reply.

I have, &c.

W. LOVETT.

The Hon. the Colonial Secretary.

FORWARDED to the Attorney-General with the request that he will favour the Colonial Secretary with his opinion upon the question raised by the Colonial Auditor.

WM. MOORE.

13th November, 1878.

The Hon. the Attorney-General.

I HAVE carefully perused the Contract with a view to ascertain its construction as to the question raised by the Auditor, and am of opinion that the Accounts for each quarter should be made up and taken quite separately, and distinctly. If there happened to be a deficiency in profit for any particular quarter, the Treasurer would of course pay to the Company such sum as would make up the guaranteed interest of £5 per cent. for that quarter, so that, to quote Clause 14, the Company would at all times during the 30 years receive interest at the rate of at least £5 per cent. per annum upon the money expended either from the profits of the undertaking or from the Governor; but it is not, in my opinion, the meaning or intention of the Contract that a balance of profit and loss account should be kept open and carried from quarter to quarter for the period of 30 years. To take the case suggested by the Auditor, suppose there should be a profit on one quarter's working of the Railway and a loss upon another quarter, then the Government would be entitled to deduct the profit in the first instance without reference to the loss in the second.

ALFRED DOBSON.

Attorney-General's Chambers, 15th November, 1878.

FORWARDED to the Colonial Auditor with the Honorable the Attorney-General's opinion.

WM. MOORE.

18th November, 1878.

Hobart Town, 20th December, 1878.

DEAR SIR,

I NOTICE that the cost of extra ballasting, amounting in the aggregate to a very large sum, has been charged in your books to "Maintenance of Permanent Way;" is this correct? Should not a portion at least be entered to "Construction?"

I am, &c.

W. LOVETT, *Colonial Auditor.*

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

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 21st December, 1878.*

DEAR SIR,

I AM favoured with your letter bearing yesterday's date, in which you enquire whether the large sum expended on extra ballasting on the Main Line Railway, and which has been charged to "Maintenance Permanent Way," is correct, and whether some proportion of it should not be debited to "Construction?"

In reply, I have to assure you that this question has received my very serious consideration ; and at first I thought of apportioning the charge between Maintenance and Construction, because of the very serious reflection that a high cost of maintenance casts on the management ; but a minute examination of the Line convinced me that the parts re-ballasted had been provided with the full contract quantity in the first instance, and the extra ballasting consisted purely of the renewal of that which had been injured by the working upwards of the formation in the cuts or wasted on the banks, and could not therefore, under the conditions of the Contract between the Government and the Company, or between the Company and its Contractors, be treated as "Construction."

Although it formed no part of the above consideration, I think it useful to call your attention to the circumstance that under the Contract the Company cannot be expected to have a "Capital Account" after the Line is opened for traffic and the full sum of £650,000 expended ; this has long been done, as you will see by the accounts and vouchers ; therefore, except for some slight liability of the Contractors, I do not think the Company should now keep a "Capital Account" at all in Tasmania.

I am, &c.

C. H. GRANT.

W. LOVETT, *Esq.*, *Colonial Auditor.*

Audit Office, 24th December, 1878.

DEAR SIR,

I AM in receipt of your favour of the 21st instant, and thank you for the information therein contained. At the same time I wish it to be understood that I do not feel it to be necessary at present to express an opinion as to the correctness of the view you take with regard to the debits for extra ballasting and the other matter introduced in your letter.

I am, &c.

W. LOVETT.

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

Audit Office, 13th January, 1879.

SIR,

WILL you oblige me with the original invoices of goods and materials supplied from London, from 1st November, 1876, to 30th September, 1878 ; those exhibited by your Accountant I presume are simply intended as advices from the Secretary of the Company in London to the local office here, and cannot, I think, be taken as sufficient vouchers for the official audit of the accounts.

I notice that the sum of £870 7s. 3d. has been carried directly to the debit of maintenance in the accounts for the quarter ending 31st March, 1877, for rails imported per *Vanguard*. Should not this have been entered to construction, seeing that the line had not been open for 12 months, and therefore it is not likely that renewals would be necessary ?

I have, &c.

W. LOVETT, *Colonial Auditor.*

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

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 13th January, 1879.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 13th instant, in which you desire that the original invoices of goods and materials supplied from London, from 1st November, 1876, to 30th September, 1878, should be given you. I am unable to give you the originals, since such are necessarily retained in London for the information of the Company's Official Auditors ; but I send you herewith certified copies (by the Secretary to the Company) of such invoices, with bills of lading ; and you will notice that the absolute correctness of the charges is undeniably expressed on the face of such invoices, which I shall be happy to countersign as a guarantee of their *bona fides*. Should you desire to see the actual receipts for the payments, I have no doubt that the Company would send them for your inspection.

As regards the payment of £870 7s. 3d. for new rails in the quarter ending 31st March, 1877, which you think might be considered construction, I have only to state that such rails had then been much over 12 months in the track, and that on every new line ever constructed a certain

proportion of the rails have to be changed or renewed from the first day of running over them. I do not think that less than about 100 tons of rails (representing the amount in question) could possibly be purchased at one time, because even this would be considered a very exceptionally small order.

I may mention that maintenance will now be benefited by the use of a very low price of the 11 miles of rails taken up from the Launceston and Western Railway, to be replaced by heavier rails; and therefore this quantity may now be considered as in excess of the actual requirements at the opening of the line.

I have, &c.

C. H. GRANT.

WM. LOVETT, *Esq., Colonial Auditor.*

Audit Office, 23rd January, 1879.

DEAR SIR,

Re AUDIT TASMANIAN MAIN LINE RAILWAY ACCOUNTS.

MR. ELLIS informs me that he has not been furnished with the details of the expenditure for Office Expenses in London; will you be so good as to forward the same to me with supporting vouchers as soon as convenient?

Yours very truly,

W. LOVETT.

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

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 25th January, 1879.*

DEAR SIR,

ABSENCE has prevented an earlier reply to yours of the 23rd instant, in which you ask for the details of the Office Expenses in London, for the purpose of the audit of the Main Line Railway Accounts.

I regret not being able to furnish these, for although promised by the Secretary, they have not yet been sent. We have therefore assumed an amount which he informs me is insufficient to meet the expenses, and wishes us to correct by the figures when sent.

The very peculiar and unsettled position of the Company hitherto has engrossed the whole of the Secretary's time and attention; but on his return I hope he will find more leisure, as he certainly will a letter from me, asking (by anticipation) for the exact information you now require.

I do not expect these papers by the incoming mail, but that to arrive in March will probably bring them, as also printed statements of the Company's Accounts.

I am, &c.

W. LOVETT, *Esq., Colonial Auditor.*

C. H. GRANT.

CORRESPONDENCE WITH THE HON. THE COLONIAL TREASURER.

LAW EXPENSES LONDON.

Colonial Treasury, 30th September, 1878.

GENTLEMEN,

I HAVE the honor to forward herewith a copy of the printed record of the Votes and Proceedings of the House of Assembly, Tasmania, on Friday, the 6th instant. I do myself the honor to draw your attention to Entry Number 7, with a request that you will be good enough to furnish me, by an early opportunity, with any information in your possession which will enable me to supply the return asked for by the House of Assembly.

I have, &c.

W. R. GIBLIN.

The Crown Agents, Colonial Offices.

Downing-street, London, 18th December, 1878.

SIR,

WITH reference to your letter of the 30th September last, in which you request to be furnished with information necessary to enable you to supply a "return in detail of all fees paid to Counsel, and other legal expenses incurred by the Crown Agents *in re* Main Line Railway," I transmit to you herewith copy of a letter from Messrs. Bircham & Co., with copies of their bills of charges, which include all the particulars necessary for the preparation of the return in question.

I have, &c.

W. C. SARGEAUNT.

The Hon. the Colonial Treasurer, Tasmania.

(Copy.)

26, Austin Friars, London, 13th December, 1878.

GENTLEMEN,

£146 16s. 6d.
paid in May,
1878.

As requested by your letter of yesterday, we send herewith copy of our account against you in relation to the Tasmanian Railway Bill.

We imagine that this will be sufficient for the purpose indicated in your letter, but if not we can of course furnish further details.

£66 2s. 6d.
paid in Dec.,
1878.

We have no further charges in relation to the Parliamentary proceedings, but there are fees and expenses payable in respect of the case laid before the Attorney-General, Mr. Benjamin, and Mr. Cyril Dodd, amounting to £66 2s. 6d., account of which we enclose.

We have, &c.

BIRCHAM & CO.

The Crown Agents for the Colonies, Downing-street.

[ENCLOSURE A.]

THE CROWN AGENTS FOR THE COLONIES

To

MESSRS. BIRCHAM & CO.

TASMANIAN RAILWAY BILL.

£ s. d.

1877.	Professional charges with respect to Bill in Parliament for extending the Borrowing Powers of the Tasmanian Main Line Railway Company on new Debentures, and schemes submitted by the Solicitors of the Company and others, correspondence with and attendances upon the Crown Agents thereon, and preparing series of clauses for insertion in the Bill, preparing Brief for and attendances upon Counsel to watch the Bill through Committee, and conferences with him at various times thereon, and attendances in Committee of the House of Commons on Sir Penrose Julyan and other witnesses being examined, and eventually the Bill was passed with amendments	75	0	0
May to June.	* Paid Counsel's fees for copies of evidence, and other disbursements	71	16	6
		£146	16	6

[ENCLOSURE B.]

THE CROWN AGENTS FOR THE COLONIES

To

MESSRS. BIRCHAM & CO.

Re TASMANIAN RAILWAY.

£ s. d.

1878.	Professional charges in relation to the perusal of long printed case and accompanying document prepared by the Crown Solicitor of Tasmania, and laying copies thereof before the Attorney-General, Mr. Benjamin, Q.C., and Mr. Cyril Dodd, attending consultation and obtaining their opinion and forwarding same to the Crown Agents, and preparing telegraphic summary thereof	10	10	0
March to April.	* Paid Counsel's fees	55	12	6
		£66	2	6

[ENCLOSURE C.]

THE CROWN AGENTS FOR THE COLONIES.
TASMANIAN RAILWAY.

Particulars of Disbursements charged in Account, making up £71 16s. 6d.

		£	s.	d.
1877.				
May 14.	Paid Messrs. Minch, Smith, & Co., for copy of the Contract with the Tasmanian Government	1	0	0
	Paid Counsel's Fees; viz.—			
20.	Retainer to Mr. Michael, Q.C.	5	15	6
	Brief to Mr. Michael, Q.C., to represent the Crown Agents before the Parliamentary Committee	11	0	6
	Consultation	5	15	6
21.	Committee	11	0	6
22.	Committee	11	0	6
27.	Committee	11	0	6
26.	Paid for copy of the Bill of the Evidence as proposed to be submitted to Committee	1	10	0
Nov. 28.	Paid for 4 prints of the Evidence	11	8	0
	Cab-hires and Petty Disbursements	2	5	6
		£71	16	6

Particulars of Disbursements amounting to £55 12s. 6d.

		£	s.	d.
1878.				
Mar. 18.	Fee to the Attorney-General, with Case and Clerk	22	0	0
	Fee to him for Consultation	2	9	6
	Fee to Mr. Benjamin, Q.C., with Case and Clerk	16	10	0
	Fee to him for Consultation ...	2	9	6
	Fee to Mr. Cyril Dodd, with Case and Clerk	11	0	0
	Fee to him for Consultation	1	3	6
		£55	12	6

MAIN LINE RAILWAY.

Treasury Correspondence in continuation of Paper No. 34 of the present Session.

PASSES TO MEMBERS OF PARLIAMENT.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 20th February, 1879.*

SIR,

I HAVE the honor to forward you herewith a statement of the amount that the Tasmanian Main Line Railway Company, Limited, have booked against the Government of Tasmania, to be paid them on Parliament sanctioning the policy of allowing Members to travel free by railway,—the total due to the 13th inst. being thirty pounds seven shillings and twopence.

Each of the Members named in the account has personally certified one of the printed forms, of which copies are enclosed, and has therefore virtually sanctioned the plan we have followed.

The issue of tickets to Members on the guarantee of their certificates is still proceeding; I shall therefore be greatly obliged if you will inform me whether the system adopted is such as you will approve, and such as will be consonant with the proposition you have promised to make to Parliament of authorising Members to travel free by the Main Line Railway.

I have, &c.

C. H. GRANT.

The Hon. D. LEWIS, M.H.A., Colonial Treasurer.

TASMANIA.

THE GOVERNMENT OF TASMANIA ~~Do~~.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1879.		£	s.	d.
Jan. 27 to Feb. 1.	To Conveyance of Members of Parliament as per account	21	4	6
February 3.	1st class ticket, Launceston to Hobart Town, issued to H. E. Lette, Esq., M.H.A.	2	7	6
	Ditto, Campania to Hobart Town, issued to Hon. Jno. Lord, M.L.C.	0	6	3
4.	Ditto, Antill Ponds to Hobart Town, issued to A. T. Pillinger, Esq., M.H.A.	0	16	6
	Ditto, Tunbridge to Hobart Town, issued to Hon. J. Mac- lanachan, M.L.C.	1	7	2
5.	Ditto, Launceston to Hobart Town, issued to Hon. W. D. Grubb, M.L.C.	2	7	6
7.	Ditto, Hobart Town to Campania, issued to C. Meredith, Esq., M.H.A.	0	6	3
15.	Ditto, Hobart Town to Launceston, issued to J. M. Dooley, Esq., M.H.A.	1	11	6
		<u>£30</u>	<u>7</u>	<u>2</u>

Amounting to Thirty pounds seven shillings and twopence stg.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,
per their Agent and Attorney—*

C. H. GRANT.

£30 7s. 2d.

TASMANIAN MAIN LINE RAILWAY.

Hobart Town, 4th February, 1879.

To GUARD FIELDING, *Tunbridge Siding.*

PLEASE issue to bearer a First-class Return Ticket to Hobart Town Station, for the purpose of attending a meeting of Parliament on 28th January, 1879.

Certified—J. MACLANACHAN, M.L.C.

C. H. GRANT, *General Manager.*

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1879.		£	s.	d.
Jan. 27.	To 1st class return ticket, Launceston to Hobart Town, issued to T. C. Just, Esq., M.H.A.	2	7	6
	Ditto, J. M. Dooley, Esq., M.H.A.	2	7	6
	Ditto, H. E. Lette, Esq., M.H.A.	2	7	6
	Ditto, Evandale Junction to Hobart Town, issued to Wm. Dodery, Esq., M.H.A.	2	4	6
	Ditto, Oatlands to Hobart Town, issued to Hon. Jas. Maclanachan, M.L.C.	1	0	0
	Ditto, Launceston to Hobart Town, issued to James Scott, Esq., M.H.A.	2	7	6
29.	Ditto, Hon. J. Aikenhead, M.L.C.	2	7	6
	Ditto, Hon. T. W. Field, M.L.C.	2	7	6
	Ditto, Campania to Hobart Town, issued to Wm. Hodgson, Esq., M.H.A.	0	9	6
30.	Ditto, Launceston to Hobart Town, issued to Hon. W. D. Grubb, M.L.C.	2	7	6
Feb. 1.	Ditto, single ticket, Hobart Town to Tunbridge, issued to Hon. J. Maclanachan, M.L.C.	0	18	0
	(As per vouchers attached.)			
		£21	4	6

Amounting to Twenty-one pounds four shillings and sixpence stg.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
per their Agent and Attorney—

C. H. GRANT.

£21 4s. 6d.

TASMANIAN MAIN LINE RAILWAY.

Hobart Town, 30th January, 1879.

To the STATION MASTER, Launceston Station.

PLEASE issue to bearer a First-class Return Ticket to Hobart Town Station, for the purpose of attending a Meeting of Parliament on 30th January, 1879.

Certified—W. D. GRUBB, M.L.C.

C. H. GRANT, General Manager.

Colonial Treasury, 25th February, 1879.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 20th instant, enclosing two accounts for Travelling Expenses incurred by Members of the Legislature using the Main Line Railway to attend the sittings of Parliament during January and February of this year.

I cannot accept the tender of your account for this service, or hold the Government responsible for its payment, unless the Legislature sanction the necessary expenditure; but I have to inform you that the Government will submit a proposal to meet the case as soon as Parliament resumes, and you will have to take the risk of payment by its being accepted or rejected.

I have, &c.

D. LEWIS, Colonial Treasurer.

C. H. GRANT, Esq., Manager T.M.L.R. Company,
Hobart Town.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 3rd March, 1879.

SIR,

I HAVE the honor to acknowledge the due receipt of your letter of the 25th instant, in which you state that you cannot hold the Government responsible for the payment of the fares of Members of Parliament travelling on the Main Line Railway, for which they have given orders; but that the Government will submit a proposal to meet the case before Parliament at the commencement of its next session.

In thanking you for this reply I beg to assure you that the Company accept the risk of payment, feeling quite assured that the Honorable Members will then be willing to honor their certified assents to the course pursued.

You have informed me verbally that the Government also propose to make the Company an allowance for the expense of carrying His Excellency the Governor and suite, with horses, baggage, &c., in his frequent journeys over the line,—and also to arrange for the issue of complimentary passes to distinguished visitors; I presume, therefore, that I only fulfil the desires of the Government in not charging the usual fares under such circumstances, although they represent a considerable amount.

I have, &c.

C. H. GRANT.

Hon. DAVID LEWIS, M.H.A., Colonial Treasurer.

Colonial Treasury, 4th March, 1879.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 3rd instant, in reply to mine of the 25th ultimo, *re* payment of fares of Members of Parliament travelling by the Main Line Railway; and I am glad to find from your letter that you clearly understand the position taken by the Government in this matter, which is that the Treasury can in no way become responsible for the payment of the passes issued by you to members, but must await the decision of Parliament on the subject.

With regard to the third paragraph of your letter, I cannot encourage you in the hope that Parliament will make any additional allowance in aid of the service referred to, the Legislature having so recently dealt decidedly with the provisions made in the Estimates of Expenditure for the year 1879, under the head of "Contingencies—His Excellency the Governor's Establishment;" therefore you must apply to the Private Secretary for payment of any expenses incurred under the authority of the vote of Parliament.

When the question of the payment of the fares of Members of Parliament is brought under consideration, the Government will take advantage of the opportunity to obtain the opinion of the House with respect to the issue of free passes to distinguished visitors.

I have, &c.

D. LEWIS, Colonial Treasurer.

C. H. GRANT, Esq., Manager T.M.L.R. Co.,
Hobart Town.

PAYMENT OF INTEREST.

Audit Office, 5th February, 1879.

SIR,

REFERRING to the claim made by the Tasmanian Main Line Railway Company for Interest to the 31st December, 1878; I have the honor to remind you that Act 42 Vict. No. 5 only provides for the payment of Interest to 30th June, 1878, out of the Consolidated Revenue; and that no provision as to the fund from which Interest shall be paid beyond that date has been made by Parliament.

"The Main Line Railway Act, 34 Vict. No. 13," authorises the Governor in Council to enter into a contract with any person or company for the construction of a Railway, and to guarantee Interest under certain conditions, but does not mention the fund to which such interest shall be charged. Any further payment cannot therefore, I think, be made, except under the provisions of Sections 19 and 20 of the Regulations under "The Audit Act."

I have, &c.

W. LOVETT, Colonial Auditor.

The Honorable the Colonial Treasurer.

REFERRED to the Solicitor-General with a request that he will be good enough to advise whether, under the provisions of 34 Vict. No. 13, the Colonial Treasurer will be justified in paying guaranteed Interest to the Tasmanian Main Line Railway Company without seeking further authority.

D. LEWIS, Colonial Treasurer.
5. 2. 79.

It appears to me that, as the Interest is guaranteed under the provisions of 34 Vict. No. 13, but no fund is provided on which the same is chargeable by Act of Parliament, it can be paid only under the conditions imposed by Regulations 19 and 20 under "The Audit Act" or a special Act of Parliament passed for the purpose.

R. P. ADAMS.
5. 2. 79.

The Colonial Treasurer.

FORWARDED to the Auditor. This course will be taken in future.

D. LEWIS, *Colonial Treasurer.*
6th February, 1879.

Accountant's Office, Hobart Town, 22nd January, 1879.

AN Abstract of Receipts and Expenditure on account of Traffic, &c. conveyed over the Tasmanian Main Line Railway for the Three Months ending 31st December, 1878.

Dr.	£	s.	d.	Cr.	£	s.	d.
Balance from last quarter	26,680	1	2	Traffic Receipts—			
Maintenance of Way, Works and Stations	5888	5	7	Passengers	6572	7	0
Locomotive Power	3453	6	1	Parcels, &c.	579	4	10
Carriage and Wagon repairs	529	11	0	Telegraph	31	18	10
Traffic Expenses	1806	18	3	Mails	718	5	0
General Charges	911	7	11	Goods	2984	15	9
Miscellaneous expenses, Cr. £546 12s. 1d.				Minerals	290	2	10
Launceston and Western Railway Toll ..	966	13	4	Live Stock	481	10	11
London Office expenses (estimated)	560	0	0	Rents	65	16	0
					11,724	1	2
				Balance to next quarter	28,505	10	1
	£40,229	11	3		£40,229	11	3

C. H. GRANT, *General Manager.*

R. J. ELLIS, *Accountant.*

TASMANIA.

THE GOVERNMENT OF TASMANIA *Dr.*

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1878.

Guaranteed Interest Department.

£ s. d.

Oct. 1st to Dec. 31st, both inclusive.—To One full Quarter's Interest, due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, Limited, at the rate of 5 per cent. per annum on the full sum of £650,000 expended on the construction of the Railway, as shown by previous Accounts and Vouchers in the possession of the Government—One full Quarter of Guarantee of £32,500 per annum

8125 0 0

MEMO.—This claim has reference to the quarter mentioned *only*, and is rendered without prejudice in any way to the claims made in accounts previously sent to the Government and which still remain unsettled.

R. J. ELLIS, *Accountant.*

Amounting to Eight thousand one hundred and twenty-five pounds stg.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
by their Attorney—

C. H. GRANT.

MINUTE PAPER FOR THE EXECUTIVE COUNCIL.

Colonial Treasury, Hobart Town, 10th February, 1879.

THE Colonial Treasurer submits that a sum not exceeding £8125 be provided on Supplementary Estimates [as a case of emergency] to meet a claim made by the Tasmanian Main Line Railway Company, Limited, for guaranteed interest due by law [under the Contract with the Government], for the quarter ending the 31st day of December last.

D. LEWIS, *Colonial Treasurer.*

THE Governor in Council approves.

E. C. NOWELL,
10. 2. 79.

AUDITOR instructed.—10. 2. 79.

THE Executive Council Minutes herewith. The Hon. the Attorney-General will remember he altered from "a case of emergency" to "by law." The Auditor now queries the payment made under the authority as amended. Will the Hon. the Attorney-General therefore be so good as to advise the Colonial Treasurer how the claim referred to by the Auditor is due "by law" in order that explanation may be furnished.

D. LEWIS, *Colonial Treasurer.*
27 February, 1879.

The Treasury, 22nd March, 1879.

MEMO.

WILL the Hon. the Attorney-General be good enough to let the Colonial Treasurer have Query No. 536, of the 27th February, 1879, repayment of Interest to the Main Line Railway Company, with any remarks he may be pleased to make thereon.

D. LEWIS, *Colonial Treasurer.*

The Hon. the Attorney-General.

No. 536.

QUERY or Observation on the Accounts of the Honorable the Colonial Treasurer for the Month of February, to which Answer or Explanation written in the blank space left for that purpose is requested as early as possible.

W. LOVETT,
Audit Office, 27th February, 1879.

The Hon. the Colonial Treasurer.

Description of Voucher.—No. 238. C. H. Grant, Manager Tasmanian Main Line Railway Company. One full Quarter's Interest due as per Contract, at 5 per cent. per annum on the full sum of £650,000 expended on the construction of the Railway. From 1st October to 31st December, both inclusive, £8125. Paid 10th February, 1879.

Query or Observation.—In a letter from this office, dated 5th February, referring to this claim, the Auditor informed the Hon. the Colonial Treasurer that he thought that payment could not be made except under the provisions of Sections 19 and 20 of the Regulations under "The Audit Act." An authority of the Governor in Council has been subsequently furnished for the amount to be provided on a Supplementary Estimate, but it is not stated whether it is to be considered a case of emergency or otherwise, and the amount has been paid without previous reference to this office as required by the Regulations. Explanation therefore requested.

W. L.,
27th February.

Attorney-General's Office, Hobart Town, 28th April, 1879.

MEMO. re *Payment of Interest to Main Line Railway Company.*

I AM of opinion that no further authority for payment of this Interest than that given by Sec. 1 of 34 Vict. No. 13 is required. Parliament has sanctioned the payment but has not specifically said out of what Fund the money shall be paid; it follows then of necessity that the payment must be made out of the Consolidated Revenue Fund.

JNO. STOKELL DODDS.

Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 12th April, 1879.

SIR,

I HAVE the honor to forward you herewith an abstract of the traffic receipts and expenditure of the Tasmanian Main Line Railway Company, Limited, for the quarter ending the 31st March, 1879, so far as it can be made up in this Colony; such being sent you in compliance with the conditions of the contract between the Government of Tasmania and the Company.

You will observe that—through a somewhat increased expenditure, chiefly in the maintenance of the Permanent Way, and of the Locomotive and Carriage Department—the quarter's expenses are still in excess of the receipts, and that the debit balance to the working account continues to increase, and now amounts to £31,023 16s. 3d. The receipts have on the whole been satisfactory, and show a vastly increased use of the line by the general public in short journeys, or local traffic, which has more than made up for the serious diminution in the "through" traffic, due to the reduced number of Victorian visitors this year. The increase has, however, been obtained by a more than proportional increase in the train mileage and general expenses.

The full guarantee of interest being payable for the last quarter, I have the honor to forward herewith an account therefor, amounting to £8125, and to request that it be paid within the Fourteen days prescribed by the contract.

In submitting this claim it is, of course, without prejudice to the disputes and the action at law at present existing between the Government and Company.

I have, &c.

C. H. GRANT, *General Manager.*

The Hon. D. LEWIS, M.H.A., Colonial Treasurer.

*Tasmanian Main Line Railway Company, Limited,
Accountant's Office, Hobart Town, 12 April, 1879.*

AN Abstract of Receipts and Expenditure on account of Traffic, &c. conveyed over the Tasmanian Main Line Railway for the Three Months ending 31 March, 1879.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance from last quarter	28,505	10	1	By Receipts—			
General charges, London—				Passengers	9780	3	10
Year 1877	£3336	15	11	Parcels, &c.	722	12	4
Less estimates	2000	0	0	Telegrams	42	12	9
			1886	Mails	718	5	0
Expenditure—				Goods	3391	11	1
Maintenance of Way, &c.	6588	11	3	Minerals	273	11	4
Locomotive power	4633	2	7	Live stock	557	7	8
Carriage and wagon repairs	417	2	0	Rents	25	0	0
Traffic expenses	2041	16	8	Balance to next quarter	31,023	16	3
General charges, London	750	0	0				
Ditto, Tasmania	1234	8	8				
Miscellaneous expenses	30	3	1				
Launceston and Western Railway Toll	997	10	0				
	<u>£46,535</u>	<u>0</u>	<u>3</u>		<u>£46,535</u>	<u>0</u>	<u>3</u>

C. H. GRANT, *General Manager.*

R. J. ELLIS, *Accountant.*

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1879.	Guaranteed Interest Department.	£	s.	d.
1 January to 31 March, both inclusive.	To One full Quarter's Interest due as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, Limited, at the rate of 5 per cent. per annum on the full sum of £650,000 expended on the Construction of the Railway, as shown by previous accounts and vouchers in the possession of the Government.			
	One full Quarter of guarantee of £32,500 per annum	8125	0	0

Amounting to Eight thousand one hundred and twenty-five Pounds sterling.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,
by their Agent and Attorney—*

C. H. GRANT.

£8125 0 0

R. J. ELLIS, *Accountant.*
12. 4. 79.

MEMO.—This claim has reference to the Quarter mentioned only, and is rendered without prejudice in any way to the claims made in accounts previously sent to the Government and which still remain unsettled.

RECEIVED from the Honorable the Colonial Treasurer the sum of Eight thousand one hundred and twenty-five Pounds, being the amount of the above Account of Particulars, but such payment is made and received without prejudice to any further or other claim by or against the Government of Tasmania and the Tasmanian Main Line Railway Company under or arising out of the Contract between the Government and the Company.

The Tasmanian Main Line Railway Company by their Attorney—

Witness to the payment—J. BENNISON.
29. 4. 79.

C. H. GRANT.

No. 542.

QUERY or Observation on the Accounts of the Honorable the Colonial Treasurer for the month of April, to which Answer or Explanation written in the blank space left for that purpose is requested as early as possible.

The Honorable the Colonial Treasurer.

W. LOVETT.
Audit Office, 2nd May, 1879.

Description of Voucher.—No. 1068. The Tasmanian Main Line Railway Company, Limited—To one full quarter's Interest, due 1st April, 1879, as per Contract between the Government of Tasmania and the Tasmanian Main Line Railway Company, at rate of 5 per cent. per annum on the full sum of £650,000, &c., £8125. Paid 29 April, 1879.

Query or Observation.—The Honorable the Colonial Treasurer is reminded that Queries Nos. 536 and 541, referring to payments of a similar nature, and raising the questions as to the legality of such payments, have not been satisfied. Explanation therefore requested.—W. L., 2nd May.

No. of Query.—542.

Answer or Explanation.—The Hon. the Attorney-General has given an opinion that it is not necessary to obtain further authority from Parliament to pay Interest to the Main Line Railway Company. Copy herewith.—D. LEWIS, Colonial Treasurer.

Audit Office, 1st May, 1879.

SIR,

IN reading the report of the proceedings of the House of Assembly in this morning's papers, I notice that the items for Guaranteed Interest to the Main Line Railway Company, and the Subsidy to the Eastern Extension Telegraph Company, have been omitted from the Appropriation Bill; and referring to Correspondence and Queries with respect to those items, I have the honor to remind you that it has been pointed out that no appropriation has been authorised by Parliament for such expenditure.

With regard to the Interest guaranteed to the Main Line Railway Company, the Main Line Railway Act, 34 Vict. No. 13, authorises the Governor to guarantee interest at the rate of 5 per cent. under certain conditions, without naming the fund from which such interest is to be paid. It seems to me, therefore, that the amount should be included annually in the Appropriation Act, or that the passing of a special Act appropriating the amount until the termination of the contract is necessary.

The payment of the annua subsidy £4200 for the maintenance of the Submarine Cable between Low Head and Victoria was authorised by resolution of Parliament, on 24th January, 1868, but no special Act appears to have been passed for appropriating the amount out of the Consolidated Revenue.

As the proposal to omit the items referred to from the Appropriation Act seems calculated to establish a dangerous precedent, I hope the matter will be most carefully considered before being carried into effect; and feeling the question to be of great importance, I beg to request that this letter may be referred to Parliament before the Appropriation Bill for 1879, and Supplementary Appropriation Bill for 1878, shall have been passed.

I have the honor to be,
Sir,

Your most obedient Servant,
W. LOVETT, Colonial Auditor.

The Hon. the Colonial Treasurer.

MAIN LINE RAILWAY.

Treasury Correspondence in continuation of Paper No. 34 of the present Session.

PAYMENT OF INTEREST.

No. 541.

QUERY or Observation on the Accounts of the Honorable the Colonial Treasurer for the month of October, 1878, to which Answer or Explanation written in the blank space left for that purpose is requested as early as possible.

The Honorable the Colonial Treasurer.

W. LOVETT.
Audit Office, 23rd April, 1879.

Description of Voucher.—No. 1140. Tasmanian Main Line Railway Company—Amount of Interest due by the Government of Tasmania for Quarter ending 30 September, 1878, £8125. Paid 29 October, 1878.

Query or Observation.—With reference to Query No. 536, it is noticed that the payment of guaranteed Interest to the Tasmanian Main Line Railway Company for the Quarter ending 30th September, 1878, has been made without the authority of the Governor in Council, and contrary to the provisions of Sections 19 and 20 of the Audit Regulations. It is regretted that this irregularity was accidentally omitted to be brought under notice before.—W.L. 23rd April, 1879.

No. of Query.—541.

Answer or Explanation.—The question is now before the Hon. the Attorney-General for opinion on a point of law. If he decides that an authority of the Governor in Council is necessary in the case now in his hands, then one should be taken sanctioning this payment. The Auditor will be duly advised when the opinion is received, after which this matter can be brought under notice again, if found necessary.—D. LEWIS, *Colonial Treasurer*, 24th April, 1879.

PASSES TO MEMBERS OF PARLIAMENT.

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 6th May, 1879.*

SIR,

I HAVE the honor to forward you herewith further accounts for the conveyance of Members of the Legislature, made up to the 5th instant, and trust that the proposal of the Government to place a sum on the Estimates providing for such expenses will be approved by Parliament.

The system has been continued up to the present time, because its results prove that it is sanctioned by a majority of both Houses, who by the use of the orders must imply their desire that they should be encashed at the Treasury.

The names of the Honorable Members using such orders are given hereunder; also of those who have supported the payment of the fares of Members travelling by rail:—

Of the Legislative Council:

Hon. W. Dodery.
Jas. Maclanachan.
J. Aikenhead.
T. W. Field.
W. D. Grubb (since deceased).
John Lord.
James Lord.
J. T. Robertson.
F. M. Innes.
F. W. Grubb.

Approved by—

Hon. W. L. Crowther.
Making 10 out of 16 Members.

Of the House of Assembly:

T. C. Just, Esq.
J. M. Dooley, Esq.
H. E. Lette, Esq.
Jas. Scott, Esq.
W. Hodgson, Esq.
A. T. Pillinger, Esq.
C. Meredith, Esq.
G. W. Keach, Esq.
S. Henry, Esq.
Ade Douglas, Esq.
Jas. A. Gunn, Esq.
Wm. Hart, Esq.

Approved by—

Hon. Thos. Reibey.
J. S. Dodds.
D. Lewis.
C. O'Reilly.
W. R. Giblin.
J. D. Balfe, Esq.
A. Coote, Esq.

Making 19 out of 32 Members.

The principle of allowing Members of Parliament to travel free by railway is adopted in all the neighbouring colonies; and it is so just and equitable that I trust it will be affirmed by Parliament, and that either by the system now in vogue, or on such terms as the Legislature may prescribe, the Company may be refunded the past amount due, and be authorised to continue the existing privileges.

I have, &c.

C. H. GRANT.

Hon. DAVID LEWIS, M.H.A., Colonial Treasurer.

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

Conveyance of Members.

1879.		£	s.	d.
January.	To amount as per account rendered	21	4	6
February.	Ditto	9	2	8
	Ditto	3	3	0
April.	Ditto	35	1	6
May 3.	1st Class Return Ticket, Hobart Town to Launceston, issued to Hon. C. Meredith, M.H.A.	2	7	6
April 21.	Ditto, Tunbridge to Hobart Town, issued to Hon. Jas. Maclanachan, M.L.C.	0	18	0
May 5.	Ditto, Launceston to Hobart Town, issued to Hon. J. Aikenhead, M.L.C.	2	7	6
	Ditto, Hon. F. W. Grubb, M.L.C.	2	7	6
	Ditto, H. E. Lette, Esq., M.H.A.	2	7	6
	Ditto, Wm. Hart, Esq., M.H.A.	2	7	6
	Ditto, Jas. Scott, Esq., M.H.A.	2	7	6
	Ditto, Antill Ponds to Hobart Town, issued to A. T. Pillinger, Esq., M.H.A.	0	16	6
	Ditto, Campania to Hobart Town, issued to Hon. John Lord, M.L.C.	0	6	3
	Ditto, Tunbridge to Hobart Town, issued to Hon. Jas. Maclanachan, M.L.C.	0	18	0
		<u>£85 15 5</u>		

Amounting to Eighty-five pounds fifteen shillings and fivepence sterling.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
per their Agent and Attorney—

C. H. GRANT.

£85 15s. 5d.

TASMANIA.

THE GOVERNMENT OF TASMANIA Dr.

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

1879.		£	s.	d.
April 1.	To 1st class return ticket, Hobart Town to York Plains, issued to Hon. J. T. Robertson, M.L.C.	1	2	8
7.	Ditto, Hobart Town to Launceston, issued to Hon. F. M. Innes, M.L.C.	2	7	6
21.	Ditto, Launceston to Hobart Town, issued to James Scott, Esq., M.H.A.	2	7	6
	Ditto, Hon. T. W. Field, M.L.C.	2	7	6
	Ditto, H. E. Lette, Esq., M.H.A.	2	7	6
	Ditto, Antill Ponds to Hobart Town, issued to A. T. Pillinger, Esq., M.H.A.	1	4	11
22.	Ditto, Ross to Hobart Town, issued to G. W. Keach, Esq., M.H.A.	1	10	6
	Ditto, Launceston to Hobart Town, issued to S. Henry, Esq., M.H.A.	2	7	6
	Ditto, single ticket, Launceston to Hobart Town, issued to J. M. Dooley, Esq., M.H.A.	1	11	6
24.	Ditto, return ticket, Campania to Hobart Town, issued to Wm. Hodgson, Esq., M.H.A.	0	6	3
25.	Ditto, Hobart Town to Tunbridge, issued to Hon. J. Maclanachan, M.L.C.	1	7	2
	Ditto, Hobart Town to Brighton, issued to Hon. C. Meredith, M.H.A.	0	5	6
26.	Ditto, Ross to Hobart Town, issued to G. W. Keach, Esq., M.H.A.	1	10	6

	£	s.	d.
April 28. To 1st class return ticket, Launceston to Hobart Town, issued to T. C. Just, Esq., M.H.A.	2	7	6
Ditto, H. E. Lette, Esq., M.H.A.	2	7	6
Ditto, Adye Douglas, Esq., M.H.A.	2	7	6
Ditto, Jas. A. Gunn, Esq., M.H.A.	2	7	6
Ditto, Samuel Henry, Esq., M.H.A.	2	7	6
Ditto, James Scott, Esq., M.H.A.	2	7	6
	<u>£35</u>	<u>1</u>	<u>6</u>

Amounting to Thirty-five pounds one shilling and sixpence stg.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
per their Agent and Attorney—

C. H. GRANT.

£35 1s. 6d.

TASMANIA.

THE GOVERNMENT OF TASMANIA *Dr.*

To THE TASMANIAN MAIN LINE RAILWAY COMPANY, LIMITED.

Conveyance of Members.

	£	s.	d.
1879.			
February 24. To 1st Class Single Ticket, Hobart Town to Launceston, issued to the Hon. J. T. Robertson, M.L.C.	1	11	6
28. Ditto ditto, Launceston to Hobart Town	1	11	6
	<u>£3</u>	<u>3</u>	<u>0</u>

Amounting to Three pounds and three shillings sterling.

(Signature of Claimant)—*The Tasmanian Main Line Railway Company, Limited,*
per their Agent and Attorney—

C. H. GRANT.

£3 3s. 0d.

Colonial Treasury, 7th May, 1879.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of yesterday, forwarding claims for conveyance by Main Line of Railway of Members of the Legislature, made up to the 5th instant.

My previous letters on this subject made you aware that the Government would not accept any responsibility whatever with respect to any claims you might make on account of the service referred to, namely, the conveyance of Members of the Legislature by Main Line Railway; and informed you that the Government would submit a proposal for the consideration of Parliament, in order to afford the Legislature an opportunity of expressing an opinion on the question. In fulfilment of this promise the Government brought the matter under the notice of Parliament by placing a sum upon Supplementary Estimates to defray the cost of the service. The proposal was duly considered last evening, and, in the face of the very strong opposition shown thereto, the Government had no alternative but to withdraw the amount from the Estimates.

I will not presume to indicate the course open to you after the decision upon the vote submitted, but I must assure you that the Treasury cannot accept any responsibility whatever in respect to claims put forward on account of the service referred to.

I have, &c.

D. LEWIS, *Colonial Treasurer.*

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

*Tasmanian Main Line Railway Company, Limited,
General Manager's Office, Hobart Town, 7th May, 1879.*

SIR,

I HAVE the honor to acknowledge the receipt of your letter of this date, in which you correctly state that the Government are not responsible for the payment of the accounts submitted to you, as being the railway fares of Members attending Parliament; but I cannot think the same of the Parliament itself, since a *majority* have obtained their tickets on orders presumably indicating that the Company would be refunded their advances.

I would not presume to make any reply to your final decision but for your remark as to the very strong opposition the proposal to place an amount upon the Estimates for this Company received. This I see by the published accounts came from those Members who reside in or near Hobart Town, and therefore are never involved in travelling expenses. Of these only seven opposed the proposal, whereas nineteen are known to approve it, as do probably many of those not enumerated, and a majority of the Legislative Council.

Before therefore cancelling Members' privileges, I feel it my duty to bring this phase of the matter under your consideration, since all Assemblies are supposed to be ruled by the majority.

I have, &c.

C. H. GRANT.

The Hon. D. LEWIS, M.H.A., Colonial Treasurer.

Colonial Treasury, 8th May, 1879.

SIR,

YOUR letter of the 7th instant has just reached me, and I am glad to learn from it that my communication to you of the same date "correctly states that the Government are not responsible for the payment of the accounts submitted by you, as being Railway Fares of Members attending Parliament," as it has been my desire from the first to be clearly understood that the Treasury would not accept any responsibility in the matter of payment for the service referred to.

As your letter, now under acknowledgment, will form part of the Correspondence laid upon the Table of the House of Assembly yesterday, Members of Parliament will, no doubt, read with interest your reference to the privileges accorded them by your Company.

I have, &c.

D. LEWIS.

C. H. GRANT, *Esq., Manager T.M.L.R. Co., Hobart Town.*