

(No. 125.)



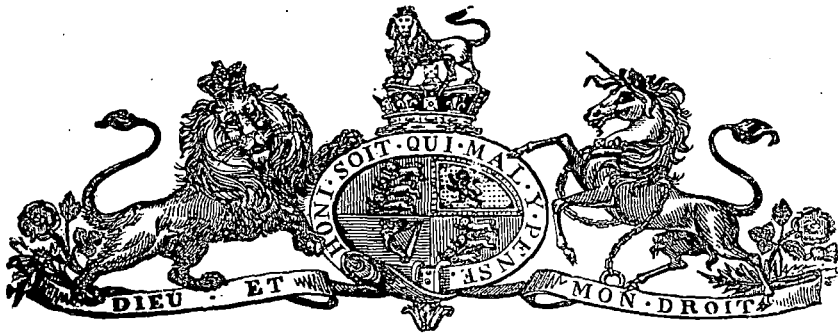
1886.

PARLIAMENT OF TASMANIA.

MAIN LINE RAILWAY:

DESPATCH FROM AGENT-GENERAL, AND SUGGESTED
ARRANGEMENT.

Presented to both Houses of Parliament by His Excellency's Command.



*Office of the Agent-General for Tasmania,
3, Westminster Chambers, Victoria-street,
London, 10th September, 1886.*

Re MAIN LINE RAILWAY.

SIR,

I HAVE the honor to forward herewith suggested terms of arrangement with Main Line. You will understand that these proposals are entirely for, first, the consideration of the Government, and then, if considered desirable, for Parliament.

This subject was fully impressed on the Directors, that I had no authority to act in any way, and that nothing of a final character could take place except by Parliamentary sanction.

However, if the Colony does not purchase, I cannot see how business can be carried on by the Company without capital; and as the Memo. provides that no capital expenditure can take place unless with the sanction of the Government, the power rests entirely with the Government what shall be done.

From the way the Memo. is worded, the Colony makes itself liable only to the interest of an expenditure not exceeding £50,000 at £4 per cent. The maximum liability is therefore £2000 per annum, and this has to be repaid before any dividend can be paid to shareholders.

It will also be seen that Revenue cannot be supplied to extension or duplicate of line, new buildings, or new rolling stock; consequently, unless the line does not earn £2000 over ordinary expenditure the Colony must be a gainer, and the improvement of the line must be in all probability an improvement in revenue.

I think these suggested arrangements require your careful consideration, and, I trust, will not be rejected until carefully weighed in all their bearings. It is undesirable to be in litigation with the Company if it can be avoided, and nothing on our part ought to look like harshness in dealing with the Company.

You will see also that the £10,000 is admitted as being due to the Colony out of the £14,000 odd: this balance of £4000 odd will be correctly ascertained between the Engineer-in-Chief and Mr. Grant. It comprises as principal items £1500 not credited for engine and other items, price of which it was admitted ought to be charged against the Company before I left Tasmania. In the event of your Government agreeing to this sum of £4000 odd being overcharge, please give me immediate telegraphic communication to pay over this sum to the Company, or such sum as agreed to by Mr. Grant.

The mode of dealing with 1884 will have to be followed out in 1885, but not further. Therefore out of the £50,000 the Company would have to receive £10,000 immediately and the amount deducted in 1885, and then nothing could be done in the future on the Main Line without the sanction of the Government.

I have the honor to be,

Sir,

Your most obedient Servant,

ADYE DOUGLAS, *Agent-General.*

The Hon. the Premier, Hobart.

**Suggested Arrangement between THE TASMANIAN GOVERNMENT and THE
TASMANIAN MAIN LINE RAILWAY COMPANY.**

WHEREAS the Government of Tasmania claim that certain expenditure made by the Company ought not to have been debited to revenue but should have been treated as capital expenditure and have retained out of the interest guaranteed by the Government the sum of Fourteen thousand six hundred and twenty-seven pounds one shilling and six pence or thereabouts in respect of such expenditure AND whereas the Company having closed their capital account contend that they are entitled to charge to revenue expenditure of every description contemplated by the Agreement between the Government and the Company of the fifteenth August One thousand eight hundred and seventy-one and otherwise fulfil their obligations thereunder AND whereas litigation is pending between the Government and the Company with reference to such dispute and it is expedient in order to avoid the delay and expense thereof and to put an end to the same that the following arrangement should be come to :—

1. For the purposes of this Agreement capital expenditure shall be held to mean and include outlay of the following description only :—

1. Extension of the Company's System.
2. Duplication of existing Line.
3. New Buildings.
4. Additional Rolling Stock.

2. Ten thousand pounds of the said sum of Fourteen thousand six hundred and twenty-seven pounds one shilling and six pence shall be deemed to have been expended upon Capital Account.

3. To enable the Company to raise money for the purpose of providing the said sum of Ten thousand pounds and (subject to the provisions of the next clause) for further capital expenditure as and when necessary the Government will use its best endeavours to pass through the Tasmanian Parliament as rapidly as possible an Act guaranteeing to the parties subscribing such further capital the payment by the Tasmanian Government of interest after the rate of Four per cent. per annum payable half yearly in London.

4. Whenever it may appear to the Company to be necessary or proper that further capital expenditure should be incurred in order to efficiently maintain and work the Railway so as to afford all sufficient station accommodation and due facilities for the passenger and goods traffic of every portion of the line the matter of the proposed expenditure shall be brought under the attention of the Tasmanian Government and its sanction obtained for the same and if sanctioned by the Government then the Company shall be entitled to raise the sum or sums of money required for defraying such expenditure by means of a further loan or loans on the security of such Parliamentary guarantee as aforesaid Provided always that the total amount which the Government is to be called upon to guarantee as aforesaid is not to exceed the sum of Fifty thousand pounds And provided further that after the expenditure of the said sum of Fifty thousand pounds failing a further agreement between the Company and the Government as to any further capital expenditure nothing in this agreement shall prejudicially affect the position or right of the Company under the original contract with reference to any further expenditure and they shall be remitted to the same and all the position and rights as they now have or claim and which are in dispute.

5. Nothing contained herein shall in any wise vary or alter or prejudice the existing rights of the Debenture holders or creditors of the Company.

6. All moneys which shall from time to time be paid by the Government as Guarantors as aforesaid in discharge either of principal or interest of any such loan or loans shall whilst the Government option of purchasing the Company's undertaking may remain open and unexercised be treated and regarded by and between the Government and the Company in the same manner as provided in the original Contract for the repayment of advances guaranteed thereunder Provided however that no dividend shall be paid to the shareholders of the Company upon their shares so long as the Company remains in debt to the Government for moneys advanced by them in payment of interest on loans raised by the Company under this Agreement.

7. If however the Government shall exercise their option under the original Contract to purchase the Company's undertaking then any portion of the said loan or loans which shall be then outstanding and shall not have been previously paid off shall be paid off by the Government or such other arrangements made by the Government as shall be satisfactory to the lender or lenders and any then existing works forming any part of or included in the said undertaking which shall have been created produced or procured through or by means of the expenditure of any portion of the moneys raised by a loan or loans as aforesaid which the Government shall so pay or satisfy shall be excluded from consideration and valuation in fixing the price to be paid to the Company in accordance with the said original Contract.

8. No obligation or liability shall attach or by the said Act be attached to the Company or to its undertaking property or rights in respect of the repayment and reimbursement to the Government of any moneys which shall be paid and applied by the Government in discharge of any principal or interest of any such loan or loans as aforesaid further or otherwise than is hereby expressly provided.

Dated London September ninth One thousand eight hundred and eighty-six.

Approved and recommended for the adoption of
the Government.

ADYE DOUGLAS.

Approved and recommended for the approval of
the Company.

F. D. GREY.