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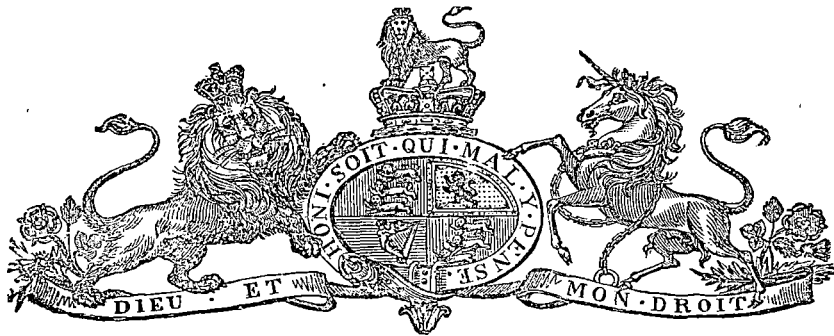
T A S M A N I A.

LEGISLATIVE COUNCIL.

LAUNCESTON AND WESTERN RAILWAY.

CORRESPONDENCE BETWEEN THE PROMOTERS AND THE  
HON. COLONIAL SECRETARY.

Laid upon the Table by Mr. Whyte, and ordered by the Council to be printed,  
August 21, 1866.



*Launceston and Western Railway Company, (Limited),*  
28th May, 1866.

SIR,

I AM instructed by the Provisional Directors of "The Launceston and Western Railway Company, (Limited)," respectfully to call your attention to the difficulties which exist in the way of giving practical effect to the Act under which the Company is constituted.

The strong feeling in favour of the work contemplated by the Act in question, which was exhibited by the result of the Poll of Freeholders in December last, will doubtless have fully satisfied the Government of the earnestness and sincerity of the electors.

To this fact I have now to add the further important evidence in the same direction, that a Share List of £50,000 has been subscribed almost wholly by the Freeholders of the Railway District, really with the object of further showing their good faith, and their anxiety for the construction of the work, and not from a desire to divert their capital from its ordinary employment.

To give effect, further, to these popular efforts, the Provisional Directors have exerted themselves to the utmost—by a deputation to Melbourne, and otherwise, to secure the co-operation of the moneyed interests there and in Launceston,—I regret to say, without effect.

The principal objections raised, are the limitation to par of the issue of the bonds of the Company, and the absence of a sufficient guarantee that these bonds will be paid at maturity.

The Inspector of the Union Bank (Mr. M'Mullen), and other reliable authorities, say, that the condition on the issue of bonds might prevent the bankers realising when necessary, because of some merely nominal difference in price; and further, that the payment of the bonds at maturity not being guaranteed, they would be regarded unfavourably in the light of interminable securities, which would greatly lessen their value, if it did not render them wholly unsaleable: Mr. M'Mullen adding, that he believes no interminable bonds—not even Victorian—would sell in London.

It is, therefore, under these circumstances proposed to ask the Government to support amendments of the Act in these particulars, and also as to the amount of capital to be paid up in the first instance.

To facilitate the consideration of this request, I am directed to enclose draft amendments to take the place of Sections 66 and 67 of 29th Victoria, No. 24.

I am to submit to you that these amendments may be adopted without any risk to the public Revenues.

You have the guarantee of the interest by the Districts until the principal moneys have been paid, and a lien in the event of any money being paid by the Colonial Treasurer on all the revenues and property of the Company; besides which, it is now proposed that a reserve fund shall be provided by the Company.

By consenting to these amendments, the Government will have the satisfaction of enabling the northern Colonists to attain their desired object, and greatly promote the general interests of the country without any pecuniary contribution.

I desire most respectfully to urge that the efforts of the northern freeholders, and the willingness with which they have shown themselves prepared to incur direct responsibility in the promotion of so great a public work, give them unusual claims to the consideration of the Government.

This communication will be handed to you by the Honorary Secretary to the Company, H. Dowling, Esq., deputed by the Provisional Directors, and to whom I beg to refer you for any further information.

I am, Sir,

Your obedient Servant,

W. S. BUTTON, *Vice-Chairman.*

*The Honorable the Colonial Secretary.*

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After the sum of £50,000 of the capital of the said Company has been paid into some Bank in Tasmania, to the credit of the Chairman or other authorised Officer of the said Company, the Company may, for the purposes of this Act, from time to time borrow such sums of money as they may think fit, not exceeding in the whole the sum of £300,000, by the issue of Bonds at from 20 to 35 years' date, which Bonds may be renewed by the said Company.

In order to facilitate such loan or loans, the Governor in Council shall guarantee the payment of interest at not more than 6 per cent. per annum on the same or any parts thereof, not exceeding in the whole the sum of £300,000, and the due payment of the said Bonds at maturity: Provided that in every such case, and so far as the Government shall in consequence of such guarantee advance and pay any such sum as aforesaid, all moneys so paid shall be, and the same are hereby declared to be, a primary charge upon the said Railway works and upon the revenues of the said Company.

That before any such guarantee is given by the Government Commissioners shall be appointed by the Governor in Council, who shall be empowered to examine the plans and specifications for the said Railway and works, and the contract or contracts for construction of the said Railway and works (so far as the works let under contract within the Colony are concerned), and all agreements or estimates for rails and other portions of the said Railway to be imported from abroad, and also to ascertain if the said sum of £50,000 has been duly paid into a Bank as aforesaid, and shall report thereon to the Governor, upon whose approval the works may be commenced and proceeded with; and when the Governor has been certified by the said report of the Commissioners that the said Railway may be completed for a sum not exceeding £350,000, and that the said sum of £50,000 has been paid as aforesaid, he shall, on application of the Company or their authorised Officer, guarantee payment of interest on the said Bonds, and payment of the said Bonds at maturity.

That no deviations from the terms of the said contract or contracts shall be lawful without the approval of the Governor in Council.

That a contract or contracts for the construction of the Railway and works aforesaid be submitted as aforesaid, and the works commenced on or before the first day of April, 1867.

That all costs and charges arising from the aforesaid provisions shall be a charge upon the said Railway Company, whose Chairman or other authorised Officer shall pay the same to the Colonial Treasurer, when called upon by him to do so.

That, at the expiration of Seven years dated from the opening of the said Railway for traffic, the said Company shall invest annually at compound interest, in the name of the Colonial Treasurer for the time being, a sum of money equal to not less than one half per cent. on the aforesaid sum of £300,000, as and for a reserve fund to be appropriated for the liquidation of the Bonds aforesaid.

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*Launceston and Western Railway Company,  
Launceston, 4th June, 1866.*

DEAR SIR,

I DESIRE to supply an omission by adding to the papers I left for you last week copy of the letter of the Inspector of the Union Bank, which closed the labours of the Deputation from Directors at Melbourne, which city was visited in pursuance of the efforts of the Directors to carry out the provisions of the Railway Act.

You will see that the proposed amendments are based upon the recommendations of the General Manager of the Union Bank, which, I desire to add, were fully endorsed by the opinions of all the principal bankers and financiers in Melbourne.

I beg again most respectfully to submit to yourself and colleagues, that by their votes in favour of the responsibilities imposed by the Bill, and by their extraordinary efforts in the way of subscriptions for Shares, the people of the Railway Districts have established a claim to the support of the Government of this country beyond precedent; and I will add the hope that this will be recognised, so far at least as the submitting to the consideration of Parliament the proposed amendments, without the intervention of a Parliamentary Address to the Crown.

I am,

Dear Sir,

Yours faithfully,

H. DOWLING, *pro tem.* Hon. Sec.

The Hon. JAS. WHYTE, *Esquire.*

(Copy.)

*Union Bank of Australia,  
Melbourne, 29th May, 1866.*

DEAR SIR,

I BEG to acknowledge receipt of your letter, and to repeat the opinion I expressed to Sir Richard Dry, that it will be impossible to carry the Launceston and Western Railway through under the Act passed by the Tasmanian Legislature for that purpose. To secure the negotiation of the Railway Bonds on any favourable terms, they should be guaranteed, principal and interest, by the Government in the ordinary manner,—have from 25 to 30 years to run,—and the issue not limited to par.

If funds must be raised for any particular purpose, it is absurd to fix an arbitrary price for the Bonds. This must be governed by the value of money at the time they come to be disposed of, and the nature of the security offered. I have known the greatest inconvenience to arise to Governments and Companies by the total failure of negotiations owing to an effort thus arbitrarily to fix the value of debentures; whereas a very slight, scarcely a material, concession would have made them a decided success.

Should the Tasmanian Government concede this to the Railway Company—protecting itself by lien on the works in any manner found to be mutually agreeable—but not asking the public to enquire into the merits of the undertaking, I see no difficulty in the way; and, on the part of this Bank, I will be happy to undertake the negotiation of the loan and the business of the Company on terms that I feel sure will be deemed satisfactory.

I am, &c.,

Yours faithfully,

JNO. M' MULLEN, *Inspector.*

H. DOWLING, *Esquire.*

*Colonial Secretary's Office, 16th June, 1866.*

SIR,

I HAVE to acknowledge the receipt of your letter of the 28th ultimo, on the subject of the Launceston and Deloraine Railway, and to inform you that the importance of the subject precludes it from being hastily dealt with, but that I will reply to it as soon as possible after the Government have considered and arrived at a decision upon the propositions of the Company.

I have, &c.,

W. S. BUTTON, *Esq., Launceston.*

JAMES WHYTE.

*Colonial Secretary's Office, 5th July, 1866.*

SIR,

I HAVE now the honor to reply to your communication of the 28th May (acknowledged by my letter of the 16th ult.), in which, after informing me that, notwithstanding their utmost efforts, both here and in Victoria, the Launceston and Deloraine Railway Company have failed to raise the capital necessary for the construction of the line, you proceed on behalf of the Association to enquire whether the Government will consent to certain amendments in the Act of last Session.

I regret to learn that the Company are unable to carry out the Act in its present form, as I had hoped that, with the passing of the Act of last Session, a question which had so long agitated and disturbed the public mind in the northern districts was at last finally disposed of.

As the question will again come under consideration in Parliament, my colleagues concur with me in opinion that the Government should pursue the same course with reference to the measure which has heretofore been followed. It will not be treated as a Government question, either for or against any propositions the Promoters of the Railway may make to Parliament.

The Government will not place any obstacles in the way to prevent the free discussion of the Company's proposed amendments, but it will be open for its members individually to take their own course. Under these circumstances it must be obvious to you that any expression of opinion by me upon the questions now submitted for the consideration of the Government cannot be of the slightest service to the gentlemen you represent. I must, therefore, on behalf of the Government, decline to pronounce any opinion upon the points you have submitted in the form of proposed amendments to the Launceston and Deloraine Railway Act until they come before Parliament.

I have, &c.,

JAMES WHYTE.

W. S. BUTTON, *Esq.*, *Launceston.*

*Launceston, 21st July, 1866.*

DEAR SIR,

WILL you allow the Government Printer to print the amended Launceston and Western Railway Bill?

It will be saving time by doing so before the commencement of the Session. Your kind attention will oblige

Yours truly,

ADYE DOUGLAS.

JAMES WHYTE, *Esq.*, *Colonial Secretary, Hobart Town.*

*Colonial Secretary's Office, 24th July, 1866.*

SIR,

I have to acknowledge the receipt of your letter of the 21st inst., and to inform you that, in accordance with the request contained therein, the Launceston and Western Railway Amendment Bill has been handed to the Government Printer.

I have, &c.,

JAMES WHYTE.

A. DOUGLAS, *Esq.*, *M.H.A.*, *Launceston.*

*Launceston, 28th July, 1866.*

SIR,

I AM directed to forward to you, for the information of the Government, copies of a Report made to the Shareholders of the Launceston and Western Railway Company (Limited) by the Provisional Directors.

Your obedient Servant,

H. DOWLING, *Honorary Secretary.*

*The Hon. the Colonial Secretary.*

*REPORT of the Provisional Directors of the LAUNCESTON AND WESTERN RAILWAY COMPANY  
(LIMITED).*

1. The Provisional Directors of the Launceston and Western Railway Company (Limited), in anticipation of the approaching Session of Parliament, deem it desirable to submit to the Shareholders, and to the Public through their Parliamentary Representatives, a Report of proceedings already taken to promote the construction of this Railway; while they desire at the same time to indicate the difficulties that at present lie in the way of successful financial arrangements.

2. On the passing of the Act under which the Company is constituted, it became apparent that the necessary Shares would have to be taken principally by the people of the Districts. So soon, therefore, as the Poll of the freeholders had been taken, with so decided a majority in favour of the Bill, means were adopted to obtain the proposed Capital; and although the amount required by the Act has not been realized, the result has been most satisfactory, a list of Shareholders of nearly £50,000 having been obtained, with promises of considerable additions when the permanency of the Company has been secured.

3. With a body of local proprietors representing such an amount of Capital, the Provisional Directors judged that the time had come to take immediate steps for arranging the terms on which the banking business of the Company would be undertaken, and the most advantageous form of presenting to British Capitalists the Public Securities conceded to the Company by the Legislature of Tasmania in its late Session of 1865. It will be very obvious that reliable information on these points could only be promptly obtained by direct personal communication with parties having authority to make definite arrangements, or whose recommendations would at least have great influence with principals. With this object in view, a deputation from the Provisional Directors has visited Melbourne, and had interviews with most of the Bankers, and other financial Agents; and they obtained a most decided expression of opinion that, with the 66th and 67th clauses standing as passed last Session, the Act is impracticable, excepting at very high rates of Interest. This opinion is supported by communications from good authorities in London, which can be seen at the Offices of the Company.

4. The financial authorities referred to agree in opinion, "that the 66th and 67th clauses of the *Launceston and Western Railway Bill* appear to have been framed so as to defeat the purposes for which it has apparently been passed," and that "it will be impossible (unless at an extravagant cost) to carry the Launceston and Western Railway through, under the Act passed by the Tasmanian Legislature for that purpose." They say further that, "to secure the negotiation of the Railway Bonds on any favorable terms, they should be guaranteed, principal and interest, by the Government, have from 25 to 30 years to run, and the issue not limited to par:" "that if funds must be raised for any particular purpose, it is absurd to fix an arbitrary price for the Bonds, as this must be governed by the value of money at the time they come to be disposed of, and the nature of the security offered." It is added, that "the greatest inconvenience has arisen to Governments and Companies by the total failure of negotiations, owing to an effort arbitrarily to fix the value of the Debentures; whereas a slight—scarcely a material—concession would have made them a decided success."

5. During the negotiations it has been ascertained, that if satisfactory financial arrangements can be made for the regular payment of Contractors, a considerable number of competitors may be expected to tender for the works, and thus a large reduction be effected in their estimated cost. Hence it becomes desirable that all pecuniary arrangements be complete before advertising for tenders, and altogether irrespective of Contractors.

6. The experience of the Melbourne deputation has convinced the Provisional Directors that it is absolutely necessary to introduce into the 66th and 67th clauses of the Act such amendments as, without reducing in any degree the public security afforded by the re-guarantee, or the authority of the Governor in Council in the matter of contracts, &c., shall render the Act consistent with its avowed objects and practical operation.

7. It is not intended, therefore, to lessen the powers vested by the 67th clause in the Governor-in-Council, with regard to plans, specifications, and contracts, but only to introduce such verbal alterations as will serve to explain these powers more precisely; but whilst the nominal capital of the Company is left as provided by the Act, at £100,000, it is proposed to enact that, on the actual payment into a Bank of the sum of £50,000 to the credit of the Treasurer or Chairman of the Company, the necessary bonds (not exceeding £300,000) may be issued at from 25 to 30 years, and be endorsed by the Government for the due payment by the Company of interest, and of the principal moneys at maturity.

8. It is proposed to urge upon the consideration of Parliament that the fact of nearly 5 to 1 of the votes of the freeholders having been given in favour of the responsibility for interest at the poll prescribed by the Act,—and, further, that having formed a Company amongst themselves, without any foreign aid, with a subscribed capital of £50,000—they have established for their districts an unusual claim on the aid of the Parliament of the country; more especially as the work proposed must conduce to the general interests of the community without risk to the public revenues.

9. Should the Parliament concede these amendments to the Company, there remains no further difficulty in the way of securing the favourable negotiation of the bonds, and the arrangement of the general banking business of the Company.

10. As a further security to the Government, in addition to the undoubted security for interest given by the assessed value of the property of the district, it is proposed to invest a reserve fund in the name of the Colonial Treasurer.

11. The Provisional Directors, having in view the great necessity which continues to exist for this work, desire to urge upon the shareholders and the northern Colonists generally, that they use their influence to secure the Parliamentary concessions proposed.

12. The Provisional Directors meet weekly, on Tuesday, at eleven o'clock, and will be at all times happy to receive communications from parties interested in the work, and whose co-operation they invite.

RICHARD DRY, *Chairman.*

*Launceston, 20th July, 1866.*

*Colonial Secretary's Office, 1st August, 1866.*

SIR,

I AM directed to acknowledge the receipt of your letter of the 28th ultimo, enclosing copy of a Report of the Provisional Directors of the Launceston and Western Railway Company.

I have, &c.,

B. T. SOLLY.

H. DOWLING, JUNR., *Esq.*, *Launceston.*