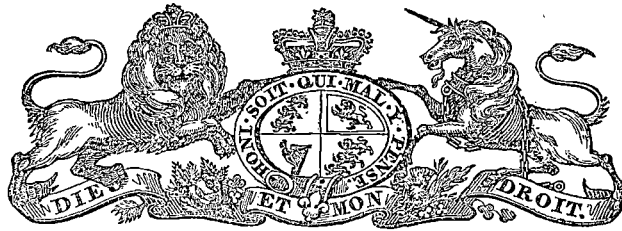


(No. 46.)



1865.

T A S M A N I A.

LEGISLATIVE COUNCIL.

WESTERN RAILWAY.

CORRESPONDENCE BETWEEN THE COLONIAL SECRETARY
AND PROMOTERS.

Laid upon the Table by Mr. Whyte, and ordered by the Council to be printed,
August 30, 1865.



Launceston and Western Railway, 12th December, 1864.

SIR,

THE Committee of Promoters of the Launceston and Western Railway, in preparing for the business of the next Session of Parliament, are desirous so to frame their proposals as may secure to them the assent of yourself and colleagues in the Ministry.

Assuming that the Government admits the importance of the proposed work, and dissents only from the mode suggested for the construction of the work, the Committee have requested me to submit to you that they will be glad if you will do them the honor to say how they may frame their proposals so as to secure the sanction and co-operation of yourself and colleagues.

Of the growing necessity for the construction of this work every day gives ample confirmation; and the Committee believe that an early favourable settlement of the question has become of vital importance to the Colonists of this division of the Island, and consequently ought to be regarded with solicitude by the Government.

Such a settlement it is hoped the Government may now exert its influence to promote; and therefore direct me to request the honor of your submitting this communication to your colleagues as early as practicable.

I have the honor to be,
Sir,

Your obedient Servant,

H. DOWLING, *Hon. Secretary.*

*The Honorable the Colonial Secretary,
Hobart Town.*

Colonial Secretary's Office, 17th December, 1864.

SIR,

I HAVE to acknowledge the receipt of your letter of the 12th instant, on the subject of the Launceston and Deloraine Railway, and to inform you that I will bring the matter under the consideration of my colleagues on the return of the Colonial Secretary from Victoria.

I have, &c.,

(Signed) J. M. WILSON.

H. DOWLING, JUN., *Esq., Launceston.*

Launceston and Western Railway, 25th January, 1865.

SIR,

I AM directed by the Committee of Promoters of the Launceston and Western Railway to remind you of my letter of the 12th December, and to ask the favour of a reply.

The Honorable Mr. Wilson, in acknowledging its receipt in your absence, said that it would be considered on your return from Victoria.

Your obedient Servant,

H. DOWLING.

The Honorable the Colonial Secretary.

Colonial Secretary's Office, 6th February, 1865.

SIR,

IN accordance with the promise contained in my letter of the 17th December last, I have taken the earliest opportunity of calling my Colleagues together to consider the request made by the Promoters of the projected Launceston and Deloraine Railway, that I should submit for the

approval of the Promoters terms upon which the Executive Government would be prepared to recommend the Legislature to sanction the construction of such Railway.

To this request I am now in a position to give you a reply on behalf of the Ministry.

There is no member of the Administration who is not fully sensible of the claims which the important districts through which it is proposed to carry the Railway have on the attention of the Government.

There is no Minister who does not recognise the right of those Districts to have any scheme in which their interests may be supposed to be embarked, not only carefully weighed and considered, but considered with a view to every concession being made in favour of such interests without endangering the safety or sound position of the country at large.

In this spirit my Colleagues and myself have been, are, and always will be prepared to treat every proposition brought under our notice by the Promoters of the Launceston and Deloraine Railway. But when you ask us to do more than this, that is to suggest a scheme for the approval or rejection of an irresponsible and self-constituted Association, you ask us to proceed beyond our legitimate sphere of action, and to reverse the natural and proper position which should be held by those who are for the time being the guardians of the interests of the whole country, and those who are pressing the claims of a section.

But, I may add, were this objection not sufficiently cogent to constrain Ministers to decline acceding to the request of the Promoters as a mere question of expediency, I feel assured, looking at the wide difference of opinion existing as well within as without the Cabinet on the subject of the extent to which the credit of the Country may be safely pledged in favour of any local work, however important, that the only fruit which would be likely to result from compliance with the suggestion of the Promoters would be an endless correspondence with its attendant misunderstandings. It would, moreover, be a complete departure from the course which the Government have determined to take with reference to the Launceston and Deloraine Railway, which I fully communicated to the Promoters before the last Session of Parliament.

I have, &c.

(Signed) JAMES WHYTE.

H. DOWLING, JUN., *Esq.*, *Launceston.*

Launceston and Western Railway, 11th February, 1865.

SIR,

ON my return from the country yesterday I had the honor to receive your letter of the 6th instant, in reply to my communication of the 12th December last, and I will submit the same to a Special General Meeting of the Railway Committee as early as possible.

Meantime permit me to say, that you are, in my opinion, in error in terming the Committee I represent "a self-constituted association."

The members of this Committee were nominated and elected at a duly convened and duly constituted Public Meeting of the Colonists of the Northern Districts of the Colony, held in the Court House at Launceston, on Thursday the 27th August, 1857; a meeting holden "for the purpose of deciding on the best mode of carrying out the proposed Railway from Launceston to Deloraine:" and they were appointed as an "Executive Committee, to correspond with the Government, and generally to take measures for the promotion of the undertaking;" and in this capacity the gentlemen composing this Committee have continued to act to the present time.

In this respect, I beg to submit that they occupy precisely the same position with relation to the people of the Northern Districts of Tasmania as similar bodies hold in relation to the people electing them in the Mother Country; where it has never occurred, I believe, that such a Committee has been spoken of as a "self-constituted association;" certainly not by a Minister of the Crown.

I beg to add, that the Minutes of the Public Meeting to which I have referred were transmitted to the Government of the day, and their receipt acknowledged by the Colonial Secretary.

I have the honor to be,

Sir,

Your obedient Servant,

H. DOWLING, *Hon. Sec.*

The Hon. Colonial Secretary, Hobart Town.

Colonial Secretary's Office, 2nd March, 1865.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 11th of February, wherein you inform me that, in your opinion, I was in error in referring to the Promoters of the Launceston and Deloraine Railway as a "self-constituted association;" and that certainly no Minister of the Crown in England would have so spoken of them.

While differing in opinion with you on this point, I beg to say that, in using the phrase "self-constituted association," I had no desire to convey offence to the Promoters of the Launceston and Deloraine Railway.

I have, &c.

(Signed) JAMES WHYTE.

H. DOWLING, JUN., *Esq.*, *Launceston.*

Launceston and Western Railway, 17th June, 1865.

SIR,

I HAVE the honor to forward, for the information of His Excellency the Governor in Council, the Resolutions which the Committee of the Launceston and Western Railway propose to submit for the consideration of the Parliament in the ensuing Session, and which are embodied in a Petition to His Excellency now in course of signature in the district; the Resolutions and Petitions having been unanimously adopted at duly convened public meetings.

I have also to enclose a copy of the Prospectus of the Launceston and Western Railway Carrying Company (Limited), nearly half the shares in which have been taken up, and permanent Directors elected. This Company, as stated in its Prospectus, has been formed "to offer to the Parliament a further proof of the earnestness and sincerity of the Northern Colonists on the question of the Western Railway, and how essential they believe it to be to the public welfare; at the same time that means are provided by which to render remote the possibility of any assessment being made on property of the district under the proposed rating clauses of the Railway Bill."

The Committee of Promoters beg to ask for the proposed Resolutions, thus modified by the further guarantee of the Railway Carrying Company, the sanction and support of the Government; that the Railway discussion, which has for so long a period occupied the attention of the Northern Colonists, may be thus satisfactorily terminated.

I am further to say that the Committee have had before them your letter of the 6th February last, declining, on the part of the Government, to suggest a form in which the Western Railway proposals might secure the support of the Government; and I am to assure you that the Committee deeply regret this decision.

Having regard, however, to the urgent necessity which continues to exist for Railway accommodation in the districts the Committee represent, they have decided upon submitting to His Excellency in Council, whether, in event of this new proposal not meeting with the sanction of the Government, they will be pleased to adopt one or other of the alternatives which the Committee will be prepared, under such circumstances, to submit for the approval of the Colonists; namely,—

1. That the Government consent to recommend the said Resolutions to Parliament, provided that the Carrying Company shall accept from the Government a lease of the Line when completed for Fifty years, at a rental of Six per centum per annum on cost of construction; and also, as soon as full consent of Parliament shall have been obtained and all arrangements for commencing the work be complete, the said Company shall at once invest, in the name of the Colonial Treasurer for the time being, the sum of £25,000; the said sum at compound interest being for the redemption of the Government loan.
2. Or—on a Company being formed for constructing and working the said Railway, the Parliament be moved to authorise a contribution to such a Company of one-fourth the capital as a grant in aid, such grant not to exceed under any circumstances the sum of One hundred thousand Pounds.
3. Or—on such a Company being formed with power to borrow (say) three-fourths of the required capital by the issue of bonds, that the Parliament be moved to sanction the guarantee of the interest *thereon*; the Government having a primary lien on the Railway works and revenues.
4. Or—that the Government offer to any Company who will construct and work the line a Parliamentary guarantee of interest at not higher than 6 per cent. per annum for 30 years, on a capital not exceeding the sum of £400,000 in the whole.

The Committee respectfully submit this communication to the consideration of His Excellency in Council, with an earnest desire to promote the settlement of this question by the co-operation of the Government; and I am to solicit an early reply.

I have the honor to be,

Sir,

Your obedient Servant,

RICHARD DRY.

The Hon JAMES WHYTE, *Esq*, *Colonial Secretary*.

£25,000 invested at 6 per cent. per annum, compound interest, in 48 years will produce £409,090.

[FIRST ENCLOSURE.]

MEMORIAL TO HIS EXCELLENCY COLONEL GORE BROWNE, &C.

The Memorial of the undersigned Colonists of Tasmania in the District of _____ *in the said Colony.*

RESPECTFULLY SHOWETH :

THAT for several years Memorialists and other inhabitants of the said District, impressed with the great importance of giving facilities to their agricultural and other business pursuits by the introduction of the great modern power of the Locomotive Railway, have addressed Memorials to the Government and to the Honorable the Houses of Parliament praying the early construction of the Launceston and Western Railway, and comprising in the aggregate the large number of eight thousand and fifty-eight (8058) signatures.

That Memorialists believe the delay which has occurred in the construction of the Launceston and Western Railway has inflicted great injury, not only on the proposed Railway District, but also upon the general interests of the Colony.

That Memorialists understand that on the assembling of Parliament the following Resolutions will be moved in the Honorable the House of Assembly, by the Honorable Member for Westbury, Mr. Douglas :—

RESOLUTIONS.

1st.—That it is desirable to construct a Railway from Launceston to Deloraine, through the Police Districts of Evandale, Norfolk Plains, and Westbury. And that for the purpose of constructing such Railway, His Excellency the Governor be recommended to introduce a Bill for the consideration of the House, authorising the raising of the sum of £400,000 by Debentures upon the conditions following.

2nd.—That provision be made in the said Bill for the guarantee of the interest on the said sum, at not more than 6 per cent. per annum, secured on the assessment of the District, and that, for the purpose of securing such guarantee, a Railway District shall be formed, comprising the Town of Launceston, and the road Districts of Patterson's Plains, Breadalbane, part of Evandale, Perth, Longford, Carrick, Westbury, Exton, Deloraine, Chudleigh, Upper Meander, and Midhurst; and before such Railway is commenced, the Railway Districts to declare, in the manner to be provided in the said Bill, its willingness to raise such amount by an assessment as will be sufficient to secure the interest on the said sum of £400,000; and further providing that the cost of construction and the interest thereon shall form a first charge upon the Railway when constructed.

3rd.—That Commissioners shall be appointed by the said District and the Governor in Council for the purpose of carrying out the provisions of the said Bill.

That Memorialists further understand that a Bill will also be submitted to the Honorable the Parliament for authorising and empowering a Company to lease and work the said proposed Railway on terms which will secure the Government of the Country, as well as the Landholders and other Ratepayers of the District, against loss from any deficiency of interest on any loan contracted by the Government for the construction of the said proposed line, and will also provide for the redemption by the said Company of a large proportion of the principal money.

Memorialists therefore humbly pray that your Excellency will be pleased, in the exercise of the high prerogative bestowed upon Your Excellency by Her Most Gracious Majesty the Queen, to commend these important questions to the favourable consideration of Parliament at its opening on the next approaching Session.

And your Memorialists, as in duty bound, will ever pray.

[SECOND ENCLOSURE.]

PROSPECTUS—Launceston and Western Railway Company (Limited), as advertised in the Newspapers.

Hobart Town, 28th June, 1865.

MY DEAR DRY.

PERHAPS you may feel a little impatient at not having ere this received an answer to your letter of the 17th instant. I assure you, however, that the delay has not arisen from indifference to the subject, but from an anxious desire on the part of my Colleagues and myself to meet your views if we can possibly do so with a due regard to the protection of the general interests of the community.

The alternative proposals contained in your letter of the 17th put the question before us in a different aspect from any in which it has hitherto been presented for our consideration; and I am not without hope that a satisfactory solution of the difficulty may be arrived at, if my apprehension of the meaning of the alternative proposals be correct.

There is, however, some difference of opinion amongst the Members of the Cabinet as to the precise meaning of some of the proposals; and at a meeting to-day it was decided that it would be better for me to write to you privately in the first place, give you the construction I have put upon them, and ascertain from you if the true meaning of the several propositions has been correctly arrived at.

I enclose a Memo. of what I conceive is the proper reading of the proposals and the intention of the Promoters of the Railway.

There is also another point on which it is desirable there should be a clear understanding before we can come to a final decision upon the course the Government, either collectively or individually, are called upon to take under the new state of circumstances your last proposals place them in with reference to the Railway question; viz.,—

In the event of our accepting, either as a Government or as individual Members of Parliament voting on an open question, any one of the alternative propositions, am I to understand that the Promoters will abandon their former position and frame their Bill in accordance with the principles of the proposal myself and colleagues may accept? Because, unless this is the intention of the Promoters, it would be useless for me to offer any opinion either for or against any of the propositions until they are brought before Parliament.

I take it for granted that it is the intention of the Promoters to take any one of the alternative proposals we may accept and abandon the others; but on a matter of such importance I think there should be no room left for doubt or misapprehension.

If you could come to town with full powers from the Promoters I think that we might arrive at a satisfactory solution of this long vexed question, the protracted agitation of which has a tendency to produce much evil by engendering animosities between individuals as well as between different sections of the community.

I have a communication from the Direct Line Company, intimating their intention of coming to Parliament for a Bill. Are you in communication with them in any way? Am I to consider them rival Companies? If so, it complicates the question considerably.

I remain, &c,
(Signed) JAMES WHYTE.

Sir R. DRY.

ALTERNATIVE PROPOSALS on which some Explanation is required.

Are the following views of their meaning correct?

1st Proposal.

The Government to issue the Debentures not exceeding £400,000 for the construction of the work in terms of the Resolutions contained in a proposed Memorial to the Governor. The Railway then to be leased for 50 years to the Carrying Company; the said Company further agreeing to pay over to the Colonial Treasurer for the time being the sum of £25,000, to be invested and formed into a Sinking Fund for the redemption of the Debentures.

2nd Proposal.

The Government to give a Subsidy or Grant in Aid of one-fourth the cost of construction not exceeding £100,000 in amount.

3rd Proposal.

A Company to be formed that shall raise one-fourth of their capital by subscribers, and be authorised to borrow the other three-fourths on Railway Bonds, the interest on which, at 6 per cent., shall be guaranteed by the Government for a period of years. The Government having a primary lien on the Railway Works and Revenue by way of security.

A reguarantee in the shape of a first charge on the Rates of the District I assume is intended to be embraced in this proposition.

4th Proposal.

I also assume includes the reguarantee of the interests by the Districts in the manner indicated in the Resolutions contained in the proposed Memorial to the Governor. Does this proposition also include a lien on the works?

[On receipt of this letter Sir R. Dry came to Town, and had several interviews with the Colonial Secretary, the result of which was that the third Proposal was selected by Sir R. Dry to lay before the Promoters, amended as under.]

Third Proposal of the Promoters of the Launceston and Deloraine Railway as amended.

A Company to be formed that shall raise one-fourth of their capital by subscribers and be authorised to borrow the other three-fourths on Railway Bonds, the interest on which at 6 per cent. shall be guaranteed by the Government.

The Government to have a primary lien on the Railway Works and Revenues by way of security.

A reguarantee to secure the due payment of interest in the shape of a first charge upon the Rates of the Districts included in the Railway District in the manner prescribed in the 2nd Resolution contained in the Memorial to the Government; viz., before such Railway is commenced the Railway District to declare, in the manner to be provided in the said Bill, its willingness to raise such an amount by assessment as will be sufficient to pay the interest on the amount of three-fourths of the cost of construction, being the amount of Railway Bonds bearing the Government guarantee of interest.

Hobart Town, 6th July, 1865.

SIR,

YESTERDAY I forwarded to the Secretary of the Committee of the Promoters of the Launceston and Deloraine Railway the third alternative proposed for constructing the Line as modified by you, in order that it might be submitted to the Committee.

I have now the honor to point out for your consideration, pending the decision of the Committee, what I conceive to be the advantages of proposals Nos. 1 and 2 over that which the Ministry seem disposed to adopt.

In the first proposal, whilst the liability of the Government would be the same, though in a different form, the term for which that liability would be incurred would be limited, whereas, under proposal No. 3, it would be interminable. It is true that in the last case the liability would appear to be only for interest; but I submit that an interminable liability for interest would be more serious than a liability for a limited period for interest and capital, with an undoubted security for the liquidation of both at a given time. Moreover, I assume that the Government will admit the great public advantage of a system which would considerably lessen the cost of Public Works of this description; in which case it is clear that the issue of Debentures would be more advantageous than the issue of Railway Bonds, inasmuch as the former would undoubtedly command a higher price on the London Stock Exchange, and thus, *pro tanto*, reduce the cost of construction.

Should proposal No. 2 be adopted, I believe a local Company could be formed to construct the work, as a grant of one-fourth the cost of construction would so far reduce the annual charge for interest that shares in the Company would, I believe, be freely taken up both in this and the neighbouring Colonies, at least to such an extent as to enable the Company to borrow the balance on the security of the Works. In this case the liability of the Government would cease with the issue of the grant. I would further remark, that the Government would be more than compensated by the additional amount which, under our present Tariff, would flow into the Public Treasury during the construction of the Work, and the increase of Revenue which would undoubtedly follow its completion.

With reference to proposal No. 3, I would point out that there would probably be some difficulty, and certainly considerable loss, in floating Railway Bonds, and that there would be much more serious objection on the part of Landowners to an interminable liability to assessment than to the plan proposed in No. 1.

If, however, the objections of the Government to Nos. 1 and 2 are insuperable, I would suggest the following modification of No. 3:—That Railway Bonds with interest guaranteed by the Government should be issued, redeemable at 45 and 50 years; and that such a sum shall be paid by the Company to the Colonial Treasurer as shall, by annual investment at 6 per cent., be sufficient to redeem the Bonds at maturity; and that, as a contribution from the Government in consideration of the public advantage of the proposed work, a grant of _____ acres of land shall be made to the Company.

In conclusion, I beg to say that these suggestions are not made on the authority or with the knowledge of the Committee; but should they prove acceptable to the Government I will at once submit them for approval, and recommend their adoption.

I have, &c.,
(Signed) RICHARD DRY.

The Hon. Colonial Secretary.

Hobart Town, 7th July, 1865.

SIR,

I HAVE the honor to submit for your consideration the following points with reference to the Launceston and Deloraine Railway :—

1st. The principle of reguarantee having hitherto been associated with the proposal that the Government should issue Debentures for the construction of the work, I fear there will be less willingness to accept it under new conditions.

As under the third alternative proposal the paid up capital of £100,000 would materially reduce the chance of any deficiency in the Railway receipts, may not the Government fairly take the risk of half the interest on the £300,000 of Bonds in consideration of a primary lien on the whole property of the Company?

The whole liability of the Government would then be £9000 per annum, secured on a work costing £400,000, and would be covered by a return of $2\frac{1}{2}$ per cent. The other moiety of the interest to be secured on the rates of the Districts.

2. I would suggest that during the construction of the Line payments should be made *pro rata* in Bonds, or by the sale of Bonds, and subscribed capital—*i.e.*, three-fourths of the amount of each payment in Bonds, and one-fourth in subscribed capital.

I have the honor, &c.

(Signed) RICHARD DRY.

The Hon. the Colonial Secretary.

Colonial Secretary's Office, 8th July, 1865.

SIR,

I HAVE the honor to acknowledge the receipt of your semi-official communications of the 6th and 7th instant, which I have submitted to the consideration of my colleagues who are in Town, in accordance with the promise made yesterday morning when you favoured me with a personal interview in order to explain more fully, for the information of the Government, your own views with reference to the subject to which they refer.

After a careful consideration of the question, we still adhere to the opinion that the objections to the 1st and 2nd propositions are as insuperable as we deemed them on the occasion of our first interview with you on Wednesday morning. Nor do we deem it advisable to depart from or vary the terms of the 3rd proposal as amended, which it was then arranged you would submit on Monday next to the Committee of Promoters.

The second subject referred to in your letter of yesterday's date, namely, the mode in which proportionate payments in bonds or proceeds of sales of bonds and subscribed capital of the Company should be made, appears to me to be more a matter of detail than a question of principle which can materially affect the leading features of the 3rd proposal of the Promoters; and I think we may therefore safely leave it for consideration and determination at a future stage of this negotiation.

If we can arrive at any satisfactory conclusion upon the leading principles on which the proposed Railway Bill is to be framed and laid before Parliament, I see no reason to fear that any serious difficulty is likely to arise upon minor matters.

The object my colleagues and myself seek to attain in consenting to enter into the present negotiations with the Promoters of the Railway is, if possible, to meet the wishes of the inhabitants of the proposed Railway Districts, and at the same time sufficiently protect the interests of the inhabitants of other portions of the Colony who have little or no interest in the projected work.

Awaiting a further communication from you after you have conferred with the Committee of Promoters,

I have the honor to be,

Sir,

Your most obedient Servant,

JAMES WHYTE.

The Hon. SIR R. DRY, M.L.C.

(BY ELECTRIC TELEGRAPH.)

July 13, 1865. Time—2.20 P.M.

MESSAGE FOR THE HON. JAMES WHYTE, ESQ.

COMMITTEE adopted proposal, and agreed to recommend it to a Public Meeting.

(Signed) R. DRY.

*Launceston.**Launceston and Western Railway, 13th July, 1865.*

SIR,

I AM directed to inform you that Sir Richard Dry has to-day submitted to the Committee of the Promoters of the Launceston and Western Railway the 3rd alternative proposal made by them on the 17th June, as modified by the Government, and that the Committee have unanimously resolved to convene a Public Meeting of the Northern Colonists to be held at noon on Wednesday next, and to recommend the said proposal to the adoption of the said Meeting.

I have the honor to be,
Sir,

Your obedient Servant,

H. DOWLING, *Honorary Secretary.**The Honorable the Colonial Secretary.*

I have the honor to enclose copy of the aforesaid Resolution :—

“That this Meeting direct the Honorary Secretary to convene a Public Meeting of the Colonists of the Northern Division of the Colony, on Wednesday next at noon, to which they agree to recommend the proposal agreed to by the Government in their Correspondence with Sir R. Dry; but this Committee is of opinion that any Company constructing the Railway is entitled to a Grant of Public Lands.”