

1902.

VICTORIA.

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PROGRESS REPORT

OF THE

ROYAL COMMISSION

ON

MANAGEMENT OF THE RAILWAY DEPARTMENT.

FREIGHTS AND FARES.

PRESENTED TO BOTH HOUSES OF PARLIAMENT BY HIS EXCELLENCY'S COMMAND.

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Edward, by the Grace of God, of the United Kingdom of Great Britain and Ireland, King,
Defender of the Faith, Emperor of India.

To our trusty and well-beloved the Honorable RICHARD TAYLER VALE, M.P.;
the Honorable HENRY ROBERTS WILLIAMS, M.P.; WALTER BOLITHO
GROSE, Esquire, M.P.; MALCOLM KENNETH MCKENZIE, Esquire, M.P.;
EDWARD COUGHLAN WARDE, Esquire, M.P.

GREETING—

Whereas we have deemed it expedient for divers good causes and considerations that a Royal Commission should forthwith issue to inquire into and report upon the system of promotion in the Railway Department, and its general management, financial and otherwise: Now know ye that we, reposing great trust and confidence in your zeal, discretion, and integrity, have authorized and appointed you, the said RICHARD TAYLER VALE, HENRY ROBERTS WILLIAMS, WALTER BOLITHO GROSE, MALCOLM KENNETH MCKENZIE, and EDWARD COUGHLAN WARDE, to be our Commissioners for the purposes aforesaid: And for the better effecting of the purposes of this our Commission, we do by these presents give and grant unto you, or any three or more of you, in case you shall think fit so to do, full power and authority to call before you such persons as you shall judge likely to afford you any information on the subject of this our Commission: And we do by these presents will and ordain that this our Commission shall continue in full force and virtue, and that you our said Commissioners, or any three or more of you, may from time to time proceed in the execution thereof, and of every matter and thing therein contained, although your proceedings be not continued from time to time by adjournment: And our further will and pleasure is that you do, with as little delay as possible, report to us under your hands and seals your opinion upon the matters herein submitted for your consideration: And we appoint you, the said RICHARD TAYLER VALE, to be the PRESIDENT of this Commission, with authority to give a second or casting vote at any meeting at which the votes (including that of the PRESIDENT) on any question pertaining thereto shall be equal: In testimony whereof we have caused these our letters to be made patent, and the Seal of our said State to be hereunto affixed.

L.S.

Witness our right trusty and well-beloved Sir GEORGE SYDENHAM CLARKE,
Knight Commander of our Most Distinguished Order of Saint
Michael and Saint George; Fellow of the Royal Society; Governor
of the State of Victoria and its Dependencies in the Commonwealth
of Australia.

At Melbourne, this twentieth day of January, One thousand nine hundred
and two, and in the first year of our reign.

G. S. CLARKE.

By His Excellency's Command,

W. A. TRENWITH.

ENTERED on Record by me in the Register of Patents Book 24, page 249, this twenty-first day of January, One thousand nine hundred and two.
W. A. CALLAWAY, for Under-Secretary.

FREIGHTS AND FARES.

PROGRESS REPORT.

To His Excellency Sir GEORGE SYDENHAM CLARKE, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Fellow of the Royal Society, Governor of the State of Victoria and its Dependencies in the Commonwealth of Australia, &c., &c., &c.

The Royal Commission appointed to inquire into the system of promotion in the Railway Department, and its general management, financial and otherwise, has the honour to present the following Progress Report :—

INTRODUCTION.

In presenting this Progress Report, dealing more especially with the question of passenger fares and merchandise rates, your Commission desires to point out that since the passing of the *Victorian Railways Commissioners Act* 1883 (No. 767) what may be termed political control has been excluded from the management of the railways, except as provided for in Act 1250, section 24, and Act 1439, section 14. With these exceptions, therefore, the Commissioner must be regarded as wholly and solely responsible.

PASSENGER FARES.

1. With regard to the metropolitan suburban system, your Commission considers there is too great a difference between the fares charged from stations just within the suburban radius and those immediately beyond. For instance, a first-class return ticket from Werribee to Melbourne (19 $\frac{3}{4}$ miles) can be obtained for 2s. 8d., while for a similar ticket from Little River to Melbourne (29 $\frac{3}{4}$ miles) the charge is 6s. 5d., or an additional 3s. 9d. for the extra distance of 10 miles. From Digger's Rest (20 $\frac{1}{4}$ miles) the first-class return fare is 2s. 8d., but from Sunbury (23 $\frac{3}{4}$ miles) the fare is 4s. 2d., or an additional 1s. 6d. for the extra journey of 3 $\frac{1}{2}$ miles. This difference exists in a greater or lesser degree all round the suburban area. People would, no doubt, frequently travel longer distances than they now do were it not for the sudden change from the suburban to the country fares.

With a view of enabling the Department to gradually adjust the difference between these rates, your Commission recommends the establishment of an outer suburban area, having a radius of 10 miles from the present suburban area.

RETURN TICKETS.

2. For ordinary passenger traffic to and from country districts, your Commission cannot see any special advantage in the system of return tickets. The present charge for a return ticket is 50 per cent. more than for a single ticket, but by the abolition of return tickets and an alteration in the charge for single tickets equal justice would be done to the Department and the public, while at the same time the revenue would be safeguarded by depriving "ticket-scalpers" of opportunities that the present system affords.

“OPTIONAL” TRAFFIC.

3. It is a matter of astonishment that in many districts no attempt has been made by the Department to encourage or create what may be termed “optional” traffic. It is a purely local matter, and there would not be any difficulty in obtaining a considerable revenue from this source. Numerous witnesses in the larger inland centres bear testimony to the fact that by running special trains at reduced fares for picnic and other similar purposes, as well as on market days, an “optional” traffic would be developed to an extent that would beyond doubt prove profitable to the Department, and at the same time afford pleasure and convenience to the public. That it would be a success from a revenue point of view is evident when it is remembered that as a rule the only extra cost to the Department would be the ordinary running charges.

In the arrangement of the time-table, the main object of the Department appears to be to make the local train service fit in with the running of trains to Melbourne, altogether overlooking the fact that the purely local traffic is oftentimes the main source of profit to railway companies in other parts of the world.

SPEED OF TRAINS.

4. Regarding the speed of trains, your Commission considers that a reduction in the length of time usually occupied in suburban journeys would be an advantage both to the Department and the public. There is no doubt that the exercise of greater strictness in connexion with the carrying of parcels to suburban stations would in itself lead to some improvement. The receiving or delivering of parcels and milk cans necessarily causes a delay which however slight is a matter of considerable importance when repeated at station after station. Only certain trains are supposed to carry these parcels, but in this respect there seems to be no small degree of laxity. Every possible effort should be made to increase, within the limits of safety, the rate of speed of suburban passenger trains.

On cross country lines also trains should be run at a higher speed than the present rate of from 12 to 16 miles an hour.

5. In connexion with the running of trains generally, your Commission strongly condemns the existing system which allows of a divided control over the engine-driver. While running between the stations, the driver of a train is responsible to the Locomotive Branch only, but when at stations he is under the authority of the Traffic Branch only. Common sense clearly shows that with the engine-driver under divided authority, the Traffic Branch cannot possibly have that complete control over the train which is necessary in order to insure a speedy and reliable train service. Unquestionably the Traffic Branch should have full control from the time the engine leaves the shed until it returns.

MERCHANDISE RATES.

6. The question of freights generally is a problem very difficult to solve, more especially when the surprising information is received that last year, with a goods tonnage amounting to 3,155,697 tons, the average load carried was only 47 tons per train. Taking into consideration the large quantity of wheat (511,157 tons), firewood (583,030 tons), and coal (182,717 tons), usually carried in full train loads, it is manifest that the loads carried on many of the other trains must be exceedingly small. It is, of course, recognised that a certain number of trains must be run regularly for roadside work and perishable traffic regardless of whether full loading is always available. The Department, however, appears to be running a number of unnecessary trains, and your Commission thinks that greater care should be exercised in this respect.

CLASSIFICATION OF RATES.

7. Great dissatisfaction has been expressed by persons who are engaged in commercial pursuits at the unscientific nature of the classification of the rates, and it has been pointed out that by a slight alteration—decreasing some and increasing others—the highest rate could be brought down to such a figure as would entirely destroy road competition, a competition involving the municipal councils in a considerable outlay through being compelled to maintain in good order roads leading to large centres, the use of which, in many cases, is not enjoyed by those who find the money.

SMALL CONSIGNMENTS.

8. Your Commission considers that some reduction should be made in the rates at present charged for small consignments of goods and minerals. It is not, of course, to be expected that the Department can afford to carry small quantities for a charge exactly proportionate to the charge made for the carriage of large consignments, but the great difference that now exists works to the disadvantage of traders and others carrying on only a small business and who therefore cannot avail themselves of the lower rates charged for large consignments.

NEW BUSINESS.

9. It appears to your Commission that more discretion should be exercised by the Department as regards charging low rates in connexion with the establishment or development of industries that may ultimately afford a large amount of traffic to the railways.

GRAIN AND COAL.

10. It has been found impossible to obtain a statement of the actual cost of carrying goods from one part of the State to another, and your Commission cannot therefore state with a certainty whether the Railway Department is justified in demanding from the Treasurer grants in aid for the carriage of grain and Victorian coal. In this way the Department last year received £79,427. When giving evidence on the question the Acting Chief Traffic Manager stated that he did not think there was any justification for receiving that amount from the Treasurer. In South Australia, Deep Creek coal is carried 373 miles for 10s. per ton, and in New South Wales mineral is carried for ½d. per ton per mile, and in some instances even less is accepted. In other countries a policy is pursued of carrying wheat and other staple products at rates so low as do not in themselves show a direct profit, but which prove to pay well when considered in conjunction with the higher rates charged on other traffic thereby created.

TAPERING RATES.

11. No doubt the Railway Department was right when it considered that the prospect of business would be increased by the adoption of tapering rates for the carriage of wheat grown in the more distant parts of the State—a concession that was intended to assist the producer in sending his produce to Melbourne, and for shipment to the markets of the world. This privilege is, however, now abused to such an extent that grain is carried through Melbourne to long distances on other lines at rates that cannot possibly pay working expenses. If the rates on wheat thus sent through Melbourne to the Gippsland lines alone were charged first for the actual distance to Melbourne, and then separately for the distance it was carried from Melbourne, the revenue of the Department would benefit to the extent of £10,000 or £12,000 per annum. For instance, wheat may now be sent from Hopetoun through Melbourne to some place on the Gippsland line, say Sale, and get the benefit of the tapering rates for the through distance. The through distance being about 405 miles, the freight would then be 15s. 3d. per ton, whereas if the distance from Hopetoun to Melbourne and from Melbourne to Sale were charged for separately the freight would amount to 24s., or a difference of 8s. 9d. As the producer does not benefit by the revenue thus lost by the Department, your Commission recommends that immediate steps be taken to prevent the abuse of a privilege never intended to be used in this way.

"LOCAL" RATES.

12. Under the "local" rates system as provided for in Act No. 1288, section 77, every new line, until it pays working expenses and interest on the cost of construction and rolling-stock, is treated as if it were detached and separate from the existing railways, the users of the new line not getting the benefit of the taper in the through rates for long distances until the point is reached where the new railway junctions with the main line.

The general impression at the time of the enactment of this provision was that by the adoption of this system a larger revenue would be obtained than if only the ordinary rates were charged, and there is no doubt that on this assumption authority has since been given for the construction of lines that would otherwise have been refused.

Your Commission, however, finds that the charging of the higher rates under the "local" rates system has, as regards some classes of traffic, not only failed to bring more revenue to the Department as was contemplated, but has resulted in an absolute cessation of business. This is more particularly the case on the new railways nearer Melbourne, viz., the Lilydale to Warburton and the narrow-gauge line from Ferntree Gully to Gembrook. Along these two lines there are thousands of tons of firewood which would undoubtedly be sent to market were the rates such as would allow of competition on equal terms with districts along other lines on which only the ordinary rates are charged. For instance, the freight on a 6-ton truck of firewood from Gembrook to Melbourne is 34s. 6d., while from Nar-nar-goon, on the Gippsland main line, a similar distance from Melbourne, the charge is only 21s. Needless to say, such an enormous difference in the rates positively prohibits any traffic in firewood on the Gembrook line, and at the same time deprives the settlers of a quick and profitable means of clearing their land and turning it to better purposes. In addition, therefore, to the loss of revenue from a firewood traffic, the prospect of the lines is seriously affected in consequence of the progress of settlement and cultivation being thus retarded. On all lines where they are in operation the local rates also press heavily on persons sending small consignments of goods; 1s. being the minimum rate for goods, the charge is repeated on consignments sent from one line to the other, however short the distance. By thus charging double rates an effective barrier is set up, and goods that would otherwise be carried on the line are, wherever practicable, taken either to another railway or not sent at all.

Being fully convinced, therefore, that the imposition of these rates is prejudicial both to the interests of the Department and the development of the country, your Commission strongly recommends the discontinuance of the system at the earliest possible moment.

TRANSHIPMENT OF GOODS (NARROW-GAUGE LINES).

13. Great dissatisfaction is expressed at the absence of proper facilities for the transshipment of goods at stations where the narrow-gauge lines junction with the broad gauge. Especially is this the case at Ferntree Gully. The general arrangement of the station could not possibly be more faulty, neither convenience nor comfort having been studied. Passengers changing trains there to go to Gembrook are obliged to walk from the main platform a considerable distance across the rails to the opposite side of the yard, oftentimes through mud, in order to get to the narrow-gauge train.

The shelter accommodation on the main platform is quite inadequate for the number of people who travel on the line, and passengers have frequently to remain exposed to all kinds of weather while waiting for trains, or during the interval between the arrival of the one train and the departure of the other—an interval so unreasonably long as to seriously reflect on those responsible for the arrangement of the timetable.

Goods are transferred from one train to the other by hand in the slowest and most costly manner that could be conceived. In the interests of the Department and the users of the line, up-to-date appliances should have been provided for this purpose. Generally speaking, with regard to the junction station arrangements in connexion with the narrow-gauge lines at Ferntree Gully, Wangaratta, and Colac, your Commission considers that the lack of judgment shown amounts almost to incompetence on the part of those responsible.

WATER COMPETITION.

14. Your Commission cannot refrain from referring to the serious and unwholesome competition that is taking place in connexion with the traffic to and from the districts around the various ports and harbors along the coast. The large reduction in rates made by the Department in endeavouring to secure the traffic to and from the several districts concerned is a source of unfairness to traders in many parts of the country, and every advantage is taken of this variation in rates at the cost of the State. As indicating the effect of the water competition on the rates, it may be mentioned that 100 miles is the maximum distance for which goods are now charged on the Sale and Bairnsdale line, while the rate to Camperdown is the maximum rate on that line, even though the goods are carried right through to Portland.

A return furnished by the Public Works Department shows that the expenditure on works in connexion with the ports at Portland, Belfast, Warrnambool, Sale, and Bairnsdale amounts to £703,146. The annual interest on loan funds expended is set down at £11,156, and the average annual cost of maintenance at £8,040. In addition to these sums there has been an expenditure on dredging in connexion with these ports during the past ten years amounting in the aggregate to £96,641.

Your Commission feels strongly that it is contrary to all business principles and manifestly unfair to the Railway Department for the Government to continue to provide, at so great an expense to the State, facilities that enable the shipping trade to successfully compete against the railways.

With a view of making these ports self-supporting, or, at any rate, securing some substantial return for the wharfage and harbor accommodation provided, your Commission recommends that the necessary steps should be immediately taken to provide for the levying of wharfage rates, or tonnage dues, on all goods carried to or from any of the ports referred to. At present no such charge is levied on goods carried between Melbourne and the Victorian ports. The low rates by water, as compared with railway freights, should enable the water-borne goods to bear an additional charge sufficient, at least, to meet the annual cost of maintenance and a portion of the interest on capital expended. Looking at the question quite apart from the fact that these ports are seriously competing with the railway system, it would be only reasonable to expect that a substantial return should be obtained from those deriving unquestionable benefits from the expenditure incurred.

A statement showing the extent to which this competition has developed, and the effect which it is having on the revenue of the Railway Department, is now in course of preparation, and will be submitted at an early date. Your Commission, however, has already had sufficient evidence to enable it to positively state that the amount of revenue lost to the Department in consequence of the water competition would more than cover the annual deficit on the whole of the railway system.

The Port Melbourne and Williamstown lines, which at one time afforded to the Department a fair amount of business of a very profitable character, have also had their operations almost entirely superseded as the result of the expenditure incurred in improving the navigation of the Yarra and constructing the Victoria Dock.

ROLLING-STOCK.

15. It is to be regretted that greater activity has not been shown in carrying out the policy, begun in 1899, of adopting heavier and more powerful engines and rolling-stock of improved construction. This policy would enable the Department to haul enormously increased loads, and thereby to materially reduce the average working expenses.

A return from the Railway Department shows that the total goods train mileage for the year ended 30th June, 1901, amounted to 3,413,797 miles, of which 2,472,319 miles were run on sections of main lines totalling only 690 $\frac{3}{4}$ miles of railway. This left only 941,478 of goods mileage for the remaining 2,573 $\frac{3}{4}$ miles of line. From these figures it is clearly evident that the adoption of suitable engines and rolling-stock for the sections of main lines on which full loading was obtainable would have resulted in a considerable saving in working expenditure by reducing the enormous goods mileage referred to above. The pursuance of this policy has added in no slight degree to the profits of the railway companies in America and other parts of the world.

ACCOMMODATION FOR TRUCKS.

16. On inquiring into the facilities for the speedy handling of trucks, your Commission was surprised to find that in many instances the station yards are so restricted in accommodation for trucks as to seriously cramp operations, and, consequently, the rolling-stock is not used to the best advantage. By increasing the accommodation for trucks at the stations the cause of many of the complaints now made would be removed.



ELECTRIC TRAMS.

17. Your Commission desires to draw attention to the opinion expressed by the Chief Traffic Manager, New South Wales, that the overhead wire system of electric trams affords facilities for the removal of large bodies of people at a fair rate of speed, far greater than is possible with a suburban railway system, and that it would be expedient for the Victorian State Government to obtain possession of the tramways. Both suggestions your Commission considers are worthy of note.

It must be admitted that the competition of the tramways has seriously affected the suburban railway returns, which, when compared with the results of the electric tram system in Sydney, may well cause regret that the Melbourne tramways were allowed to go outside the control of the State Government.

(L.S.)	R. T. VALE, President.
(L.S.)	H. R. WILLIAMS.
(L.S.)	W. B. GROSE.
(L.S.)	M. K. MCKENZIE.
(L.S.)	E. C. WARDE.

State Parliament House,
Melbourne, 6th May, 1902.