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REPORT

FROM

THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS

ON THE QUESTION OF THE PROPOSED

ALEXANDRA RAILWAY.

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RAILWAYS STANDING COMMITTEE REPORT No. 2.—[6d.]—6650.

MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS.

(*Seventh Committee.*)

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ALEXANDRA RAILWAY.

REPORT.

THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS, to which the Legislative Assembly referred the question of connecting the township of Alexandra by means of a railway with the existing railway system, and of loading the land enhanced in value by the construction of the railway, has the honour to report as follows :—

1. A short branch line starts from the Tallarook and Mansfield railway at Cathkin and runs eastwards, terminating in a paddock at Alexandra-road, a little over 4 miles from Alexandra. There is no doubt that this branch line would have been continued eastwards to that township, at the time the railway was constructed, had it not then been thought that the line could not be extended to Alexandra without building an expensive tunnel through the Eglinton Range. The township of Alexandra is situated a short distance beyond the foot of the range, near the flats bordering on the Goulburn River. It was estimated in 1890 by the Railway Department that the extension from Alexandra-road to Alexandra, which would be 4 miles 9 chains in length, with a ruling grade of 1 in 40, would cost £62,963. The first Parliamentary Standing Committee on Railways, after taking evidence in 1891 regarding the proposed extension, was satisfied that the railway could be carried into Alexandra for a sum much less than that estimated by the Department, and recommended that Parliament authorize the building of the line at a cost not exceeding £36,000, conditionally on the land required for the railway being handed over to the Government free of charge. This recommendation, however, was not given effect to. In 1899 Mr. F. Rennick, who was at that time Engineer-in-Chief of the Victorian Railways, reported that the cost of the suggested extension might be largely reduced by slightly deviating the route of the railway so as to take advantage of a gap in the Eglinton Range and avoid the necessity of tunnelling through the hill. He estimated the cost of the new route at £34,330, that price being based on a wage of 6s. a day, and using serviceable second-hand rails. Recently Mr. W. J. Muntz, engineer of the Shire of Alexandra, who had had experience in railway construction, placed before the Committee plans and detailed estimates indicating that if a slight alteration were made in the route suggested by Mr. Rennick, the proposed extension could be built for £25,000, with a minimum wage of 7s. a day, if second-hand rails were used. These plans and estimates were submitted by the Committee to Mr. Kernot, Acting Engineer-in-Chief of the Victorian Railways, who, after inspecting the locality, reported that by utilizing part of the existing road cutting through the Eglinton Range—to which the local shire council raised no objection—and by putting in one curve of 10 chains radius, the extension could be completed for £25,864, including £1,371 spent on surveys and plans in previous years, which would have to be charged to the line although some of them had now been discarded as useless. Mr. Kernot added that his estimate was based on a wage of 7s. a day and provided for the use of new 60lb. steel rails. If serviceable second-hand rails became available the cost of the extension would be reduced to slightly under £25,000. The length of this line would be 4 miles 28 chains, with a ruling gradient of 1 in 40. He proposed that the terminus of the railway should be on the local race-course, about 60 chains from the business centre of Alexandra. To carry the line into the heart of the township would cost £2,000 additional. The locomotive, carriages, guard's van, and train staff running on the existing line to Alexandra-road could be used to work the proposed extension, but the officers of the Traffic Branch of the Railway Department reported that three additional trucks, estimated to cost £369, would be required for the timber traffic, which the line would be the means of developing.

Population.

2. Alexandra is the principal town in the Alexandra Shire. It has a population of about 600, but the railway, in addition to meeting their requirements, would serve a number of farmers and graziers in the valley of the Upper Goulburn and on the adjacent hills. The total population to be benefited by the proposed extension was set down by the Railway officers at 2,000. A coach runs daily between Alexandra-road and Alexandra with passengers and mails.

Description of country : production.

3. The Goulburn River comes down from Darlingford, on the east side of Alexandra, and after passing close to the village of Thornton runs on the south side of Alexandra. Bordering on the river in that stretch of 20 miles or so are rich alluvial flats, and there is also a fair area of fertile land near Taggerty, on the Acheron River, which is a tributary of the Goulburn. The officers of the Traffic Branch of the Railway Department, who spent several days in the district, estimated the area of the rich river and creek flats at 19,000 acres. It was stated by the local residents that the alluvial flats would be largely devoted to the cultivation of potatoes, onions, maize, pease, oats, &c., if the railway were extended into Alexandra. Yields of from 5 to 8 tons of potatoes, and up to 45 bushels of oats, and 10 bags of pease per acre were said to have been obtained. They attributed so little cultivation being visible at the time the Committee drove along the river valley to the heavy cost of cartage over the Eglinton Range to the existing railway terminus at Alexandra-road, which, they said, deterred farmers putting in larger crops of potatoes, onions, maize, &c. The grade of that road is 1 foot in 7½ feet for a length of 5 chains and 1 foot in 10 feet for 28 chains, and as these grades adjoin each other it makes a continuous pull of nearly half-a-mile up a very steep rise. Evidence was given that the cost of cartage from Alexandra over the metalled road to Alexandra-road station was 6s. per ton. It was also stated by local residents that the land towards the foot of the hills, bordering on the rich alluvial flats, was suitable for cropping, while the hills were used for grazing.

Cartage.

Increased cultivation.

4. The Committee believes that the extension of the railway to Alexandra will lead to an increase in the area under cultivation, but certainly not to the extent anticipated by those who urged the construction of the line. The holders of the rich lands adjoining the Upper Goulburn River will doubtless find, as has been the case in other fertile districts which have railway facilities, that it is better to depend on the fairly regular income associated with dairying and fattening stock than on the uncertainty of prices obtained for potatoes, onions, oats, maize, &c., which are more subject to fluctuating markets. In this view the Committee is supported by the officers of the Railway Department, who reported that "the dairying industry has been steadily increasing in the Alexandra district, and it is not considered likely that any material increase in the output of grain and root crops will be caused by the construction of the proposed line."

Timber traffic.

5. It is on the timber traffic that the line will have to rely for the greater part of its income. This traffic, however, has to be created, but, judging from the statement of Mr. Hugh Mackay, Chief Inspector of Forests, there is but little doubt that the extension of the railway to Alexandra will result in the establishment of saw-mills in the Rubicon State Forest and the development of the expected timber traffic. The northern end of the forest is within 15 miles of Alexandra, and Mr. Mackay in his statement to the Committee said that about 45,000 acres of timber would be tapped by the proposed extension of the railway to that township. The timber was growing on a high ridge known locally as the Rubicon or Blue Range. But there was a remarkably fine tableland, so that the ordinary timber jinkers should be able to run all over the forest. It was, in his opinion, one of the most suitable forests for working in the State, and there was a good grade for a tranway down to the bridge over the Rubicon River. That stream is a tributary of the Goulburn River. The forest was, he added, one of the best in Victoria. It contained blackbutt, with a smaller variety of mountain ash, messmate, spotted gum, woolly butt, and a variety of blue-gum known as ribbon gum. The trees on about 20,000 acres were fully ripe for the saw. On many acres they were growing from 12 feet to 15 feet apart, and the blackbutt were, in many cases, 3 feet in diameter and 40 feet to 60 feet in the barrel. These trees should each yield from 800 to 1,200 superficial feet of sawn timber. The Forests Department did not want the trees on the 20,000 acres referred to, to stand any longer, and if substantial men, with suitable plant, were willing to enter the forest to cut out blocks the Department would encourage the establishment of two or three mills. It had already issued a licence to cut to Messrs. Clark and Kidd, who

proposed to lay down a tramway—having already surveyed the track—and erect a mill to be worked by water power, which was cheaper than steam. He considered that Messrs. Clark and Kidd should be able to tap the markets in the Northern district, including Bendigo, and up to Echuca and Deniliquin. A large quantity of sawn timber had been sent to those markets since closer settlement was started and wheat lands were let on the share system. With proper supervision, and limiting the number of mills operating, there was no likelihood of the northern part of the Rubicon State Forest being exhausted in 60 years, but without the short railway extension into Alexandra, so as to avoid the heavy haulage over the Eglinton Range, Mr. Mackay considered that the State could not have that large body of timber utilized to advantage. He added—“Summing up my evidence I would say that, apart from the drawback of distance from the railway loading station—whether Alexandra or Alexandra-road—no hardwood forest promises such a future success as this with the mills suggested; and that is due to the good average quality of the timber and the great yield they would get per acre.”

6. A royalty of 4d. per 100 superficial feet will be charged by the Forests Department on timber cut in the northern part of the Rubicon State Forest. Mr. Mackay stated that the maximum charge is to be imposed in this case because the forest was a good one. He estimated that the royalty would bring in revenue to the State equal to about £4 per acre. It was stated by the local residents that if the railway were not extended over the Eglinton Range to Alexandra the forest would remain practically closed and the State would lose the royalty, while the value of many of the trees for milling purposes would gradually deteriorate. Royalty on timber.

7. The live stock in the Alexandra district was estimated as follows:— Live stock.
 Sheep, 40,000; cattle, 10,000; horses, 1,500; and pigs, 700.

It was reported by the Government Astronomer that the average annual rainfall in the district was 27 inches. Rainfall.

8. According to the report of the officers of the Traffic Branch of the Railway Department, the area to be served by the proposed railway extension totalled 150,000 acres, comprising 19,000 acres of rich river and creek flats, the balance—131,000 acres—being hilly and mountainous country. They expressed themselves as satisfied, after reading the evidence of Mr. Hugh Mackay, Chief Inspector of Forests, that about 7,000 tons of sawn hardwood would be carried annually over the line if it were extended to Alexandra. As section 77 of the *Railway Lands Acquisition Act 1893*, No. 1288, requires “local rates” to be charged on all goods carried over any newly constructed line of railway, the following estimate of the annual interest charges, working expenses, and revenue of the proposed extension from Alexandra-road to Alexandra, prepared by the officers of the Traffic Branch of the Railway Department, is based on the assumption that “local rates” will be charged. Annual expenses and revenue.

ANNUAL EXPENSES.

Interest at 4 per cent. per annum on £25,864 2s. 8d., being cost of constructing 4 miles 28 chains of railway from Alexandra-road to Alexandra, and on £369 additional, being cost of extra rolling-stock required	...	£1,049	6	5
Traffic expenses	...	19	5	0
Maintenance charges	...	261	0	0
Locomotive expenses and rolling-stock repairs	...	86	0	6
Administration expenses	...	9	3	2
Total annual charges	...	£1,424	15	1

ANNUAL REVENUE.

(Based on Local Rates.)

Passengers, £154 8s. 4d.; parcels, &c., £65; mails, £38; class goods, £371 9s. 7d.; wool, £15; live stock, £73; timber, £695; grain, potatoes, onions, £110; all other traffic, £10	...	£1,531	17	11
Estimated profit (if local rates are charged)	...	£107	2	10

Annual loss if local rates abolished.

9. If the proposed railway extension yielded a profit as estimated, there would at once be an agitation to have the "local rates" abolished. As, however, the Railways Commissioners are not required to consent to the abolition of such rates unless it appears to them that the traffic receipts are likely to continue to pay the interest charges, and working and maintenance expenses after the removal of the local rates, the Commissioners forwarded to the Committee an estimate showing that if such rates were abolished and the ordinary mileage rates and fares charged, the annual revenue would come to £415 6s. 3d. only. The annual expenses would remain at £1,424 15s. 1d., so that there would be a loss of £1,008 18s. 10d. a year if the local rates were removed.

Loss if special rate charged.

10. The Committee then obtained from the Railway Department an estimate of the revenue likely to be earned by the proposed extension if the ordinary mileage rates were charged, plus 1s. per ton on all goods carried over the line, and an additional 6d. on the usual passenger fare, it being stated that this extra charge would neither cripple the development of the timber traffic, nor retard the expected increase in the production of root and grain crops. As already stated, the cost of cartage between Alexandra and Alexandra-road railway terminus is 6s. per ton, while the coach fare is 1s. 6d. per passenger per single trip. This estimate was as follows:—

Annual expenses (as in paragraph 8)	...	...	...	£1,424	15	1
Revenue (based on mileage rates, plus 1s. per ton on goods, and 6d. additional on the ordinary passenger fare)—Passengers, £221 1s. 8d.; parcels, &c., £40; mails, £38 5s.; class goods, £151 5s. 3d.; wool, £9 7s. 6d.; live stock, £23 14s. 6d.; timber, £463 12s.; grain, potatoes, onions, £102 10s.; all other traffic, £10	...	...	...	1,059	15	11
Estimated annual loss	...	...	...	£364	19	2

Credit for traffic over existing lines.

11. It was ascertained that if the timber traffic from the Rubicon State Forest came up to expectations, and the Alexandra extension were credited with the revenue obtained from the carriage of the timber over existing lines, less the ordinary working and maintenance expenses, a sum of £869 5s. 6d. would have to be added to the revenue of £1,059 15s. 11d. stated above, so that the estimated loss of £364 19s. 2d. would be changed into a profit of £504 6s. 4d. The Railways Commissioners, however, declined to credit the proposed extension with that sum, stating that "No provision was made for the revenue likely to be derived from the carriage of timber from the Alexandra district over existing lines, because the supply of hardwood timber from other districts in the State is at present equal to the demand, and, so far as can be ascertained, will be sufficient to meet any further requirements. It will, therefore, naturally follow that the carriage of timber from the Alexandra district over existing lines will entail a corresponding decrease in the output from other districts, and, under the circumstances, the Commissioners consider that in estimating the value of the proposed line as a revenue producer, it should not be given credit in respect of the revenue earned from the carriage of timber from the Alexandra district over existing lines." The Committee does not indorse this view, believing that each railway line should stand on its own merits as a revenue producer, and where an extension develops traffic over the existing lines it should receive credit for it, and that where the receipts fall off owing to the traffic being diverted elsewhere, that line should bear the loss instead of another district being saddled with it. Moreover, the Committee is of opinion that the view taken by the Commissioners concerning this matter is contrary to the provisions of section 4 of the *Railway Local Rates Act* 1900, No. 1695, which says that the traffic receipts shall be deemed to include the estimated traffic receipts accruing to the Commissioners from passengers, live stock, goods, and merchandise brought to the general railway system by means of such "new" line, over and above all the working expenses attributable to the said passengers, live stock, goods, and merchandise. Nothing is stated in the Act regarding the decrease of revenue of some other line or lines being set off against the traffic arising from the new line.

Decision of Committee.

12. The Committee, believing that serviceable second-hand rails can be obtained for this short extension, recommends that the railway be extended from

Alexandra-road to the south corner of the race-course reserve adjoining the 3-chain road on the north side of Alexandra township, a distance of 4 miles 25 chains, at an estimated cost of £27,000 (including the cost of the additional rolling-stock required), conditionally on the land required for railway purposes being handed over to the Government free of charge, and on the ordinary mileage rates, plus 1s. per ton, being charged on all goods carried over the extension, and an additional 6d. on the passenger fare; and also conditionally on the Alexandra Shire Council giving the Railways Commissioners, before the construction of the line is undertaken, a guarantee in writing, and under its seal, to be responsible up to a maximum sum of £500 per annum for any loss resulting in any year during the next 20 years, from the construction and operation of the extension after setting the interest at 4 per cent. per annum on the capital expended in building and equipping the railway, and also the annual working and maintenance expenses against the revenue earned by the line. Should any such loss occur, the amount which the Alexandra Shire Council is liable for under its guarantee is to be paid within nine months of the close of the year to which the accounts of the revenue and working expenses refer; but should any year show a profit instead of a loss as the result of the operation of the railway extension, such profit is to be set against any loss occurring in a subsequent year.

13. Notwithstanding that Parliament may concur in the view that the proposed extension is legally entitled to be credited with its share of the timber traffic over existing railways, the Committee considers that, as a matter of precaution—seeing that that traffic has yet to be developed, although the prospects are certainly bright—the Alexandra Shire Council should, on behalf of the local residents, whose property and land will be enhanced in value by the extension of the railway to Alexandra, be obliged to take its share of the risk of the loss that must result from the construction and working of the line if the timber traffic should not come up to expectations. The Committee has received a letter from the secretary of the Alexandra Shire Council, stating that “the people to be benefited by the railway are willing to indemnify the Railways Commissioners against any loss, either of working expenses or interest.” As an important township will be served by the proposed extension, as well as farm lands, the Committee abstains from making its usual recommendation that the lands benefited should be “loaded” or taxed on the acreage basis, instead of on the annual municipal valuation, to make good any loss connected with the railway, leaving it open to the council to raise, in whatever manner it may think desirable, on the properties and lands benefited any money that may be required under the guarantee. The Board of Land and Works should, however, fix the boundaries of the area served by the proposed extension, so as to avoid any local dispute. It was stated by the president of the Alexandra Shire Council that, according to the municipal valuation, the annual value of the properties and lands that would be benefited by the construction of the railway was £25,000.

GEO. GRAHAM,
Chairman.

Railways Standing Committee Room,
State Parliament House,
Melbourne, 11th July, 1906.