

1917.

VICTORIA.

REPORT

FROM

**THE PARLIAMENTARY STANDING COMMITTEE
ON RAILWAYS**

ON THE

**FINANCIAL RESULTS OF THE
ALEXANDRA RAILWAY.**

Ordered by the Legislative Assembly to be printed, 5th July, 1917.

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RAILWAYS STANDING COMMITTEE REPORT No. 2.—[6d.]—4603.

EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY.

THURSDAY, 21ST DECEMBER, 1916.

19. RAILWAY LINES—FINANCIAL RESULTS COMPARED WITH ESTIMATES OF REVENUE AND WORKING EXPENSES SUBMITTED BY RAILWAYS COMMISSIONERS.—Sir Alexander Peacock moved, pursuant to *amended* notice, That the question of the financial results of the following railways for each year since the date of their respective opening, as compared with the estimates of revenue and working expenses submitted by the Railways Commissioners, be referred to the Parliamentary Standing Committee on Railways for inquiry and report, namely:—

Beech Forest to Crowes,
Gheringhap to Maroona,
Eltham to Hurst's Bridge,
Tocumwal Extension,
Alexandra-road to Alexandra, and
Any other Lines referred by the Governor in Council.

Debate ensued.
Question—put and resolved in the affirmative.

MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS.

(*Eleventh Committee.*)

S. BARNES, Esq., M.L.A., Chairman;

The Hon. J. W. Billson, M.L.A.,
The Hon. A. Hicks, M.L.C.,
The Hon. D. Melville, M.L.C.
(Vice-Chairman),

R. H. Solly, Esq., M.L.A.,
R. F. Toutcher, Esq., M.L.A.

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REPORT.

THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS, to which the Legislative Assembly referred for inquiry the question of the financial results for each year since the date of opening of the Alexandra-road to Alexandra Railway, as compared with the estimates of revenue and working expenses submitted by the Railways Commissioners to the Committee, has the honour to report as follows:—

HISTORY OF THE RAILWAY.

1. In 1890 a short railway branching off the Tallarook-Mansfield line at Cathkin was constructed towards Alexandra. This line terminated in a paddock at Alexandra-road, $4\frac{1}{2}$ miles from Alexandra township. It was a non-paying railway for many years, and is still on the list of unprofitable lines. For a number of years the residents of the Alexandra district urged the extension of the Alexandra-road railway into Alexandra. It was believed that this short addition would not only develop the agricultural and timber resources of the Upper Goulburn district east of Alexandra, but by increasing the traffic over the Cathkin-Alexandra-road railway would lessen the annual loss on that section of the line. The residents also stated that, in consequence of the Eglinton Range lying between the railway terminus at Alexandra-road (which is now called Koriella) and Alexandra, all goods had to be carted over those hills at a charge of 6s. per ton, the grade of the road being 1 in 10 for nearly half-a-mile. It was represented that this cartage charge prevented the agricultural development of the rich alluvial flats bordering on the Upper Goulburn River near Thornton and Eildon, and also those adjacent to the Acheron River in the neighbourhood of Taggerty. Furthermore, there was an extensive belt—about 20,000 acres—of valuable mountain ash, messmate, and spotted gum timbers on the Rubicon or Blue Range, about 18 miles south-east of Alexandra township. But it would be impossible, it was said, to profitably market the hardwoods from that State forest unless railway communication were extended into Alexandra. Many of the trees were ready to be milled or were approaching maturity, and if not cut soon would gradually deteriorate, becoming of less commercial value, besides causing a loss in royalty to the Forests Department, which was estimated at 4d. per 100 feet super. to be equal to about £4 per acre. An assurance was given that if the railway were constructed from Alexandra-road over the Eglinton Range into Alexandra township a company interested in the saw-milling industry would lay down an iron tramway of a substantial character from the foot of the Rubicon Range into the railway terminus at Alexandra, and would also make a wooden tramway up the mountain side to the tableland on the Rubicon Range, where the best timbers were growing. The tableland is about 3,000 feet above sea level.

2. The question of extending the Alexandra-road railway into Alexandra township was referred by the Legislative Assembly to this Committee in 1906, and evidence similar to the above statements was given before it. Estimates furnished at the time by the Railways Commissioners showed that the line would cost £25,864 to construct and that the rolling-stock required would come to £369 additional. The interest charge at 4 per cent. per annum was set down at £1,049, and the working expenses at £375, or a total outlay of £1,424 for the first year of operation, whilst the revenue, based on ordinary mileage rates, plus a special charge of 1s. per ton on goods and 6d. additional on the ordinary passenger fare, was estimated to reach £1,060, leaving an expected loss of £364 in the first twelve months following

the opening of the line. The Commissioners reported that if "local" railway rates were charged (as was then customary on all new lines) this short extension would have an estimated profit of £107 in the first year. If, however, "local" rates were not charged, but only the ordinary mileage rates, the line would show a loss of £1,008 a year. To lessen this loss the Committee recommended the construction of the line conditionally on a special charge of 1s. per ton being made on all goods carried over the line, whether inwards or outwards traffic, and 6d. being added to the ordinary passenger fare. These charges, which were less than "local" railway rates, would, it was considered, have the effect of reducing the estimated annual loss to £364. The Railways Officers estimated the outwards traffic in the first year of operation at 8,348 tons, of which 7,000 tons would be timber and 1,000 tons agricultural produce.

3. When submitting its Report on this short railway the Committee directed attention to the action of the Railways Commissioners in declining to credit the proposed extension with the net revenue earned from the carriage of timber from the Alexandra district over the then existing railways. The net revenue would equal 40 per cent. of the receipts from that traffic. This was estimated to amount to £869, and would convert the expected loss of £364 in the first year of operation into a profit of £505. The Committee, believing that each railway should stand on its own merits as a revenue-producer, suggested that the Act authorizing the construction of this extension should contain a section directing that the line be credited with the net revenue arising from the carriage of timber from the Alexandra district over existing lines. This suggestion was adopted, and the line has since been credited with that revenue.

FINANCIAL RESULTS OF EXTENSION.

4. The railway from Alexandra-road to Alexandra was opened on the 28th October, 1909, having cost a little over £26,000 to construct and equip. For the first full year of operation—1910-11—this extension showed a loss of £968, and the following year a deficit of £785. These losses were mainly attributable to the output of timber from the saw-mills on the Rubicon Range in those years not coming up to expectation owing to the construction of the iron and wooden tramways from Alexandra station into that State forest and the establishment of the saw-mills taking longer and costing more than was at first thought.

5. The Committee was informed during its recent visit to the Rubicon Forest that over £20,000 had been expended on the tramways and mills. After seeing the substantial character of the iron tramway, ballasted with gravel from Alexandra to the foothills, a distance of 14 miles, and the steep sidling cuttings for over 3 miles up the mountain side to obtain a suitable grade for the wooden tramway to the mills, the Committee realizes why such a large outlay was incurred.

6. In 1912-13 the estimated goods traffic was reached, and, consequently, the extension yielded a profit of £215 that year. During the following twelve months (1913-14) the line showed a surplus of £791. In that period the outwards goods traffic increased by upwards of 3,000 tons, due mainly to the larger output of the saw-mills, which had now got into full swing. As the result of representations by the saw-millers the Railways Commissioners abolished, as from the 1st December, 1913, the special charge of 1s. per ton on all timber carried over the line, and in accordance with the direction of the Government, which was subsequently approved by Parliament, "local" railway rates on all new lines were abolished as from 1st July, 1914. This removed the special charges of 6d. per passenger, 4s. per truck on live stock, and 1s. per ton on all goods other than timber carried over the extension. When the Committee recommended the construction of the railway into Alexandra township it suggested the levying of these special charges as a means of increasing the revenue of the extension, and so reducing the estimated annual loss. In consequence, however, of the abolition of these special charges and a decrease in 1914-15 in the output of the Rubicon saw-mills, in common with those in other parts of the State, owing to the war restricting building and fencing operations, the extension showed a loss of £498 for that year. Another factor which contributed to the loss in 1914-15 was that some thousands of starving stock were carried over the Alexandra railway at half-rates, which caused the traffic to be unremunerative.

DETAILS OF ANNUAL EXPENDITURE AND REVENUE.

7. In compliance with the request made by the Committee, the Railways Commissioners furnished it with the following details of expenditure and revenue in connexion with the Alexandra extension for each year since the date of opening:—

	Estimated.	Actual for Year ended 30th June—				
		1911.	1912.	1913.	1914.	1915.
	£	£	£	£	£	£
Capital cost—						
Construction	25,864	26,070	26,777	26,788	26,837	26,831
Rolling-stock	369	369	369	369	369	369
Totals	26,233	26,439	27,146	27,157	27,206	27,200
Interest at 4 per cent.	1,049	1,058	1,086	1,086	1,088	1,088
Train miles	2,817	2,977	3,027	3,047	2,977	3,337
Working expenses—	£	£	£	£	£	£
Transportation	19	264	290	337	371	376
Way and works	261	401	549	411	299	308
Rolling-stock	86	239	279	309	326	380
General	9	14	20	19	33	30
Totals	375	918	1,138	1,076	1,029	1,094
Revenue—						
Passengers and parcels	229	357	425	448	441	245
Live stock	24	61	58	60	55	59
Mails, &c.	48	38	48	120	124	123
Forty per cent. of revenue earned on other lines	72	85	357	1,053	1,605	962
Goods	686	467	551	696	683	295
Totals	1,059	1,008	1,439	2,377	2,908	1,684
Summary—						
Interest charge	1,049	1,058	1,086	1,086	1,088	1,088
Working expenses	375	918	1,138	1,076	1,029	1,094
Total expenditure	1,424	1,976	2,224	2,162	2,117	2,182
Revenue	1,059	1,008	1,439	2,377	2,908	1,684
Loss	365	968	785	498
Profit	215	791	..

8. The Railways Commissioners informed the Committee that for economical reasons they had not compiled the revenue and working expenses of the Alexandra and several other non-paying railways for 1915-16. The following figures, giving the outwards passenger traffic and the outwards and inwards tonnage of goods carried over the Alexandra extension for the past four years, were, however, compiled from the Annual Reports of the Railways Commissioners:—

	Year ended 30th June—			
	1913.	1914.	1915.	1916.
Passengers out (journeys)	No. 3,621	No. 3,521	No. 4,235	No. 3,715
Goods out	Tons. 6,518	Tons. 9,964	Tons. 6,817	Tons. 5,884
Goods in	Tons. 2,355	Tons. 2,046	Tons. 2,907	Tons. 5,227
Total tons	8,873	12,010	9,724	11,111

9. Although the goods inwards in 1915-16 showed an increase of 2,300 tons as compared with the tonnage of goods carried into the district in 1914-15, the outwards tonnage decreased in 1915-16 by over 900 tons. As under the existing law the line

is credited with 40 per cent. of the revenue earned from the carriage of outwards traffic only over the old lines, receiving no credit in respect of the carriage of inwards traffic over the main lines, it is obvious that the Alexandra extension would show but little better financial results in 1915-16 than in 1914-15, notwithstanding the large increase in the inwards tonnage during 1915-16. This increase arose from the consignment of plant, cement, and other materials required in the construction of the extensive water storage basin at the Sugarloaf, just below the junction of the Upper Goulburn and Delatite rivers above Thornton.

ANALYSES OF THE RAILWAY FIGURES.

10. It was explained by the Railway Department that the reasons for the working expenses exceeding the estimate were as follow:—When the extension to Alexandra was projected it was intended that the stationmaster at Alexandra-road should supervise the traffic from the latter station, and, consequently, the £19 transportation expenses were to pay the yearly allowance to the caretaker at Alexandra. On the extension being opened, however, it was found necessary to transfer the stationmaster to Alexandra and to place a caretaker in charge of Alexandra-road station. The stationmaster's salary, therefore, became a debit against the section of the line on which the expenses were incurred. Similarly, in respect of the guard's wages the extension was charged with its proportion on the basis of the train mileage, and as the traffic increased at Alexandra station a lad porter had to be employed there. These charges accounted for the estimate of transportation expenses being exceeded. In common with all new lines, the estimate of way and works expenses proved to be too low in the first two or three years following the opening of the line. During that period the line became set and consolidated, there being deep cuttings and high embankments on the Alexandra line. This necessitated extra maintenance labour and additional ballast to keep the track in a fit state for traffic while it was consolidating. When this extension was recommended the train from Cathkin stopped daily at the then terminus (Alexandra-road) for four hours. The train crew had to be paid for this idle time, and it was, consequently, thought that if the line were extended to Alexandra the only extra operating expenses would be the cost of the coal consumed on that short run and the ordinary repairs to rolling-stock. These two items represented the estimated expenditure of £86. When the line was opened, however, the Department decided to adhere to its practice of charging train-running expenditure to the section on which it was incurred, and, therefore, the Alexandra extension was debited with its due proportion of the wages of the train crew. This, together with the increasing cost of fuel, and the determination of the Commissioners in 1911-12 to institute a Rolling-stock Replacement Fund and make all lines contribute annually towards that fund according to the rolling-stock employed on them, accounted for the additions to the estimated rolling-stock expenditure.

11. In comparing the revenue from passengers and parcels in 1914-15 with that collected in the preceding year, it will be seen there was a falling off in the receipts from these sources of nearly £200. The reduction arose from the abolition of the special charge of 6d. per passenger, whether outwards or inwards, over the ordinary fare. The decrease of upwards of £600 in 1914-15, compared with the preceding year, in respect of the 40 per cent. of revenue earned from the carriage of outwards goods over older lines, was attributable almost solely to the decline in the timber traffic, due to the war affecting building operations and retarding closer settlement. The revenue from goods in 1914-15 was close on £400 less than in either of the two preceding years. This is accounted for by the abolition of the special charge of 1s. a ton on all goods carried over the line.

AGRICULTURAL PRODUCTION.

12. When the question of the extension of the railway to Alexandra township was being inquired into by the Committee it was pointed out by witnesses representing the farmers of the district that there were 13,000 acres of alluvial flats bordering on the Upper Goulburn River, and 5,000 acres of similar fertile soil along the Acheron River. In addition it was stated that there were fully 6,000 acres of the foothills suitable for growing grain crops. These witnesses estimated that 1,500 tons of potatoes, onions, and pease would be brought to the railway for transport over it, and also 600 tons of grain and chaff during the first year the line was open for traffic. The Committee in its Report said it believed 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 Traffic Officers of the Railway Department estimated that 1,000 tons of agricultural produce would be carried over the line in the first year of operation, and as this tonnage was more in keeping with the views of the Committee it did not alter that estimate.

13. During its recent visit to the Alexandra district the Committee conferred with the Alexandra shire councillors and farmers to ascertain the reason why the expected traffic in agricultural produce had not come up to anticipations. They said that a fair proportion of the Thornton flats in the Upper Goulburn district were under maize, but that this crop was mostly used for feeding the local dairy herds. They explained that when the railway was constructed some of the farmers sowed a fair area of potatoes, but owing to floods coming down the Goulburn River in the autumn months the crop could not be dug, and this experience had deterred them from growing potatoes to the extent anticipated. It was stated, however, that the State Rivers and Water Supply Commission was constructing an extensive storage basin at the Sugarloaf in the Upper Goulburn Valley, just below the junction of the Goulburn and Delatite rivers, and it was expected that in future this reservoir would retain the autumn rains and prevent the flooding of the Thornton flats until after the potato and maize crops had been harvested. If this were found to be so it would result, they said, in a large increase in the agricultural production of the district, and the traffic from that source would then reach, and probably exceed, the railway estimate of 1,000 tons annually. It was further stated that, as so many of the local farm hands had enlisted, there was a difficulty at present in obtaining labour to increase the area cultivated, but that drawback would disappear on the cessation of hostilities. Moreover, a quantity of grain and chaff that would have been available for transport over the railway had been consumed locally by the teams employed in carting cement, iron pipes, &c., from Alexandra station to the Sugarloaf weir, and by the horses used in the excavation and filling works at that storage basin.

RECOMMENDATION.

14. It would seem at first sight that the way to place the Alexandra railway again on the list of paying lines is to re-impose the special charges on passengers, goods, and live stock carried over the line which were in force prior to 1914-15. But such a course would have the effect of unduly handicapping the Rubicon saw-mills, which have to bear a fairly heavy charge for the transport of their timber over the wooden and iron tramways some 18 miles into Alexandra station. The principal markets for the Rubicon timber are in the Goulburn Valley and Riverina districts. Since the Committee recommended the Alexandra extension and the saw-mills were established in the Rubicon State Forest the New South Wales Parliament has authorized the building of a railway from Wagga south-east into the timbered country at Tumberumba. This railway is under construction. Consequently, the Rubicon mills will soon have active competitors in the Riverina markets, especially in the towns on the Narrandera-Hay line and the Narrandera-Tocumwal line. Nothing should, therefore, be done to place the Rubicon saw-mills in a disadvantageous position to meet that competition, as it would necessarily diminish their output and lessen the earnings of the Alexandra extension, thus preventing that line again becoming a profitable undertaking. The output of the two saw-mills operating in the Rubicon State Forest came to 2,500,000 super. feet in 1914, whilst in 1916 they cut 1,700,000 super. feet, or about 2,000 tons less than in 1914. The two companies paid in royalty to the Forests Department £650 in 1914, and close on £450 in 1916. These fees would never have been obtained by the Government but for the extension of the railway into Alexandra township, so that the railway balance-sheet of the line does not represent the true value of this extension to the State. Moreover, last year over 2,000 tons of cement, iron-work, and plant were carried over the Alexandra line in connexion with the construction of the Sugarloaf weir. Had there been no railway between Alexandra-road and Alexandra the State Rivers and Water Supply Commission would have had to pay for the cartage of those materials and machinery from Alexandra-road to Alexandra a larger sum than was lost during that year on this extension.

15. Several months ago the Railway Department reduced the train service to Alexandria from a daily one to four days a week. As the residents of the district have not the same train convenience as formerly, it would be inexpedient to re-impose the special charge of 6d. per passenger with a view of increasing the railway receipts. The recommendation of the Committee is that the rates for passengers, goods, and live stock, and also the working of the Alexandria extension, should remain as at present, in the hope that with the termination of the war building operations and closer settlement will revive, and that the demand for the Rubicon timber will increase to its former proportions, and thus place the line again on the paying list. In view of the large capital invested by the Rubicon saw-millers in tramways and machinery, they must, in order to secure an adequate return on their outlay, avail themselves of every opportunity to increase the output from their mills as soon as the demand for sawn timber in the northern and Riverina markets improves. It is also hoped that the agricultural production on the fertile flats of the Upper Goulburn district will be increased, as was promised when the construction of the line was being urged. The deviation which the Country Roads Board is making in the main road between Thornton and Alexandria will avoid the haulage of such produce over McKenzie's Hill. This and the lessened risk of flooding consequent on the building of the Sugarloaf storage basin should be an inducement to the farmers to add to the area under cultivation.

SAMUEL BARNES,
Chairman.

Railways Standing Committee Room,
State Parliament House,
Melbourne, 20th April, 1917.