

1918.

VICTORIA.

THE PARLIAMENTARY STANDING COMMITTEE
ON RAILWAYS.

TWENTY-EIGHTH GENERAL REPORT.

PRESENTED TO PARLIAMENT PURSUANT TO THE PROVISIONS OF THE RAILWAYS STANDING
COMMITTEE ACT 1915 (6 GEO. V., No. 2717), SECTION 27.

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The Honorable ALFRED HICKS
The Honorable DONALD MELVILLE.

LEGISLATIVE ASSEMBLY.

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JAMES MENZIES, Esquire
ROBERT HENRY SOLLY, Esquire
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CHAIRMAN—JAMES MENZIES, ESQUIRE, M.L.A.

VICE-CHAIRMAN—THE HONORABLE DONALD MELVILLE, M.L.C.

* Appointed on the 27th March, 1918, in place of the Honorable Samuel Barnes, M.L.A., on his accepting the offices of Minister of Railways and Minister of Mines on the 21st March, 1918.

TWENTY-EIGHTH GENERAL REPORT.

To His Excellency THE HONORABLE SIR ARTHUR LYULPH STANLEY, *Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Governor of the State of Victoria and its Dependencies in the Commonwealth of Australia, &c., &c., &c.*

MAY IT PLEASE YOUR EXCELLENCY :

In accordance with the requirements of section 27 of the *Railways Standing Committee Act 1915*, the Parliamentary Standing Committee on Railways has the honour to submit the following Report of its proceedings :—

1. From the date (12th June, 1917) of its last General Report the Committee has held 151 meetings, and examined 44 witnesses in connexion with various proposed railways. It was also interviewed by a number of local councillors, progress associations, and residents concerning its investigations into several non-paying country lines. In making its inquiries the Committee travelled 1,316 miles by rail, and 558 miles by road.

2. During the 1917 Session the Committee presented Reports to the Legislative Assembly on the following questions :—

Railway connexion with Wando Vale, Dergholm, Harrow, Edenhope, and Boorookpi. Warriors connecting railway.

Neerim South to Toorongo River railway extension.

Financial results of the following railways :—Beech Forest to Crowes, Gheringhap to Maroona, Eltham to Hurst's Bridge, Tocumwal Extension, and Alexandra-road to Alexandra.

QUESTIONS BEFORE THE COMMITTEE.

3. The following questions have been referred by the Legislative Assembly to the Committee for consideration :—

1. Traffic, working expenses, present condition, future prospects, and course to adopt in the future to reduce loss on the following railways :—(1) Outer Circle railway (Fairfield Park to Oakleigh Junction); (2) That portion of the Burnley to Junction with the Outer Circle railway, from Darling Station to Waverley; (3) Mount Moriac to Forest railway (Moriac to Wensleydale); (4) That portion of the Coburg to Somerton railway between Fawkner Cemetery and Somerton.

2. Railway extension in the Eastern Mallee, and the provision of an adequate supply of water for settlement purposes.

3. Railway connexion with the Upper Acheron Valley district.

4. Railway connexion with the Baw Baw Forest district.

PROGRESS OF INQUIRIES.

4. Reports on the questions of railway connexions with the Eastern Mallee and the Upper Acheron Valley district will be presented to Parliament early in the forthcoming Session. Those relating to the other proposals before the Committee will be submitted later on.

NON-PAYING RAILWAYS.

5. In accordance with the recommendation made by the Royal Commission which inquired in 1917 into the Working of the Victorian Railways, the Railways Commissioners intimated in their last Annual Report their intention to make a claim, under section 102 of the *Railways Act 1915*, to be reimbursed from the Public Account the losses made in 1917-18 on non-paying lines constructed since 1896. When that claim is submitted it should not be overlooked that the inquiries of the Committee last year into the financial results of several non-paying railways showed the necessity for some investigation being made into the accounts and working expenses of new lines before payment of the claim is sanctioned by Parliament.

6. The Committee considers all country railways constructed in Victoria in the last decade or so were developmental lines, and that any deficiency, approved after inquiry, should be met, as far as practicable, out of the Developmental Railways Account, into which is paid the proceeds from the sale of Crown lands which have, broadly speaking, been enhanced in value by railway extensions in rural districts. This was the view taken by the Honorable the Treasurer (Sir Alexander Peacock) in his Budget statement in the Legislative Assembly on the 14th October, 1915, and an appropriation of £45,000 from that account was sanctioned by Parliament in 1916 (Act No. 2878) towards meeting the railway deficit. Last Session, however, Parliament authorized the drawing of a substantial sum annually from the Developmental Railways Account to pay interest on loan moneys expended on the construction of developmental roads. The result of this encroachment on the Developmental Railways Account for road purposes will be that its annual income will probably be insufficient to meet the yearly claim of the Railways Commissioners for reimbursement of losses on new lines; and if that claim is acknowledged in full by Parliament then funds will, most likely, have to be obtained from some other source to make good the deficiency in the Developmental Railways Account.

7. When the Railway Department issues the financial results in 1917-18 of all lines opened since 1896 it must not be concluded that the losses therein shown represent the value of the new railways to the State. In the first place, several of the lines have not yet reached their authorized terminal points, sections only of their lengths having been opened, and consequently the traffic in 1917-18 over these short extensions must not be accepted as an indication of the ultimate financial results of such lines. For instance, the Neerim South railway has so far been extended to Nayook only. It must, however, descend into the thickly-wooded Latrobe Valley before it can serve the purpose for which it was intended, namely, the tapping of the timber supplies in the valleys of the Latrobe, Loch, and Toorongo rivers. The objective of the Tallangatta extension is the fertile Upper Murray Valley and not the poor hilltop near Shelley, to which station this line has recently been made. Again, until the Toolondo and Cavendish extensions are linked up near Balmoral they cannot obtain any of the through traffic between the Western Wimmera and Portland districts, which was the principal aim of that connecting railway.

8. Another matter which is having an unlooked-for effect on the revenue of some of the newer lines is the fact that in many of the outlying districts, especially the Mallee, a large number of the settlers have enlisted. Consequently, the expected production from their blocks is not taking place, and the railways have thus lost freight, which has affected the earnings of these newer lines. This must be recognised as part of the price of war. It is a regrettable sight to see these lands going back to a state of nature. Shoots and weeds are growing up in profusion, and the holdings in some cases are overrun with rabbits and other vermin, which are a menace to neighbouring settlers, lessening their production also. It was frequently urged on the Committee when recently passing through such districts that the Repatriation authorities should, if labour is obtainable, have these blocks attended to in the absence of the soldiers, so that when they return they can enter upon a productive farm and not a holding that had been allowed to run wild while they were away fighting for their country. Any expenditure in this manner could, it was said, be made a charge against the repatriation allowance of the soldier after deducting the receipts earned from the land in the meantime.

9. One of the direct effects of railway extension in the last twenty years has been the opening up and settlement of the Mallee, which is so increasing in production that it is likely before long to become the granary of Victoria. During that period close on £800,000, paid by Mallee settlers (out of the proceeds of wheat and sheep growing on this once despised country) towards the purchase of these lands, has been used by the Government for the redemption of that amount of our national debt.

10. It is estimated that railways constructed in country districts have, on the average, increased the value of land on either side, back for a distance of 10 miles, by £1 an acre. Allowing for roads this gives, roughly, an enhancement of £12,000 per mile of railway track. As the land tax is $\frac{1}{2}$ d. in the £1 on the unimproved value, each mile of railway has brought by this means £25 a year into the revenue of the State, and as 1,000 miles of railway have been built in the past twenty years, the Treasury is receiving £25,000 annually more than it would have done but for that enhancement. Furthermore, railway extensions have allowed forests and timber reserves to be successfully entered by sawmillers, who are yearly paying several thousand pounds additional royalty fees to the State. Nor must it be overlooked, in considering the financial results of new lines, that in 1914 Parliament abolished railway "local" rates, which were instituted by the Committee twenty years previously so as to increase the revenue of such lines and lessen their

loss. The abolition of these rates resulted in a loss of £15,000 in 1916-17, according to the Report of the Royal Commission which inquired into the Working of the Railways. If these factors are taken into consideration, and also the profits earned by a number of the railways opened since 1896, it will be found that the net loss to the State in connexion with the construction of lines in the last twenty years is small.

INCREASED COST OF RAILWAYS.

11. Mr. M. E. Kernot, Chief Engineer for Railway Construction, recently informed the Committee that his Branch had received verbal notice that the price of Australian-made steel rails will shortly be advanced by about 50 per cent., or from the former cost of £1,000 a mile up to nearly £1,500. He also stated his Branch had experienced considerable difficulty in getting sawn timber from the mills operating in State forests. He said :—“ We asked the mills to supply us, and they say they do not want our orders, as they are busy. Our timber is usually heavier stuff than the market takes, and the mills prefer to cut the smaller stuff. That is general with the mills.”

12. The Committee is aware that wages have increased in recent years in Australia, and that the price of coal and shipping rates between Australian ports have risen since the outbreak of war. Nevertheless, it would be interesting to learn the reasons for an advance of 50 per cent. in the price of Australian-made rails. As to the difficulty in getting supplies of Victorian hardwoods for new lines, it does seem an anomaly that the Government should lease its forests to sawmillers without making some provision for obtaining at all times the timber required for railway and other public purposes.

JAMES MENZIES,
Chairman.

Railways Standing Committee Room,
State Parliament House,
Melbourne, 27th June, 1918.