

1923.

VICTORIA.

R E P O R T

FROM

THE PARLIAMENTARY STANDING COMMITTEE
ON RAILWAYS

ON THE PROPOSED

KANAGULK TO EDENHOPE RAILWAY;

TOGETHER WITH

BOOK OF REFERENCE AND PLAN.

Ordered by the Legislative Assembly to be printed, 14th August, 1923.

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RAILWAYS STANDING COMMITTEE REPORT No. 1.—[9D.]—11403.

EXTRACTED FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY.

FRIDAY, 8TH DECEMBER, 1922.

4. KANAGULK TO EDENHOPE RAILWAY.—Motion made, by leave, in accordance with the requirements of the Railways Standing Committee Acts, and question—That the construction of a 5 ft. 3 in. gauge railway from Kanagulk to Edenhope be referred to the Parliamentary Standing Committee on Railways for consideration and report (*Mr. Barnes*)—put and agreed to.
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MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS.

(*Fourteenth Committee.*)

R. F. TOUTCHER, Esq., M.L.A., Chairman ;

The Hon. J. W. Billson, M.L.A.,
A. F. Cameron, Esq., M.L.A.,
The Hon. G. L. Goudie, M.L.C.,

The Hon. H. F. Richardson, M.L.C.
(Vice-Chairman),
R. H. Solly, Esq., M.L.A.

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REPORT.

THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS, to which the Legislative Assembly referred the question of the construction of a 5 ft. 3 in. gauge railway from Kanagulk to Edenhope, has the honour to report as follows :—

FORMER REPORT OF THE COMMITTEE.

1. The subject of railway connexion with Edenhope, Kadnook, and Wombelano districts was referred to the Committee by the Legislative Assembly in 1921 as a general reference. On the 9th December, 1921, a Report from the Committee was presented to Parliament giving a description of the districts; route of the proposed railway to serve the districts, and its length and estimated cost; and also the views of the Committee on the question of railway extension to these districts. It was stated therein that a broad-gauge railway from Kanagulk, passing close to the south end of White Lake and about $2\frac{1}{4}$ miles south of Wombelano Hall, and thence in a direct westerly course to Edenhope Township would be close on 33 miles in length, and its cost £160,000. The Committee added that at this capital outlay the proposed railway would show a deficit of about £6,000 in the first year of operation, and the Committee could not recommend the construction of a line with such a large annual loss. This unfavorable financial result was largely due to about a third of the country to be served by the railway being of a light nature, not being able even with the aid of fertilizers to stand cropping regularly every few years or so; and consequently the production would be restricted and the freightage brought to the line lessened, affecting the revenue of the railway. In other words, with an expenditure of £160,000 the line would be over-capitalized, having regard to the traffic. The Committee considered, however, it should inform Parliament of the difficulty which will confront the State if nothing is done to assist the 62 soldiers who had been settled on estates purchased in the Wombelano, Edenhope, and Apsley districts, and on seven farms resumed under section 20 of the *Closer Settlement Act* 1915 for repatriation purposes. The State invested over £180,000 in these properties, and the annual interest payment in connexion with their purchase, including the three estates of Miga Lake, Kooyonga, and Elderslie, is about £9,000 a year. Although these estates were bought as grazing propositions, and it was stated on plans issued at the time of application—“The property consists of land suitable for grazing,” a number of the soldier settlers said they believed they would before long get nearer railway facilities, enabling them to enter on mixed farming profitably by lessening the cartage distance to a railway station. The plans also stated on the front page—“Applications are invited from Discharged Soldiers holding Qualification Certificates to take up Land for Farm Allotments on these Estates.” The use of the words “farm allotments,” although it is the term provided for in the *Closer Settlement Act*, was unfortunate in respect of these grazing allotments, causing some applicants to assume the land was offered for mixed farming. Evidence was given by some of the settlers, and it was supported by land-owners who had resided in the district for years, that the carrying capacity of the natural pastures was a dry sheep to 2 acres. The allotments could therefore support 500 sheep only. Putting the land under crop and using fertilizers would almost double the carrying capacity of the holding; but, they added, to grow fodder crops for the sheep would not be of much monetary aid, as the sheep when fattened would lose their condition if they had to be driven 30 or 40 miles to a Victorian railway station; and any sheep sent over the South Australian railways had to be re-trucked at Wolseley owing to the break of gauge, causing a loss of time and also some deterioration in the value of the sheep. It is useless growing cereal crops for sale at existing prices without nearer railway facilities, as the cost of carting 20 miles and more is prohibitive.

2. In the Report referred to the Committee concluded by saying that “the traffic over a railway from Kanagulk to Edenhope would, with the additional freightage from the soldier and other settlements which it is hoped will follow from the subdivision of some of the remaining large estates, probably earn enough in a few years to pay the working expenses and interest on a capital outlay of £90,000 on the construction of the line. The remainder of the sum required to carry the line to Edenhope, namely, £70,000, should be given as a gift out of revenue or out of The Public Account, so that there would be no annual interest charge on it. If the contribution

be given out of The Public Account the money should be recouped by withdrawing, in annual instalments spread over several years, the required sum from the Developmental Railways Account whenever the latter is sufficiently in credit to pay the instalments. On these conditions being accepted the Committee is prepared to recommend the construction of a 5 ft. 3 in. railway from Kanagulk to Edenhope to assist in making the soldier settlements in that district a success, and safeguard the State against loss in connexion with the large sum it has invested in those settlements."

DESCRIPTION OF DISTRICTS.

3. The districts of Edenhope, Kadnook, and Wombelano are flat occupied country between the Natimuk and Balmoral line (on the Horsham-Hamilton railway) and the South Australian Border. At a distance of about 12 miles from the northern boundary of the territory to be served by the Kanagulk to Edenhope railway runs a broad-gauge railway from Natimuk to Goroke, a distance of 30 miles, to which an extension of 9 miles to Mortat has been recently recommended by the Committee, or to more than midway towards the Border. The Glenelg River, flowing westward near Balmoral past Harrow and Mooree towards Dergholm, may be taken, roughly, as the southern boundary of the Edenhope, Kadnook, and Wombelano districts. This extensive area, comprising about 400,000 acres 10 miles or more from either a Victorian or South Australian railway, was settled in the early days of Victoria; but the soil, being on the light side, was long considered fit only for grazing sheep, horses, and cattle. Latterly, however, with the use of fertilizers portions of the land nearer railway stations have been successfully cultivated, with wheat principally and oats. The average annual rainfall is 22 or 23 inches, and on the whole the sandy, loamy soil which preponderates throughout the districts is easily worked. Around the margins of several lakes which are met with in the districts are banks of good, strong, black land. Towards the Glenelg River and bordering on the lakes and numerous swamps throughout this territory are redgum trees, of fair length in the barrel, suitable for milling, sleepers, and street-paving purposes. There are also box and messmate trees. In the northern and north-western parts the timber is lighter, consisting of some red and white gums, messmate, bullock, and stringybark. Scattered throughout the districts are belts of inferior sandy country, on which small stringybark, stunted gums, a species of honeysuckle, heath, and other scrub usually associated with poor land are growing. A rough classification of the land would be: close on half suitable for cereal-growing; about a fourth light, inferior, heathy country of not much use in its present state even for grazing; and the remainder occupied largely by lakes and swamps. The dark heavier soils near the lakes and swamps when ploughed, levelled off, and drained could be cultivated for several successive years. But some of the lighter lands considered suitable for cultivation could not be cropped every year, as the soil would, if used for growing cereals season after season, soon become exhausted even if artificial manures such as bone-dust and superphosphates were freely applied with the seed. It is the light nature of such a large part of the country and the need for resting this land for longer periods than is generally the practice in other grain-growing districts of Victoria that will render it very difficult to obtain sufficient cereal production, together with other traffic, to make a railway a payable undertaking, especially at present prices of construction and high interest charges on the borrowed capital.

LARGE ESTATES.

4. Notwithstanding the purchase of several estates by the Government for soldier settlement, there are still a number of large properties left in the Wombelano, Edenhope, and Apsley districts. Pine Hills Estate contains 16,000 acres, and Mullagh 10,000. Both these are situated between Harrow and Wombelano, and a railway from Kanagulk to Edenhope would benefit them, passing close to each estate. Kadnook Estate contains 12,000 acres; Ullswater 6,900; Lake Wallace 15,900; Mundarra 20,000; and Newlands about 25,000 acres. It was estimated by local witnesses that a railway to Edenhope would, on the average, enhance these estates by about 20s. an acre. In addition there are many individual holdings, ranging from 2,000 to 4,000 acres, which would also be similarly increased in value.

SUPPLIES OF TIMBER.

5. As already stated, there are some thousands of redgum trees scattered through the area on both sides of the Glenelg River. They are not in a dense forest, but are spread over a wide acreage, mostly on privately-held lands. It was computed by the engineer of the Kowree Shire Council, whose head-quarters are at Edenhope, that there are two sound trees to the acre, and that each would give 1,250 superficial feet, or a total output of 3,000,000 tons, as such of the

timber as was not suitable for building purposes, bridges, sleepers, fencing, &c., could be cut into blocks for street-paving. He estimated that with a railway close at hand the royalty was worth 2s. per 100 feet super., or 25s. per tree, thus yielding the land-owner £2 10s. per acre from the sale of the standing timber alone. In 1917 the late Mr. R. Kellway, who was then Traffic Officer, Victorian Railways, visited the district, and estimated that the redgum areas which would be served by a railway from Kanagulk through Mullagh to Edenhope would aggregate between 200,000 and 250,000 acres, with an average of two milling trees to the acre, yielding 2,500 superficial feet, or 7 tons to the acre. The total quantity obtainable would, therefore, be approximately 600,000,000 superficial feet, or 1,700,000 tons. These figures were confirmed by a report furnished by an officer of the Forestry Department. Mr. Kellway had, in computing his estimate of revenue for the proposed line, allowed for two sawmills being established in the district, each having a weekly output of 25 tons of paving blocks. In addition to that supplies of sleepers and bridging and building timber would be despatched over the new railway. Owing to the insufficiency of supplies of redgum on the Melbourne market jarrah timber had been imported in large quantities from Western Australia, although the shipping charge from that State to Melbourne was then 22s. 6d. for 40 cubic feet.

6. Mr. M. E. Kernot, Chief Engineer for Railway Construction, stated that Victorian redgum is more durable than jarrah, and was always in demand for railway construction and maintenance, but it was difficult to obtain sufficient supplies. Mr. H. R. Mackay, Forests Commissioner, told the Committee that no difficulty was experienced in obtaining markets for any redgum coming forward. Recently, at the instance of the Committee, Works and Road Master A. Kinkaid, of the Railway Department, inspected some of this timbered country, and furnished a report stating that on the north side of the Glenelg River from Harrow westward to Murrandarra beyond Edenhope towards Apsley there were sound redgum trees which would cut 150,000 tons of milling timber, 96,000 tons of sleepers, and 75,000 tons of wood-paving blocks, or a total of 321,000 tons. This quantity would be within easy carting distance of the proposed railway. He suggested that some provision should be made in authorizing the construction of the line from Kanagulk to Edenhope that all redgum timber required by the Railway Department for sleepers and other purposes should be obtainable from the owners of the land at a reasonable royalty of, say, 2s. per 100 superficial feet.

REPORT OF RAILWAY TRAFFIC OFFICER.

7. Mr. J. E. McDowell, Special Traffic Officer of the Railway Department, who visited the Edenhope district towards the end of 1922 to report on the probable traffic over the proposed Kanagulk to Edenhope railway, stated that the area within 10 miles of this line not served by any existing railway is 401,000 acres. But there is an additional area of 229,000 acres from which it is considered traffic other than agricultural produce, such as passengers, wool, and live stock, would be brought to the line. The country north of the Glenelg River is fairly level, but a considerable area of it is covered with shallow lakes and swamps. There is also a belt of poor sandy country from 2 to 4 miles in width, timbered with stringybark, extending from near Kanagulk westwards to the south of Edenhope, and also in a north-westerly direction from that town. This inferior country covers some 75,000 acres, and is mostly Crown lands generally let on grazing leases for a small sum per annum. Some of the swamps provide good feeding grounds for live stock in the summer months, when the water has evaporated or soaked away. He estimated that within the 400,000 acres to be served by the railway there are 150,000 acres of cultivable lands. According to the figures furnished by the Government Statist there were in 1921-22 but 9,934 acres under cultivation, including 3,812 acres under fallow, the principal crops being wheat and oats. Excluding the large estates, the holdings are about 1,000 acres each, and are mainly devoted to grazing. Those land-holders who were interviewed by Mr. McDowell informed him that so long as merino wool maintained its present high price they would use the bulk of their lands for grazing, confining cropping operations to different small areas each year for the purpose of turning over the soil, and by so doing and applying fertilizers to the crop increase the carrying capacity of the land for sheep. This led Mr. McDowell to the opinion that even with a railway into the district the agricultural development would be slow. He therefore estimated that in the first year the line is opened for traffic there would be only 16,326 acres under crop in the district, of which 9,484 acres would be sown with wheat, 1,842 with oats, and 5,000 with hay. The quantity likely to be railed that year was set down by him at 5,075 tons, of which 4,000 would be wheat, 575 oats, and 500 hay or chaff. His reason for allowing 500 tons only of hay or chaff was that nine-tenths of that produced would be consumed locally. The acreage estimated by him to be cropped if nearer railway facilities are provided is four times the area now cultivated for wheat, three times that under oats last season, and about 60 per cent. additional on the acreage now sown for hay. He added that in framing these estimates he had also taken as a guide the agricultural tonnage railed from stations on existing lines in the neighbourhood. He had in his

estimate of traffic allowed for an average yield of five bags or 15 bushels of wheat per acre and five bags of oats to be available for transport, after deducting allowance for seed. The number of holdings in the area to be served by the proposed railway was 310, with a population of 1,399. The live stock carried in 1922 was as follows:—Horses, 1,636; cattle, 2,758; sheep and lambs, 229,567; and pigs, 120. The passenger traffic had been based on a population of 1,549 by including those residing beyond the 10-miles radius who would be inconvenienced by the railway, and the wool clip on 250,000 sheep, also including the flocks immediately outside the 10-miles limit.

8. The total outwards goods traffic during the first year of operation of the railway was estimated by Mr. McDowell at 10,585 tons, including 5,075 tons of grain; 3,000 tons of timber; 1,500 tons of salt; 780 tons of wool; and some hides, skins, wattle bark, &c. He put the inwards traffic down at 1,319 tons, comprising 684 tons of class goods, and 635 tons of fertilizers. The inwards live-stock traffic was estimated at 76 trucks in the first year the railway is opened, and the outwards 316 trucks, the latter being fat sheep and lambs for the freezing works at Murtoa and Portland and also for the Ballarat market, and store sheep for sale at Hamilton and Horsham markets.

9. When the proposed railway from Kanagulk to Edenhope was under the consideration of the Committee in 1917 the then Railways Commissioners intended to give the line a tri-weekly service, and operate it by the train working the railway from Hamilton to Balmoral. Consequently, only £4,236, or 40 per cent., of the cost of the rolling-stock was, on the mileage basis, charged against the Edenhope section, and the same percentage of the wages of the train crew was debited to that section. This would have necessitated the passengers remaining over-night at Hamilton. The railway officers now stated it would not be possible to run the Edenhope service with the train and crew stationed at Balmoral. It would therefore be necessary to provide a separate train and crew to operate the Kanagulk-Edenhope line, and charge the full wages of the latter against this railway. The full cost of this additional rolling-stock would also be debited against that line. This alteration, however, would enable the journey to and from Melbourne to be continuous, passengers not being compelled to stay over-night at either Balmoral or Hamilton. The train from Melbourne would arrive at Edenhope after midnight on three days in the week, and would leave that town about 4 a.m., enabling passengers to reach the metropolis by 9.45 p.m. the same day. The Superintendent of Passenger Train Service said that the times of arrival at and departure from Edenhope "are certainly somewhat inconvenient, but in order to provide the through connexion this could not be avoided." It had been suggested by the Committee that the passenger, parcels, and mails service might be more economically met by running a petrol motor train on the Edenhope line. Consideration was given by the Railway Department to this possibility; "but," it said, "in view of the fact that certain of the traffic from the line, such as timber and salt, would be practically continuous throughout the year, necessitating steam locomotive power, it was considered an ordinary mixed steam service on three days per week would be the most suitable and economical."

10. A further change made by the Railway Department since 1917 is that it now charges against the line the capital cost of the truck stock required to move the goods and live-stock traffic. This debit for fifteen trucks totals £5,625.

RAIL AND STEAMER COMPETITION.

11. It was shown by a table prepared by Mr. McDowell that even if a railway were made from Kanagulk to Edenhope it would be cheaper to get supplies of groceries, drapery, and other higher-class goods either by rail from Adelaide to Hynam and cart them to Edenhope, or by steamer from Melbourne to Portland and thence by rail to Edenhope, than to send them direct by rail from Melbourne to Edenhope. The particulars furnished were as follow:—

Route.	Goods.			
	Class C, per Ton.	Class 1, per Ton.	Class 2, per Ton.	Class 3, per Ton.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Rail from Melbourne to Edenhope ..	4 9 9	6 0 9	7 15 0	*
Rail from Adelaide to Hynam, and cartage to Edenhope	3 11 6	4 2 7	4 13 9	5 4 10
Steamer from Melbourne to Portland, and rail to Edenhope	4 4 9	5 0 9	5 17 3	*

* No third class goods rate on Victorian railways.

12. These figures include 27s. a ton cartage from Hynam to Edenhope. Apsley, being midway between Hynam and Edenhope, the cartage charge to Apsley would be but 15s. per ton, thus shutting out all likelihood of these higher-class goods being despatched from Melbourne by rail to Edenhope for Apsley.

13. Local evidence showed that for certain lines of groceries and hardware Melbourne is a cheaper market to buy in than Adelaide. Also that merchandise coming from Adelaide to Hynam has to be transferred from the broad to the narrow gauge railway trucks at Wolseley, causing delay and often breakages. Delays and breakages likewise occurred with goods brought to Portland by steamer from Melbourne. Witnesses stated that when these matters were taken into consideration there was not in reality the money difference in the transport routes that the figures in the foregoing table would lead one to believe.

ESTIMATE OF REVENUE AND WORKING EXPENSES.

14. The Railways Commissioners furnished the Committee with the following estimate of revenue and annual charges, including working expenses, for a broad-gauge light line running from Kanagulk westwards through Mullagh to Edenhope for a tri-weekly train service :—

ANNUAL CHARGES.

Interest at 5½ per cent. per annum on £167,825, being cost (£150,000) of constructing 33 miles of 5 ft. 3 in. railway from Kanagulk, <i>via</i> Mullagh to Edenhope, at a wage rate of 13s. 9d. per day for labourers, with £17,825 added for rolling-stock	£9,230	7	6
Traffic expenses	936	1	8
Maintenance charges	3,828	0	0
Locomotive expenses, including repairs and renewals of rolling-stock ..	2,869	1	7
General charges	190	16	6
Total annual charges	£17,054	7	3

REVENUE.

	On New Line.	On other Lines from New Traffic from New Line.	
Passengers, 11,292 journeys ..	£1,639	5	8
Parcels	160	0	0
Mails	52	5	1
Wool, 780 tons	334	12	8
Class goods, 840 tons	286	17	4
Agricultural produce, 5,075 tons	403	9	5
Live stock, 392 trucks	368	14	8
Timber, 3,000 tons	285	18	8
Salt, 1,500 tons	23	19	9
Manure, 635 tons	23	1	6
All other traffic	28	1	7
	£3,606	6	4
	£4,446	16	7
	£8,053	2	11
Estimated loss first year of operation	£9,001	4	4

RECENT DEVELOPMENTS.

15. Since the Committee reported in December, 1921, that it would be prepared to recommend the construction of a 5 ft. 3 in. gauge railway from Kanagulk to Edenhope conditionally on the capital outlay (bearing interest) on the building of the line not exceeding £90,000, so that this railway may not be over-capitalized, and the remainder of the amount, then estimated at £70,000, required to complete the line being given by the Government as a gift out of revenue or out of The Public Account, so that there would be no annual interest charge on it, there have been developments affecting the financial position of the proposed railway. In the first place, the Committee was informed a few months ago by the Treasury that there are no further funds available from the Developmental Railways Account to aid in the construction of developmental railways, as the Account has been so largely drawn upon for developmental roads. When a deputation waited on the Honorable the Premier in 1922 and urged the construction of the Edenhope railway on the conditions suggested by the Committee, he pointed out that the line would, according to the statements of local land-owners, enhance the value of their land by £1 per acre, and he

asked how much the land-owners were prepared to pay towards the construction of the railway. The deputation undertook to ascertain, and on returning to the district held meetings at Edenhope, Harrow, Wombelano, and Douglas townships. At each of those meetings resolutions were carried unanimously agreeing that the district should contribute half of the required £70,000 above the capital outlay of £90,000 to complete the construction of the railway to Edenhope. On the Honorable the Minister of Railways being assured of the willingness of the land-owners to contribute £35,000 towards the building of the line (or half whatever amount was needed above the £90,000 capital outlay to complete the railway), he submitted to the Legislative Assembly a motion to refer to the Committee the question of the construction of a 5 ft. 3 in. railway from Kanagulk to Edenhope. This motion was agreed to on 8th December, 1922.

16. The Committee heard evidence on this matter in open court at the Shire Hall, Edenhope, on 1st May, 1923. There was a large attendance, including several of the principal land-owners and representatives from various parts of the district. The Committee was assured by witnesses that the land-owners were prepared to have a Railway Construction Trust formed under the provisions of the Railway Lands Acquisition Act; that the Trust would borrow £35,000 (arrangements for this loan had practically been already made with a financial institution) and hand this sum over to the Government as a gift towards paying the cost of constructing the railway, such payment to be made before the building of the line is entered upon; and that the Trust would then proceed to levy an annual rate on the land-owners for 25 years to pay interest and sinking fund on the loan, so that it could be redeemed at the end of that period. The rating would be on the municipal value of each holding, but the rate would vary according to the distance of the land from the railway. It was estimated by the land-owners that the rate would be from about 2d. per acre per annum to 1d., and that the total payments would range from 4s. down to 2s. per acre, which would be sufficient to cover interest, sinking fund, and the administrative expenses of the Trust. The Committee did not check these figures, as they were stated to be only approximate. But it considers that the rating will have to be slightly in excess of that stated to meet all the financial obligations, including administrative expenses.

DEVIATIONS IN THE RAILWAY ROUTE.

17. Mr. C. H. Perrin, Acting Chief Engineer for Railway Construction, recently informed the Committee that from an inspection made of the country some time ago by railway engineers it was believed the line from Kanagulk to Edenhope could be run on a 1 in 75 ruling gradient on the south side of White Lake, some 7 miles from Kanagulk. The permanent survey of the railway had, however, shown that at about 5 miles out from Kanagulk the land dipped rapidly towards the lake, and that a grade of 1 in 75 could only be obtained there at a large outlay, which the Committee regarded as prohibitive. The route, on approaching the south side of White Lake, fell from an altitude of 622 feet at 5 miles to 500 feet at 5 miles 70 chains, or a drop of 122 feet in 70 chains. On the route surveyed on the north side of the lake there was a fall from 610 feet at 4 miles 70 chains to 510 feet at 6 miles 70 chains, or a drop of 100 feet in 2 miles. This latter route would give a grade of 1 in 75, with fairly well-balanced earthworks, the cutting and bank not exceeding 10 feet in depth or height. There would be 11,400 cubic yards of cutting, and 11,600 cubic yards of bank. On the south route three grades had been tried, namely, 1 in 75, necessitating 114,000 cubic yards in cutting and 185,000 in bank; 1 in 50, having 33,500 cubic yards in cutting and 70,000 in bank; and 1 in 40, requiring 14,000 cubic yards in cutting and 33,800 in bank. The cost of these earthworks on the south route would be as follows:—1 in 75 grade, £54,937; 1 in 50, £14,825; and 1 in 40, £6,151. The cost of earthworks on the route on the north side of White Lake would be £2,641, to which had to be added £3,267, representing the additional cost of construction for the longer length of route, or a total outlay of £5,908. As the grade would be against the "up" or outwards traffic, which would be much larger than the "down" or inwards traffic, and as a "DD" locomotive, which would be the class used on this line, can haul 190 tons only on a 1 in 40 grade, compared with 400 tons on a 1 in 75, the wisdom of altering the route of the railway from the south to the north side of White Lake is at once apparent. Moreover, there are two other salt lakes immediately to the north of White Lake, and as the salt-getters reside on that side of this lake, a railway passing close to the Township of Douglas will better convenience them. From Douglas the railway will run due west to a station which will be situated close to Mullagh, on the Harrow-Wombelano-road about 2½ miles south of Wombelano Hall, in order to serve the soldier settlers at Miga Lake, the nearest being about 6 miles from that station, and the most distant 12 miles.

18. The land-holders at Connewirricoo and Kadnook asked that the line on leaving Mullagh should not proceed almost due west to Edenhope, but should be swung south-west,

passing on the south side of Lake Tehecke main, the southernmost of the Mullagh lakes, and on to the junction of the Tea Tree Creek-road and the Harrow-Edenhope (telegraph) road, thence westward to the north end of Kadnook, and on north-west to Edenhope. It was urged that this deviation would not only serve better country and tap the redgum timber growing on both sides of the Glenelg River, but would give railway facilities to the farmers at Connewirricoo, and to those across the river at Mooree, and also at Chetwynd, where there is good agricultural land. This suggested deviation would lengthen the route of the railway by more than 4 miles, and would increase the cost of the line by close on £20,000, thus absorbing more than half the £35,000 proffered by the land-owners towards the construction of the railway. The Committee inspected this country on its recent visit to the district, and came to the conclusion that the expected increase in the traffic caused by carrying the line southward warranted a deviation in that direction, but not to the extent asked by the land-owners. It was decided to recommend that the railway on crossing the Harrow-Wombelano-road near Mullagh should proceed south-west to the north-east corner of the Parish of Connewirricoo, where there should be a station about $3\frac{1}{2}$ miles north of where the Mooree Bridge-road meets the Tea Tree Creek-road. This station would be about 9 miles from Mooree Bridge. The line should then proceed slightly south-west to a station near where the Kadnook-road joins the Harrow-Edenhope road. This station will be some 8 miles north of Burke's Bridge. From there the line will proceed north-west along the main road to Edenhope, terminating near the Recreation Reserve. This deviation, apart from the one at White Lake, will add $3\frac{1}{2}$ miles to the length of the railway, and increase the cost of the line by about £15,000. It will bring a railway station within 14 miles of Chetwynd. The nearest station at present to this town is Casterton—26 miles distant. The deviation now recommended by the Committee will better serve a few thousand acres on Pine Plains Estate, which it is thought could be irrigated from Mullagh lakes. As the contour of the country makes it necessary to build the railway on the north side of White Lake to secure a workable grade, the deviation asked by the land-owners to Tea Tree Creek-road would have bent the line too far south, and given it a serpentine course.

VIEWES OF THE COMMITTEE.

19. The Committee is of opinion that Mr. J. E. McDowell, Special Traffic Officer, Railway Department, was swayed too much in his low estimate of the agricultural production likely to follow railway extension into the Edenhope district by the statements of several of the land-owners that with the present high price of merino wool they will adhere to grazing instead of cultivating their lands. His estimate that in the first year the railway is opened there will be but 16,326 acres under cereals and hay, yielding a total of 5,075 tons of freightage for the railway, is at variance with that made in 1917 by his predecessor, the late Mr. R. Kellway, who expressed the belief that when the line is completed there would be 40,000 acres under crop, producing 10,500 tons of grain and other agricultural produce for transport over the railway. Cultivation in the district has been greatly discouraged by the long distance—from 15 to 30 miles—from an existing railway station and the corresponding high cost of cartage thereto. With railway facilities close at hand there will be inducements to bring the land under crop, especially as a liberal use of fertilizers, combined with the good average annual rainfall, will make the lighter soils around Edenhope more productive, and render this country capable of carrying an increased number of live stock. In the Mallee, with its lighter rainfall, sandy, inferior country no better than, if as good as, much of the heathy scrub lands in the Edenhope district was occupied, cleared, and cultivated when a railway was brought within a few miles of it.

20. If Mr. Kellway's estimate of freightage of agricultural production be accepted it would increase the revenue to be credited to the Edenhope railway by £1,400, the tonnage being double that estimated by Mr. McDowell. The change in the route of the railway to the north side of White Lake should also largely increase the output of salt from that and the adjoining lakes. The Committee was informed that only a small percentage of the available salt was harvested annually, as the cost of cartage—from 8s. to 10s. a ton—to Kanagulk or to Toolondo made a large inroad on the price of 43s. to 45s. per ton obtained for the salt on the railway trucks at those stations. Then again, the deviation southwards into the Parish of Connewirricoo will not only better serve the farmers on either side of the Glenelg River, but should also lead to larger quantities of redgum being transported over the railway, and insure supplies of sleepers both for constructional works and for renewal purposes being obtained by the Railway Department at a cheaper rate, especially if the land-owners mainly concerned will agree to accept a royalty of 2s. per 100 superficial feet for the standing redgum timber, this being the value suggested by the engineer of the local Shire Council and by Works and Road Master Kinkaid, of the Railway Department. Several witnesses stated that the average yield of oats was higher than the Railway Traffic Officers had estimated, and that supplies of firewood for consumption in Horsham and Hamilton would be sent over the Edenhope railway.

REDUCTION IN ESTIMATED LOSS ON RAILWAY.

21. The altered financial position of the proposed Kanagulk to Edenhope railway may be stated thus:—

Cost of construction (£150,000), including cost of rolling-stock (£17,825), as estimated by Railways Commissioners	£167,825
Cost of proposed deviations north of White Lake and towards Kadnook	17,200
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	£185,025
Less £35,000 to be contributed by land-owners benefited, and £35,000 by the Government	70,000
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	£115,025

ANNUAL CHARGES.

Interest at 5½ per cent. on £115,025	£6,326
Annual working and maintenance expenses, as estimated by the Railways Commissioners	7,824
Additional working and maintenance expenses, due to proposed deviations lengthening the mileage of the railway, say	750
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	£14,900

REVENUE.

As estimated by Railways Commissioners	£8,053
Additional revenue, as forecasted in paragraph 20 of this Report, say	1,700
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	9,753
Estimated loss first year of operation	£5,147

RECOMMENDATION OF COMMITTEE.

22. The Committee recommends the construction of a 5 ft. 3 in. light railway from Kanagulk to near the Recreation Reserve at Edenhope, passing on the north side of White Lake and along the northern boundary of the Parish of Connewirricoo (with a station near that boundary to serve Mooree Bridge-road, and a station south-west close to the junction of the Kadnook-Edenhope road to serve Burke's Bridge-road), a distance of 37¼ miles, at an estimated cost of £167,200, with £17,825 added for rolling-stock, conditionally on the acceptance of the offer of the land-owners benefited by the railway to contribute as a gift before the building of the railway is entered upon, through a local Railway Construction Trust, £35,000 towards the construction of the line, and a similar amount is contributed, also as a gift, out of The Public Account to the building of the railway, so that there will be no interest or sinking fund or redemption charges against the line in respect of this £70,000. This condition is to guard against the railway being over-capitalized, and consequently having to meet annually an interest charge far in excess of its net revenue after providing for its working expenses. In addition to paying the contribution of £35,000, the local Railway Construction Trust is to provide, free of cost to the Government, the land required for the railway track and station sites. As the land-owners have asked for and been given a deviation of the railway towards Connewirricoo and Kadnook, thus increasing its cost, they should consider the question of correspondingly increasing their proffered contribution to £38,000, or £1,000 a mile. But this is a matter that should be left to their discretion, and should not be made a condition attached to the building of the line. It is hoped this railway will make the soldier settlements in the Edenhope district a success, and will safeguard the State against loss in connexion with the large sum it has invested in these settlements.

R. F. TOUTCHER,
Chairman.

Railways Standing Committee Room,
State Parliament House,
Melbourne, 7th August, 1923.

[Minutes of Evidence are not printed.]