

THE LEGACY OF THE LONG SHORT TERM 1855 - 1955

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ABSTRACT:

The institutional environment in which a transport system operates is as much a determinant of its form and efficiency as are the physical and economic constraints on its development. The dominant concern of speakers at this forum is with positive means of action aimed at extracting the greatest degree of efficiency from the existing infrastructure and available uncommitted resources. It would be useful, however, if planners attempting to remedy the shortcomings of the Victorian railway system realise the ramifications of the political parameters which constrained its development, operation and attempts at rationalisation. For it is those same parameters which have long encouraged the adoption of short term solutions to the problems of unwanted competition as an alternative to positive measures to finance and support development.

A knowledge of the historical development of institutional constraints and attitudes as outlined above provides an essential basis for understanding the current problems of the relative distribution of resources and the total transport task between modes. The most serious problem facing the Victorian transport planner of today is indeed the legacy of the long short term.

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1. INTRODUCTION

Since the Gold Rush era, the Victorian transport scene, outside the metropolitan area has involved a Government operated railway system as well as privately operated road (and in earlier years, boat) services. However, until the post Bland era, there was never a real attempt to ensure that the two forms of service operated on a similar basis. Because of the special position of the Railways as an instrument of the Government, its economic circumstances have not been determined by market forces in the manner characteristic of other transport bodies. Whereas the private operator stands or falls by his ability to judge the market and develop and charge for his services accordingly, the Railways have largely been dependent on Governments - and the vagaries of political expediency - for funds to facilitate expansion, and to reimburse losses.

The "peculiar position" of the Railways has led to a twofold - self contradicting - attitude toward them. On the one hand they have long been seen by the public as the common carrier required to provide all land transport services, even in cases where the inherent advantages of rail for certain purposes was not appropriate. This attitude, still current in many rural areas despite an absence of utilisation of the railway system, has its roots in the era when the Government provided railways to every corner of the State because they were the only realistic form of transport. On the other hand the railways are still expected to pay their way. This expectation has not been hampered by the fact that the Railways have never been able to adjust services provided in accordance with market conditions because the withdrawal of specific services or the increasing of charges imposed have political implications which prevent economic rationality from dominating the scene.

2. THE DEVELOPMENT OF THE RAILWAY NETWORK

The political environment in which the Victorian Railways operate has been its most outstanding feature since the inception of the system. Whereas in e.g. the United States, and the United Kingdom, the construction of trunk and branch railways in the nineteenth century was within the domain of private investors who saw opportunities for financial gain in the new form of transport, practically all Australian railways

were the product of Government initiatives taken, within the parameters of the political environment of the day (Figure 1).

Therefore, when the need or desire for a railway to any portion of Victoria was such that it provided an incentive to action, those favouring its construction found it necessary to ensure that the Government considered their wishes. Prior to 1890 it was the function of the Minister for Railways to consider proposals and make recommendations to the Victorian Parliament for ratification. After 1890 this was the function of a Parliamentary Standing Committee, although it was still necessary for the Minister or another Member of Parliament to move the submission of the proposals to that body for their consideration. Residents, landowners and others interested in a line generally united to form Railway Leagues or Progress Associations to act as pressure groups which would either directly by forming deputations, or by means of their local Parliamentary representatives, make their proposal known to the Minister or Committee as required.

Ministers and local MP's did not lack incentives to ensure that a line was provided. The arranging of lavish banquets in honor of the Minister of Railways when it was known that a Railway Construction Bill was to be prepared was a common feature of rural life late in the nineteenth century. When the branch line from Lilydale to Healesville was completed on a contract let for £128,069 rather than for the original estimated cost of £44,445, largely because of increased bridging costs incurred as a result of the diversion via Yarra Glen, the residents of the latter township presented the local Parliamentary representative (Mr. Cameron, MIA) with a purse of 225 sovereigns "in appreciation of the services he had rendered in bringing them a railway". Pressures were also exerted on Ministers and MP's by those opposed to a particular proposition - especially if they felt that they would lose the possibility of gaining approval of another project. All members seeking future re-election had to weigh very carefully the pro's and con's of supporting such alternative proposals. The desire of the Government to gain simple constituent advantage through blatant political manoeuvring was a major factor affecting the deliberations of the Minister for Railways prior to 1890 although the desire to achieve utilisation of certain resources and an increase in railway revenue certainly played a part in the consideration. It was undoubtedly the hope of gaining constituent advantage which prompted the introduction of the "Octopus Bills" of 1884 and its abortive successor of 1890 - which provided for at least one line for each constituency in the Colony. After 1890, the Standing Committee created to guard against such excesses was also subject to external pressures from interested parties. On a number of occasions after establishment of the Standing Committee, the desire of the Government to take urgent measures to reduce unemployment through railway construction and the settlement of the newly developing Mallee led to the by-passing of the whole procedure of parliamentary ratification and the immediate authorisation of the construction of certain lines. In 1904 the Premier, Thomas Bent who represented the Brighton district from 1871 to 1909 and

THE DECISION MAKING PROCESS : LINE CONSTRUCTION

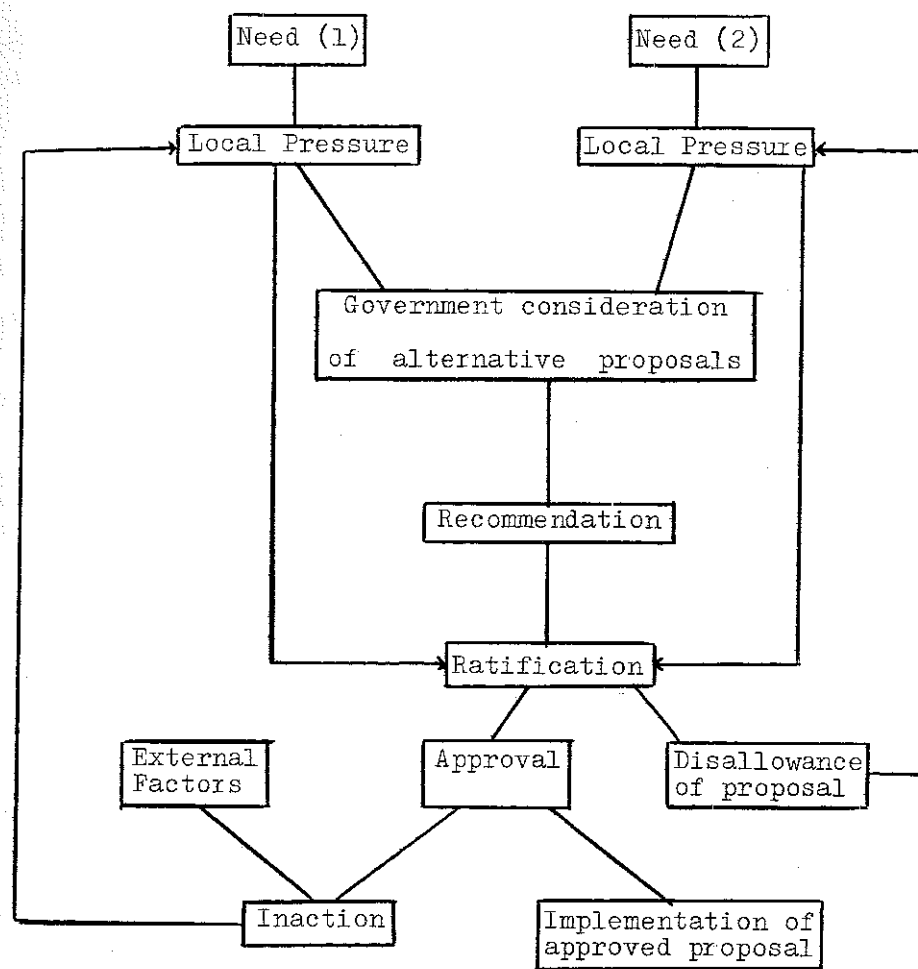


Figure 1.

determined to circumvent the requirements of Standing Committee approval to gain transport between Brighton and St. Kilda. As all projects costing over \$20,000 were required to be approved by the Committee, he brought before Parliament an Act appropriating \$19,500 for the construction of an "electric street railway" from Acland Street, St. Kilda, to Park Street, Middle Brighton. The following year, when construction was well under way a further Act authorised extensions from St. Kilda Railway Station to Acland Street and from Middle Brighton to Brighton Beach. This was probably the most blatant example of politicking to have been documented in Victorian railway history - but there was no lack of political manoeuvring in the House as well. Eggleston considers that the standing Committee was successful in rationalising the basis on which new lines were proposed and constructed, and that it actually provided a convenient system by which the efforts of the parochial MP could be flattered in his own interest and baffled in the interest of the State (1). However, implementation of a recommendation always depended on its ratification by Parliament and even when proposed lines were introduced to Parliament individually rather than in a comprehensive Construction Bill "you support my line and I'll support yours" was still a dominant attitude among members precluding rational debate.

During the debates which preceded ratification of a proposal and the authorisation of line construction, both Houses were again subject to the pressures of interested parties. Controversial lines were frequently the subject of a number of divisions, with the final outcome being determined by the actions of a few individual Members. If a proposal was rejected a further train of pressure activity was often set in motion resulting in the re-submission and final recommendation of the measure. On occasions the pressures were such as to warrant a modification in railway construction policy; thus the number of lines which the Committee rejected early this century because of their expected inability to pay interest charges resulted in the introduction of the 1912 Developmental Railways Act laying down the principle that such railways could be constructed if a portion of their capital costs were subsidised from funds raised at land sales so that no additional financial burden should fall on the Railway Department. Earlier, in response to requests from rural areas where means of transport were insufficient, a system of Local Rates had been introduced so that additional revenue could be achieved from newly constructed lines. However the flow of objections to that system which followed construction of the lines in question - despite the fact that those requesting a line had originally agreed to the system - led to abolition of these rates in 1914. The original willingness to pay proved shortlived.

3. COMPETITION: PROBLEMS AND SOLUTIONS

Bell has described the development of the railway system providing rail transport within 8 miles of every portion of

TABLE 1A COMPARISON OF THE COST OF SENDING SUGAR TO A STORE AT NHILL
FROM MELBOURNE AND ADELAIDE

	<u>Per Ton</u>
(1) Melbourne to Nhill (rail)	£4. 0. 0
Nhill Station To Store (road)	2. 6d.
TOTAL	£4. 2. 6
(2) Adelaide to Serviceton (rail)	19. 0d.
Serviceton to Nhill (road carting)	£1. 0. 0
TOTAL	£1.19. 0
Saving via Adelaide (more than 50%)	£2. 3. 6

SOURCE: Report of the Board appointed to Enquire into the
effect of the Fiscal System of Victoria,1894,p.25.

settled Victoria as "an over exorbitant attempt to service the rich rural resources beyond the areas of closest settlement (a) process stimulated by the mining discoveries, facilitated by a great wave of British investment and at times carried to irrational excess by political parochialism (2)". But while the network encouraged development that could not yet have taken place in its absence, it also meant that a massive amount of resources were locked into a form of transport which was soon to be superseded for many purposes. Until the First World War the clamour for improved transport was synonymous with a clamour for railways. But in 1912 in response to increasing pressure for roads able to cater for increasing road traffic including motorised vehicles, Parliament approved the formation of the Country Roads Board to develop and maintain a main roads system throughout the State. And in 1918 as a further illuminating response to changing pressures and circumstances, the Developmental Roads Act transferred to roads the intent of the earlier Developmental Railways Act - and it also provided for funds set aside for rail construction to be used for roads.

Despite the development of road motor transport, resettlement and reconstruction activities led to an increased use of rail in the immediate post war years. However, by 1925 the effect of competition was beginning to be felt and the 1926 V.R. Commissioners' Annual Report was the first of a series to include comments on the familiar refrain that the growth of an alternative form of transport (in this case, road motor transport) was making incursions into revenue - a situation which had to cease.

In reality, this was not the first time that the Railways faced competition. The belief that prior to the popularisation of the motor vehicle the railways monopolised intrastate transport away from the areas served by the river steamer is not well-founded. When faced with competition the Railways had the well tried weapon of rate reduction; a weapon they could always use in the knowledge that even if the service provided proved uneconomic, the Treasury would step in to subsidise losses.

The earliest recorded example of the reduction of charges to facilitate competition occurred on the Melbourne to Geelong line in 1859 prior to its being taken over by the Victorian Government. In that case the source of the competition was the bay steamers. But it was subsequent to the opening to traffic of the lines authorised in 1884 to the Western District parts of Warrnambool, Koroit and Port Fairy, that the problem of competition became really acute. The opening of those lines to traffic did not result in an immediate diversion of traffic flow from its earlier paths. Steamer rates for the carriage of potatoes and other produce from South Western Victoria to Melbourne were lower than railway freight charges, and as carting activity increased in the depression years of the 1890's the Commissioners found that they were not even being employed to carry much district produce to local ports, let alone to Melbourne. Throughout the colony it became necessary for the Railway Department to combat road competition by the teamsters which was particularly a problem on the main routes to Ballarat and Sandhurst, and even enabled the carriage of wool by road directly to Melbourne from as far as Echuca. In the Western District and Gippsland the Commissioners had to act to capture the traffic from shipping

companies as well as from road teams which were extending the effects of water competition to inland townships far beyond the immediate environs of the ports; in 1895 goods for Wimmera towns such as Horsham were being shipped from Melbourne to Belfast (Port Fairy) and carted thence to their destination.

In order to regain traffic, the Commissioners began to adjust rates charged in areas subject to competition. In July 1893, rates for the carriage of wool to the South Western ports were substantially reduced; reductions in the rates charged for the carriage of other goods between Hamilton and the South Western ports had been made earlier in the year. Both these moves were intended to aid the recapture of traffic from the road carriers. On the other hand an increase of 4d per ton was made on the 1/2 charge for the conveyance of goods from the town of Warrnambool to the ship's side at Warrnambool port, and where the railways controlled the only means of access to the pier. In a move calculated to combat the widespread use of shipping for movements between Melbourne and Geelong in conjunction with the use of teams for distribution from Geelong to destination, the charge for the carriage of most goods between Melbourne and Geelong was reduced to 3/- per ton calculated according to weight without reference to classification. For stations beyond Geelong as far as Port Fairy and Ballarat, ordinary mileage charges for the extra distance were added to the 3/- rate wherever the total was cheaper than the normal classified rate. The operative principle was simple - despite the economic implications of the rescission for Railway finances, the Commissioners were to use any means necessary to retain a transport monopoly.

In the Wimmera District further North the Commissioners appear to have been more concerned with competition from South Australia than with competition via the South Western ports. As a result of the different tariff structure imposed on the South Australian Railways it was often much cheaper to rail goods from Adelaide to Serviceton and thence to destinations as far East as Stawell than it was to rail the same goods the lesser distance from Melbourne to the same Wimmera towns. To force Wimmera farmers to get their supplies from Melbourne rather than Adelaide a 50% higher rate was imposed on goods carried from Serviceton as far as Stawell. Nevertheless the Commissioners did not capture the traffic. In 1894 Nhill was receiving many goods shipped from Adelaide via Kingston, and it was still much cheaper to rail goods such as sugar from Adelaide to Serviceton and to cart them thence to Nhill than it was to rail the same goods directly from Melbourne to Nhill (Table 1). The pattern which re-emerged after the 1955 Section 92 decision was already in existence; charges rather than cost determined the division of traffic between rail and other modes particularly in border areas.

The Railway Construction Bill of 1884 had included provision for a line to Bairnsdale despite warning that the railways would be unable to compete with boat traffic via Lakes Entrance. In 1894 special rating provisions were made for those ports of Gippsland where steamers provided serious competition for traffic. The charge for the carriage to Melbourne of locally produced items

such as maize, beans and potatoes from Maffra, as well as stations between Sale and Bairnsdale, was limited to 10/- per ton, although mileage rates should have varied from 13/- per ton at Sale to 15/10 at Bairnsdale. The rate for the carriage from Melbourne of sundry items such as beer, cement and fencing wire - £1.3.2 at Sale and £1.9.1 at Bairnsdale - was reduced to 20/- per ton from either station, with the provision being made that the rate for the carriage of goods to other stations near those towns should be limited to 20/- plus the mileage charge for the distance between the destination and either Sale or Bairnsdale, provided that the total be no more than ordinary mileage rate. (In practice this meant that the charge was highest for carriage points such as Munro and Fernbank situated halfway between those two ports.) The complaints which ensued will not be unfamiliar to those aware of the analogous anomaly currently affecting towns halfway between Melbourne and the State border. It is however interesting that unlike that anomaly which has not been removed by the imposition of a maximum rate applicable to all of a line beyond a certain point, those anomalies were removed in 1896 when the charge for the carriage of wheat and other cereal as well as bulk produce (onions, potatoes and maize, etc) was fixed at 10/- per ton from Sale and beyond, whilst the maximum rate to be charged for the carriage of most other goods to stations as far as Bairnsdale was fixed at the mileage rates applicable to Traralgon - only 97 miles from Melbourne. In 1897 the mileage charge for carriage over 87 miles - 40/- per ton was made the maximum charge for carriage of any item over the Gippsland lines. Nevertheless the Railways generally failed to capture the traffic which was subject to water competition.

That only 40/- per ton was being charged for the carriage to Bairnsdale and Sale of merchandise and stores for which the mileage rate was 76/1 and 58/11 per ton respectively, did not help to divert from the boats traffic for which the boats charged 15/- and 12/6 respectively for carriage to those two ports. Whilst by 1900 the reduced rates for maize fixed railway charges at 10/- per ton from Sale and 10/9 from Bairnsdale, the boats charged 7/6 and while the average annual yield at Bairnsdale was stated to be 4,300 tons, the railway got only 64 tons in 1897, 44 tons in 1898 and 149 tons in 1899. Total water traffic on the lakes was estimated at 20,000 tons each way in 1900 - when total inwards rail goods traffic at Bairnsdale and Sale was 8,409 tons, and the outwards goods traffic total for those two stations was 12,917 tons. And, in much the same way as the effect of Section 92 has been to increase the regional significance of border towns, the rating system aided the position of Sale as a distributory port. In 1896 goods were being shipped to Sale and then railed thirty miles back towards Melbourne. It was in fact cheaper to ship higher class merchandise to Sale and rail it back towards Melbourne as far as Mirboo North via Morwell, or Thorpdale via Moe, than it was to rail the goods directly from Melbourne. Significantly, the rates for carriage to and from stations on those branch lines were also reduced in 1896. Many of these concessions were removed in 1912 when the State Government determined upon a policy of aiding the development of the Outer Ports, and requested the Commissioners to withdraw the special rates which had been introduced to enable the Railways to compete with sea carriage. Of course when the

Railways did so, they received no compensation for the loss of traffic which adversely affected line profitability. This circumstance involved just another variation of the repeated situation where railway rates have been adjusted to achieve social aims such as the subsidisation of decentralisation, while Railway accounts have been forced to bear the brunt of the disadvantages thereby imposed.

A further method resorted to by the Commissioners determined to protect Railway revenue by circumventing the prohibition on the selective imposition of special rates was to alter the classification of certain types of goods. The following example provides an illuminating example of the Commissioners' attitudes and actions. In the mid 1920's the Holyman Shipping Company contracted with the Maffra Nestles and Anglo Swiss Condensed Milk Company for the sea carriage of lactogen between Bairnsdale and Melbourne. The lactogen was being railed the thirty-nine miles from Maffra to Bairnsdale at the BB rate of 9/7 per ton under the prevailing classification. Subsequently, however, the Railway Commissioners notified the Nestles Company of their intention to alter the classification of lactogen from the BB class to class 2. This meant that the charge was to be increased by 15/8 per ton to 25/3, and, as the latter rate precluded sea carriage, the shipping of it ceased. It was only when the Company expressed its determination to send the goods by road that the lower rate was resumed, and by 1927 the goods were once again being sent to Melbourne by boat. It should be added at this point that though in this particular case the advent of road motor transport aided the shipping companies, the reverse was generally the case. In 1929 the Commissioners were again authorised to alter rates where this was necessary to enable them to combat competition. Accordingly, in July of that year a new By-law was gazetted providing for a further 25% reduction in the rate charged for the carriage of powdered milk and lactogen; apparently the Commissioners hoped that such inducements towards the use of rail would prove more successful than their earlier attempts to force traffic away from competitive modes. However they soon found that such policies of inducement adopted to try and encourage the use of rail proved as powerless to stem the tide towards road motor services as they had been when the railways faced competition from the boats. In a subsequent attempt to renew coercive tactics, the following year the Commissioners gained the Governor in Council's approval of a further by-law which gave them power to increase their charges for the carriage of low rated goods for customers who used other modes of transport for the carriage of higher rated items. This power, which was to be used to combat road motor competition, could have been used by the Commissioners to combat the remaining boat traffic as well; significantly the by-law included a reference to goods that have been transported "by road or any other means of transport other than rail (3)".

But application of that by-law could not solve the problems facing the Commissioners. The deficit for each of the years ending 30 June 1930 and 1931 was over one million pounds (\$2 million) and the need to safeguard State finance was becoming particularly acute as a result of the onset of the depression when extravagance could least be afforded. Additionally the

Government was being strongly pressed by the Railways to make every effort to restrain competition. Some restrictive means had already been imposed on passenger services in competition with rail. As early as 1925 an Act had been passed to limit the use of road motor vehicles in competition with the Railways. In 1929 a further Act limited the use of even five seater cars on the declared State Highways where they competed with main line rail passenger services. However, goods carriers were not affected until the Government, alarmed at the massive deficits, directed to the Transport Regulation Board to proceed with a thorough investigation into "The Better and More Economic Co-ordination and the Better Regulation and Control of Railway and Road Motor Transport (4)". It is relevant to note the similarity between the increased deficits of the 1930's which led to that enquiry and the increasing deficits of the 1960's which led the Government to commission the enquiry by Sir Henry Bland.

4. THE ADVENT OF RESTRICTIVE REGULATION

In its report the Transport Regulation Board saw the need for transport regulation in Victoria as lying not only in the public interest in the use of transport but also in economic necessity. Road motor transport was reported as having instituted 'an attack' on the existing (i.e. Railways) comprehensive system which threatens the financial stability of the system'. The TRB went on to find that it is an impossibility from the point of view of cost, for road motor transport to take the place of railways transport except in the case of the most valuable traffic, which the railways must retain if they are to be able to function as a comprehensive transport system. In accordance with the findings contained in the report the Government prepared the Transport Regulation Act of 1933. The philosophies therein enshrined have guided the regulation of transport until today. But despite the findings of the Board, political considerations acted to constrain the ability of the Government to introduce regulation.

Whilst the Transport Regulation Act of 1933 was being prepared, the growing importance of road transport to the rural population was reflected in statements such as the pledge of Lt. Col. G. Knox, (Member for Upper Yarra) to protect:

".....the reasonable road user, the traveller to holiday resorts by hire car, the orchardist, the berry grower and dairy farmer(5)".

Despite objections by the Railways, the advantages of road transport for the carriage of perishable primary produce was realised by the newly created Transport Regulation Board, and appropriate exclusions from regulation incorporated in the case of as right provisions in the Act. This was particularly significant given the Railways' claim that they depended on revenue from the carriage of such higher rated goods to offset the lower rates imposed on other primary produce such as grain retained by rail. Additionally even after implementation of the restrictive provisions of the Transport Regulation Act was begun in 1934,

the Transport Regulation Board licensed certain road operators to continue passenger and goods services competitive with rail on the grounds that they had been an integral part of the transport facilities of certain districts prior to the introduction of the 1933 Act. In a number of cases the Commissioners invited those operators to take over all services from the Railways. However, as on so many occasions since, those attempts failed because road operators were not interested in carrying low value goods unable to bear higher freight rates, and in certain cases where the Department wanted to cease their operations local pressures thwarted their efforts and forced the retention of services. The Commissioners, finding themselves forced to continue providing all services, continued to express their pre-regulation attitude that it was the duty of the State to provide transport and that there should be a curtailment of other services which interfered with the carrying out of that duty. The advantage of road carriage had to be weighed against its cost to the State and the effect road carriage of selected commodities would have on the costs of carriage of other goods for which rail carriage had inherent advantages and which road operators would not consider commercial propositions. Thus the Commissioners persisted with their view that the proper economic function of road services was the provision:

'.... not of duplicate and competitive services, but rather of complementary and supplementary transport in co-ordination with the railways which must continue to operate as the main carrying system of the State(6)'

But while the Transport Regulation Board, and the Government which approved the legislation, agreed in principle with this contention, the exceptions to regulations outlined above and the increasing provision of resources for roads indicated what was at least an ambivalence of commitment. In practice, both modes remained in operation and the abovementioned views of the Commissioners were still to be echoed nearly forty years later in their submission to the Bland enquiry. And while intensive capitalisation occurred in the road motor industry as private operators invested in equipment and all levels of Government provided funds for road development, there was an absence of provision of funds for upgrading the rail system. The Nixon Committee, appointed by the Government of Victoria in 1933 to report generally on the Railways financial position, made recommendations concerning the transfer of a large proportion of the Railways' loan indebtedness to the General State account, and found that, if this were done, an amount of approximately six hundred thousand pounds at that time (based on original cost) would require to be charged each year in the Railways accounts against revenue to provide for renewals. The Nixon recommendations were largely implemented by the Railways Act of 1936, when thirty million pounds was written off the Railways Loan Liability, but the sum of six hundred thousand pounds for renewals was arbitrarily cut to two hundred thousand pounds (plus any other amount Parliament might see fit to authorize in addition). The net result of this exercise in political expediency was that the savings over all in 1937-38, were whittled down to about five hundred thousand pounds and the rapidly rising costs of labour

and materials, not met by any corresponding increase in railway charges, very soon absorbed this, and more besides. Whereas the CRB accumulated funds during the war years and immediately after the war was able to allocate almost 2.4 million pounds to road works in 1946/7 alone, the Railways, responsible for operating plant as well as track program, were in no such position. The 1949 Elliot report found that a very considerable program of rehabilitation and equipment must be taken in hand without further delay, if a serious breakdown was to be avoided. But Operation Phoenix, the result of that report, was unable to compensate for the accumulated backlog in the funding of rail relative to road. And the reduction in the extent of the network which occurred in the early 1950's (227.47 miles - 5.3% of total mileage) did not fully reflect the extent to which rail should have given way to road.

5. THE POSTWAR PROBLEM: UNECONOMIC SERVICES

It is the irony of Victorian transport that the very same type of pressure activity which exacerbated the Nineteenth Century boom era of network expansion prevented economic considerations from determining the contraction of the network after World War II (Fig. 2). In their submissions to the 1971 Bland Inquiry into the Victorian Land Transport System the Railways Commissioners noted that:

'Because of invariable intense local resistance, the closure of non-paying lines in Victoria always had to be dealt with on a one at a time basis, each particular line being made the subject of a special inquiry. In recent years resistance to such closures has become even more difficult to overcome, and progress has been slow. One particular line still in operation has been under consideration for closure since 1957 (7)'.

Bland acknowledged this fact when he noted that:

'There has been a double standard where the Railways were concerned. If it were now proposed to build lines where some exist the proposal would be laughed to scorn. But, on past experience, to propose to close that same line that already exists is to excite great resentment and opposition at least initially (8)'.

Analysis of closures that have taken place throughout Victorian railway history indicates how the political environment was the determining factor. The key to most closures was the fact that their operation at a loss was having a detrimental effect on railway finances. In certain cases such as the Lancefield to Kilmore and Dunkeld to Penshurst connections this was due to a non-development of traffic which had been expected at the time of authorisation of the line in question. More commonly, however, traffic built up in the initial decades of operation of a line until a decline occurred subsequent to developments in transport technology and the fact that

THE DECISION MAKING PROCESS :

CESSATION OF SERVICES AND LINE CLOSURE

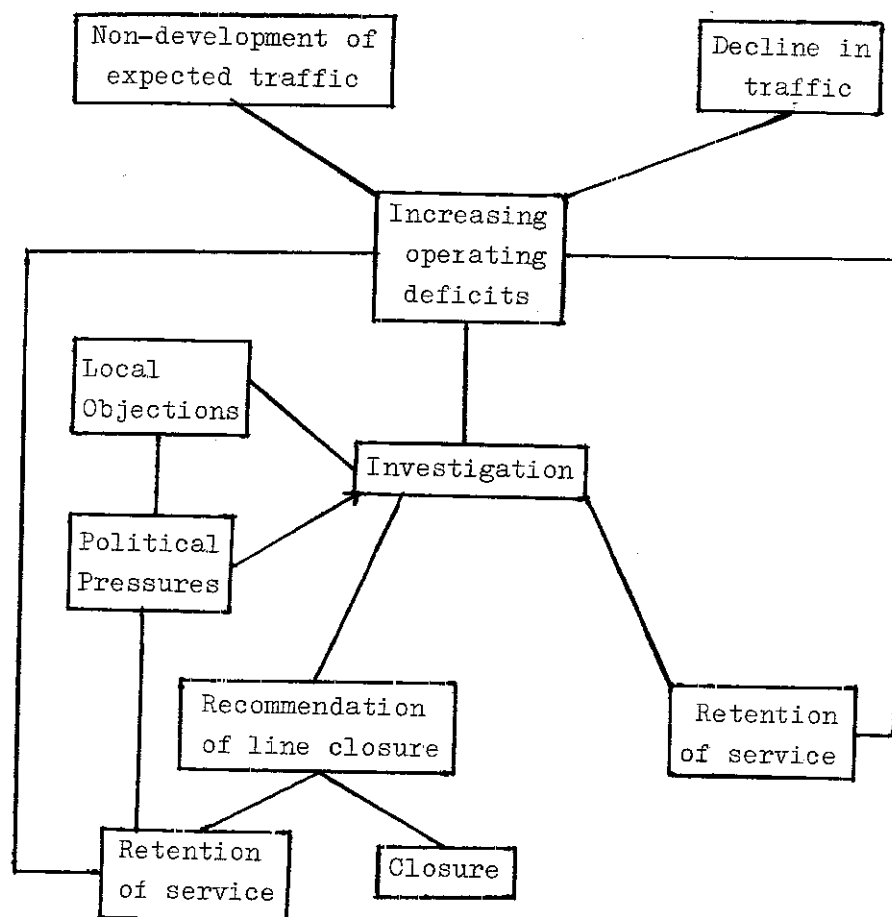


Figure 2.

competition was not restrained by the State framework of transport regulation. In some cases a line had been built to aid utilisation of a particular resource which had since been exhausted, become un-economic to extract or utilise, or had been replaced by an alternative resource or source of supply. The increased railway deficit resultant from the operation of some or all of these factors led to the Commissioners recommending that consideration be given to line closure. Added strength was given to this recommendation if there were prospects that heavy capital investment would be needed to enable retention of the service in question. Investigation of the value of the line to the State was made by an authority which had to consider the disadvantage of an operating deficit against a background of State transport policy and local needs. From 1952 such investigations were carried out by the Joint Transport Research Committee, but in earlier years investigations had been carried out by the Parliamentary Standing Committee on Railways, a Committee specially formed to investigate the case of a particular line, or by the Commissioners and/or the Minister for Railways.

Recommendation of retention of services over a line - especially if this was a result of political pressures - usually meant a further increase in railway deficits (after at most a temporary traffic increase from residents of affected districts anxious to 'prove' they needed a line) and this frequently led to further considerations being given to closure.

Recommendation of closure did not necessarily bring about an immediate termination of services. Local objections to closure expressed at protest meetings and in the local press were often accompanied by promises of more traffic and frequently succeeded in gaining a temporary or permanent rescinding of the closure decision. Given such circumstances there is no doubt that the recent establishment of a Task Force to rationalise uneconomic rail services in accordance with the Bland recommendations must be welcomed as a genuine attempt to let economics rather than other issues determine the future transport network.

6. CONCLUSIONS

The extent of the initial expansion of the Victorian Railway system - as well as the postwar contraction of its function - was largely determined by the parameters of the political environment within which those developments occurred rather than by logical economic reasoning. Throughout its history, patterns of flow over the Victorian railway network and the division between the use of rail and alternative modes have been a function of deliberate rating and regulatory policies which precluded the determination of modal split from occurring solely on the basis of the economically most advantageous mode being used on a given situation. The inability to monopolise the Victorian transport scene in the absence of regulation which has characterised the railway system since the advent of modern motor transport technology had significant precedents in the

pre motor era. A decade before Section 92 was composed - let alone subjected to High Court interpretation - towns and other settlements on the fringes of Victoria were able to utilise their border location to their advantage and to free themselves from the need to rely on the railways as a means of transport. There has clearly long been a need for action to rationalise the usage of both rail and road modes so as to minimise the community costs of their usage in uneconomic circumstances.

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- (5) Warburton Mail, 24.2.33
- (6) V.R. Annual Report 1938, p.50
- (7) Submissions of the V.R. Commissioners to the Board of Inquiry into Land Transport in Victoria, 1971, s 5.58
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