

1st February, 1962.

The Town Clerk,
City of Ballarat,
Town Hall,
BALLARAT, VIC.

AND

The Town Clerk,
Borough of Sebastopol,
Town Hall,
SEBASTOPOL, VIC.

Dear Sir,

As your Council is aware, the Commission reluctantly assumed responsibility for the Ballarat tramways system on 1st July, 1934, when it acquired the assets of the Electric Supply Co. of Victoria.

It has been emphasised, from time to time, that the tramways system - in common with those of the other provincial cities - has never been economically justified. Since losses would have to be borne by electricity consumers, the arrangement made at the outset was that the electricity and tramway operations of the district would be viewed as a whole. Consequently, the Commission would not be in a position to consider any reduction in tariffs in the Ballarat area unless the losses on tramways were eliminated.

Also, it was stated that the Commission would not consider extending the tramway system at public expense, but it agreed with the Municipal Councils that it would extend any system on their requisition and provided the Councils concerned undertook to meet any loss on operation of such extension. No requests have been received and the tram routes have remained substantially unaltered during the last 25 years.

Shortly after acquisition both the Ballarat and Bendigo systems were reconstructed with the object of extending their life by about 15 years, that is, until 1950, by which time it was anticipated that some more appropriate means of street transport would have developed in these provincial cities. Also, most of the money available for this work had to be spent on labour to relieve the unemployment position and any materials used were largely secondhand.

The stage has been reached that, if these tramways are to continue, expenditure of the order of £1,500,000 must be incurred in the near future on extensive reconstruction and rehabilitation. In any case, if rehabilitation did take place it would be necessary to increase electricity tariffs in Ballarat and Bendigo in order to meet the additional interest charges involved. This expenditure clearly cannot be justified while such heavy losses are being incurred, nor could the Commission provide such a large sum without deferring urgent electricity projects. In the meantime, the general condition of the tramways is such that the average speed achieved between termini is only approximately 8 miles per hour.

The Commission repeatedly has expressed grave concern at the extremely adverse financial results of the provincial city tramways. Since the Commission took over the tramways services in Ballarat, there has been an accumulated loss of £1,021,730.

The losses continue to increase despite the fact that, since 1955, the tramways operations have not borne any capital charges (interest and depreciation). The declining financial position is graphically revealed in the annexed table which shows the results of operations over the last ten years.

The absurd position has been reached where, for every fare collected - averaging just under 4d., the Commission incurs a loss at the rate of 6d.

The revenue now is not even adequate to pay the wages of motormen and conductors, far less other charges associated with the operation of the service. The Commission can see no prospect of any improvement in these results. In the current financial year the loss is expected to increase to £104,300, largely due to the recent increase in the basic wage.

The Commission has proved that low fares do not of themselves provide a stimulus to public passenger transport under modern conditions. There is no justification, therefore, for retaining the existing extremely low tramway fares at Ballarat and Bendigo, and the Commission currently is considering proposals for increases in fares pending the abandonment of the tramways. However, this is not the answer to the economic problem.

Obviously, there is a need for more flexible and properly co-ordinated street transport systems in Ballarat and Bendigo. The Commission is satisfied that modern motor omnibus services will more adequately provide for the convenience of the travelling public.

When the tramways system at Geelong was replaced by omnibus services in 1956, the changeover was accomplished satisfactorily and subsequent experience has established the success of the new transport system.

The Commission considers that it can no longer expect consumers of electricity to subsidise the substantial losses being incurred in the operation of the Ballarat tramway system and it now proposes, pursuant to Section 74 of the State Electricity Commission Act 1958, No. 6377, to give the Minister of Electrical Undertakings notice in writing of its intention to abandon all tramway routes within the municipal districts of Ballarat and Sebastopol. Section 74 provides that the Minister shall, as soon as practicable, lay a copy of this notice and accompanying statement before both Houses of Parliament, and, unless either House, within 24 days next following on which the Legislative Assembly sits, resolves otherwise, the Commission may abandon the tramway or part thereof to which the notice relates. In this regard, however, your attention is directed to the subsequent paragraphs of this letter as indicating that the Commission will proceed in a spirit of co-operation with local interests.

To facilitate the changeover to an omnibus service and assist the Municipal Councils concerned, the Commission would agree to arrangements along the same lines as those adopted at Geelong. At that centre, although not obliged by its Acts to accept responsibility in the matter, it made substantial payments to the Council to cover the cost of restoration of roadways and other items incidental to the changeover. The actual amount of the payments and the period over which they would be spread would be the subject of negotiation between the Commission and the Councils concerned.

Ample time would be allowed for the establishment of alternative transport services before the trams were abandoned. The Transport Regulation Board has indicated that it would be prepared to organise the bus services needed to cater adequately for the public passenger transport needs of the Ballarat area, and ensure that licensees operate to time-tables, on routes, and with vehicles appropriate to requirements. Also, it would co-operate fully with the Council in these matters.

The Commission naturally is concerned with the future of the tramways employees. No doubt a number would desire to take positions with the new transport services; however, as at Geelong, the Commission would be prepared to place in other positions those who desire to remain in its service. It might not be able to guarantee to find all employment in their present locality, but as many as practical would be given work at the same location.

No doubt there will be a number of aspects upon which your Council would like further information, and the Commission would be happy to arrange for senior representatives to confer with your Council before it takes action to approach the Government with the formal notice.

This subject is also being raised with the Sebastopol Borough Council, and, in respect of the Bendigo tramways, with the Bendigo City Council and the Eaglehawk Borough Council. The Commission is making copies of this letter available today to the local Press. It is thought that, before any public announcement is made, municipal officers might wish to send copies of the letter to their respective Councillors and sufficient copies are forwarded herewith for this purpose.

Yours faithfully,

(Signed) D. H. Munro

SECRETARY

Enc.

STATE ELECTRICITY COMMISSION OF VICTORIA

BALLARAT TRAMWAYS - OPERATING RESULTS

Year ended 30th June -	Income	Expenditure	Loss	Passengers Carried
1951	58,807	103,857	45,050	4,605,378
1952	61,101	124,943	63,842	4,221,243
1953	64,272	135,351	71,079	4,468,635
1954	64,451	138,820	74,369	4,480,958
1955	63,877	136,554	72,677	4,516,485
1956	65,298	142,056	76,758	4,149,847
1957	65,245	145,542	80,297	3,896,039
1958	63,351	140,889	77,538	3,810,840
1959	61,989	143,915	81,926	3,874,747
1960	60,739	153,361	92,622	3,864,322
1961	60,203	155,172	94,969	3,788,348