

RATING OF TRAMWAYS.

REPORT OF THE SUB-COMMITTEE APPOINTED BY THE MUNICIPAL CONFERENCE.

IT WILL be in the recollection of the Conference that at the last meeting of that body, held in the Town Hall, Melbourne, on the 6th May, 1892, the Sub-Committee, consisting of one representative from each of the five following cities, viz.: Collingwood, Fitzroy, Melbourne, Prahran, and St. Kilda was appointed to wait upon the Directors of the Melbourne Tramway and Omnibus Company, Limited, with a view to an amicable arrangement of the appeal lodged by that Company against the valuation placed by the Municipalities upon its lines and buildings for the year 1891-92.

The Sub-Committee proceeded to carry out the instructions of the Conference, and accordingly arranged for and held an interview with the Directors of the Company on the 17th August, 1892.

It appears that so far the basis adopted by the majority of the Municipalities, within whose boundaries the Company's undertaking extends, has been a percentage of the cost of construction; the City Council of Melbourne, has, however, rated upon an assumed annual value.

The total amount of valuation placed upon the lines and buildings amounted for the year before mentioned to £123,995, and the Company is appealing against this amount under the provisions of Secs. 281-287 of the "Local Government Act, 1890."

It was ascertained at the interview above referred to that the Company claims to be rated upon the basis laid down in a publication entitled "Sutton's Law of Rating," which contains an exposition of the English law on the subject of Tramway rating. The basis may be briefly described as "an estimate of the letting value of the undertaking to a hypothetical tenant, who is supposed to calculate the sum which he could afford to pay as rent for the undertaking."

The Company claims also that its view of the case is supported by the reading of Sec. 283 of the "Local Government Act, 1890," which provides that "a copy of the last annual account of the total receipts and expenditure of the Company or Association" (appealing as provided in the last two preceding sections) "and showing the items of receipts and expenditure under different heads shall be served with every notice of appeal."

At the request of the Sub-Committee the Company has supplied a statement, a copy of which accompanies this report, showing that from the position taken up by the Directors the net annual valuation for Melbourne and suburbs would be £17,386 8s. 4d. for the period named, as against the total amount of £123,995 previously referred to as the total valuation for Melbourne and suburbs.

Statement Submitted by the MELBOURNE TRAMWAY AND OMNIBUS COMPANY, LIMITED,

BEING AN

ABSTRACT OF PROFIT AND LOSS ACCOUNT FOR YEAR TO 30th JUNE, 1891,

To Show Net Valuation for Tramway Rating.

Dr.	EXPENDITURE.		INCOME.	Cr.
Reference to "Sutton."				
3	Feed	£1,811 15 2	Advertisements	£988 12 10
6 & 7	Gas, Municipal Rates, Licenses, etc. <i>a.</i>	8,004 5 6	Manure	32 13 9
7 & 9	Law Charges and Costs <i>b.</i>	423 7 2	Interest	2,223 6 5
7	Salaries of Staff Directors, &c., Fees... ..	25,117 9 10	Traffic Receipts	550,039 9 1
5	Rent	142 18 8		
6	Rating of Tramway Lines and Engine Houses	6,842 7 7		
1 & 2	Repairs, Maintenance of Cars, Lines, etc.	59,037 15 11		
4	Fuel	23,801 12 1		
3	Wire Ropes	28,897 5 2		
7	Stationery and Office Expenses	3,154 8 1		
3	Wages	165,938 13 11		
5	Depreciation of Leaseholds	1,515 1 8		
5	Debenture Interest	75,105 10 0		
5	„ Sinking Fund	30,394 10 0		
8	Re-construction Reserves	21,710 13 0		
9 & 10	Allowance to cover Interest on Capital, Tenants' Profits, Compensations, and other risks, say 17½ per cent. on Capital of £480,000 <i>c.</i>	84,000 0 0		
	Balance, being Net Annual Valuation	17,386 8 4		
		£553,284 2 1		£553,284 2 1

REFERENCES—

(*a.*) The Municipal rates included herein amounting to £626 5s. 6d., are those paid on Car Houses and other Properties than Lines and Engine Houses.

(*b.*) The Payments and Costs in connection with Compensations for Accidents are excluded.

(*c.*) The Plant and Properties used for Tramways total this amount net, and the rate of 17½ per cent. is that allowed in England for same items.

NOTE—All Income and Expenditure not derived from or incurred for the Tramway Lines leased from the Trust are excluded.

In arriving at the net annual valuation of £17,386 8s. 4d., various deductions are made by the Company, which it claims to set off against its net profits in accordance with the basis laid down by "Sutton." These deductions are all set out in the statement referred to.

It will be noted that the amount the Company considers itself entitled to be rated upon is but little in excess of the total amount of valuation, £15,043, placed by the Municipalities upon the Freeholds and Buildings alone.

In considering the question of Tramway rating, however, the intention of the Legislature in inserting into the 4th Schedule of the Tramway Company's principle Act (47 Victoria, No. 765), the words contained in Sub-Sec. 5 of Sec. 14 should be carefully inquired into, as it may be inferred, and with some show of reason, that such words are intended to convey a right to rate the lines separately, and in addition to the buildings, which would, in any case, otherwise form the subject of separate assessment.

The Sub-Committee so far has not been guided in its deliberations by special legal advice, and as the question of Tramway rating has not yet been brought to an issue in the Colony, there is yet a possibility of the English law, as relied upon by the Company, being proved in certain important particulars inapplicable to the case in point.

There can be little doubt, however, that whatever the feelings of the Conference may be on the subject, the whole question will ultimately have to be decided by the Court, and the Sub-Committee, recognising the importance of the issue, strongly recommends the Councils interested to combine, and by going, if possible, direct to the Supreme Court on a case stated in a friendly way, have the basis of rating in detail finally settled.

Following upon a settlement of the basis of valuation will come the allocation of the net amount of annual valuation amongst the various Municipalities affected, and this, according to Sec. 285 of the "Local Government Act, 1890," is the duty of the Court, which will no doubt be guided by evidence to be supplied by the Councils interested.

The Sub-Committee is of opinion that the cost of a combined appeal would not be great, and suggests that it should be apportioned on the basis of the ultimate division of the amount of rate.

As the City Council of Prahran was the body which initiated the Conference, the Sub-Committee recommends that the solicitor to that Council, Mr. D. H. Herald, of Messrs. Herald and Roberts, be employed to render the necessary legal assistance.

J. H. MADDOCK,

Chairman.

27th September, 1892.