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CONCLUSIONS TO BE DRAWN FROM SECRETARY'S EVIDENCE RE ROLLING STOCK.

STANDARD BOX CARS.

The Company claims present cost new (£210) less an allowance for depreciation.

For Standard Box Cars built between 1885/1891 the Company's net claim (less accrued repairs) is £178.5.0 per car after deducting £31.15.0 per car for depreciation.

The Secretary's figures point to the following conclusions -
(excluding altogether the Board's claim that the Cars will be superseded in the year 1926)..

The fixation of an allowance for depreciation is to provide for:-

- (a) The increasing cost of Renewal or Replacement of parts.
- (b) Provision for the eventual scrapping of the Car.

It is submitted that as the Car "ages", so will the cost of both these items increase.

RENEWAL and REPLACEMENT.

Exhibit No. 5 shows that the average value of the parts replaced once only through wear and tear in the case of cars built more than 15 years ago have, up to date amounted to £25/16/4, or 12% of the total cost new of the car, whilst it has only been necessary to renew new parts costing £15/1/1 or 7% of the value of cars built less than 15 years ago. If we add replacements caused by accident, the totals might reach say 15% and 10% respectively.

The average age of the older cars is 28 years and of the more recently built cars 8 years.

If we assume that the older cars have yet a life of say 20 years, it

leads to the conclusion that during the next 20 years the Board will require to face the renewal or scrapping of say 80% to 85% of the present cost new of the car. This would enormously increase the future average annual cost of Renewals and Replacements..

It shows a probable Renewals Replacements or Scrapping charge during the next 20 years of upwards of £150 per car, or an average of £7.10.0 per car per annum..

The Company's figures Exhibit No. 5 show the extent to which Renewals and Replacements may be expected to increase during the future life of the cars, and the Secretary's figures drawn from Exhibit A I point to the fact that such annual increased cost has already commenced.

THE COMPANY'S EXPERIENCE OF ANNUAL MAINTENANCE AND RENEWAL OF CARS.

No records of the annual cost of Maintenance and Renewal of Cars prior to the year 1898 are available, consequently it is impossible to ascertain to what extent the annual Maintenance charge has increased in the case of the older cars. In 1898 the earliest cars were about 14 years old.

The comparison therefore, can only be made by comparing the statistics of the existing old and young cars.

Only 74 cars out of 462 were built during the last 16 years and out of these 74 cars, 36 were built during the last 5 years and hardly any of them repaired prior to 1st January 1916.

This reduces the possible comparison of the cost of maintaining old cars with the cost of maintaining 43 newer cars. Many of these 43 were more recently built cars were not available for fair comparison owing to their use as "Spares" or in light traffic, but the balance were selected upon the principles explained in the Secretary's evidence.

Several methods of comparison were adopted, and the results

obtained by each pointed to the conclusion that the cost of Renewals and Replacements of the older cars was already distinctly heavier than similar charges in respect of newer cars. As however, the Board's witnesses estimate a future life for the older cars of say 15 or 20 years, the increased cost of Maintenance, Renewal and Replacement must become greatly accelerated in future years.

N O T E I N E R T

*Summary of Secretary's Evidence re Maintenance of "Rolling Stock" dated 4.12.16.

SETTING UP THE FORTHCOMING REPAIRS RE STANDARD BOX CARS:

Exhibit No. 5 shows that the actual line of depreciation is not a "straight line" but a curve somewhat flat in the early years but one which must rise very rapidly in the near future.

This may be illustrated in another way:-

- (a) Cost of Parts replaced once only during the first 28 years, say £ 35.
- (b) Cost of Parts other than (a) to be replaced or scrapped during the next 15 or 20 years, say £175, less scrap value say £10 £ 165.

This contention would indicate that the difference in value between a car aged 28 years and a car new in the year 1916 should not be less than £130.

The Secretary's statements indicate that the Company's experience up to date is that an old Standard Box Car costs at least £5 per annum more for maintenance than a new car; and old Dummy at least £3 per annum more than a new dummy, and a

Bogie Car 13 years old £6 per annum more than a new Bogie Car.

If we capitalise these sums (excluding compound interest) for say 20 years in connection with Standard Cars and Dummies, and for 30 years with Bogie Cars we reach the conclusion by several methods that (in addition to the cost of accrued repairs at 30th June 1916) the allowances of present cost now should

be:-

Standard Box Cars..	20 years @	at least £5 per annum =	£100
Dummies....	20 years @	" " £3 " "	= £60
Bogie Cars..	30 years @	" " £6 " "	= £180

This latter calculation ignores the contention that the difference in cost will probably be progressive..