

MELBOURNE AND METROPOLITAN TRAMWAYS BOARD.

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PARLIAMENTARY ACCOUNTS COMMITTEE.

THE SECRETARY TO THE BOARD, MR. W. O. STRANGWARD, EXAMINED  
ON 15th DECEMBER, 1926.

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QUESTION No. 20:

Can you give any information concerning the operation of privately-owned buses? Can you say whether they are carrying on at a profit after making adequate provision for depreciation?

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R E P L Y:-

The following information has been compiled from various sources and cannot be guaranteed in every detail:-

MELBOURNE GENERAL OMNIBUS COMPANY:

Route: Ormond Railway Station to City.  
Operated from 19th July 1924 to 20th July 1925.  
Buses seized by Creditors.  
Cash Capital: £6,627  
Unsecured Creditors: £7,802  
Free Assets: £ 925

Possible dividends to creditors 2/4d. in £.-  
No Return to Shareholders.

COMMONWEALTH MOTORS CO:

5 new buses purchased at a cost of £10,000.  
Deposits amounting to £2,500 were paid to vendors of buses.  
After 12 months' operation the buses were seized by the vendors. They were then in a deplorable condition owing to no proper provision having been made for maintenance. The Buses were eventually sent back to London.

Route: South Melbourne to City.  
Commenced about December 1923. Abandoned 4th September 1924.  
The route is now operated by the Board's electric tramway which was not opened until 31st October 1925.  
The Company went into liquidation, paid 3/2d. in the £ to creditors. The whole of the capital was lost.

TRAK MOTORS CO:

Purchased 30 buses for about £35,000 on hire-purchase system.  
Paid about £17,000.  
The Company went into liquidation, and the bus vendors eventually made a loss of about £15,000.  
The vendors ran the buses on some of the original routes, but it was found impossible to make the buses pay even working expenses.  
About £24,000 was put into the venture as shareholders' capital, the whole of which was lost, and in addition unsecured creditors lost about £10,000.  
About 14 of these buses were similar to those operated by the London General Omnibus Co., which were admittedly the most economical bus proposition at that date. These were sent back to London. Some of the balance were sold at almost scrap prices.

KINTRAK CO:

19 buses purchased on time-payment for about £25,000.  
Only about £5,000 was paid.

These buses were seized for non-payment of instalments.  
They were found to be in a deplorable condition as regards  
maintenance and nearly all of them were eventually sent  
back to London.

The Company lost the whole of its capital, and unsecured  
creditors to the extent of about £5,000 received no dividend.

YELLOW SIGHT-SEEING BUSES:

Route: Camberwell Junction to Spencer Street.

2 buses were purchased for cash.

The route proved unpayable and the buses were seized by  
the creditors.

The whole of the Company's capital was lost.

GREY MOTORS:

7 buses were purchased on time payment in October 1924 - upon  
practically no deposit.

Two or three thousand pounds was owing on the buses when they  
were seized by the vendors.

The Company went into liquidation on 28th October 1925.

The whole of the capital was lost and it is believed that the  
creditors received no dividends.

BLUE LINE MOTOR CO:

8 buses purchased on time-payment and resumed by the vendors,  
who lost about £5,000 on them.

This Company consisted of owner-drivers who operated routes  
between the Reservoir and the City; Footscray to Luna Park;  
Middle Brighton to the City.

The Company went into liquidation on 30th January 1926.

The whole of the capital and creditors' money was lost.

PRESS MOTORS:

Routes: Point Ormond to City.  
Footscray to Luna Park.  
Carnegie to City.

Buses seized by creditors.

Company went into liquidation on 12th October 1925.

ROYAL MOTORS:

Routes: Reservoir to Melbourne.  
Dandenong and Belgrave Roads to Melbourne.

Abandoned 24th October 1924.

Routes found to be unpayable, and the Company unable to pay  
employees' wages.

FORRESTER:

Route: South Melbourne.

Abandoned as it was found to be unpayable.

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It is estimated that vendors of buses in Melbourne have,  
during the last two or three years, lost at least £100,000 through buses  
sold on time-payment and afterwards taken over for non-payment of instalments.  
Probably at least 80% of the <sup>privately-owned</sup> buses which have operated in  
Melbourne during the last two or three years have been purchased on time-  
payment. It is not likely that this class of business will be resumed  
upon the same conditions.

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FACTORS WHICH PERMIT "PRIVATELY-OWNED" BUSES TO OPERATE  
MORE CHEAPLY THAN BUSES OPERATED BY THE BOARD.

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PRIVATE ENTERPRISE	BOARD'S OPERATION.
<p>Buses usually poor and cheap - often secondhand - starved in maintenance.</p> <p>Interest on Capital, small.</p> <p>No provision for depreciation or renewal.</p> <p>Frequently purchased on Time Payment.</p> <p><del>Inadequate Garage accommodation.</del></p>	<p>Buses up-to-date and substantially built.</p> <p>Adequate upkeep and maintenance.</p> <p>20% allowance for depreciation.</p> <p>Heavy interest and sinking fund on cost of bus.</p>
<p>No attempt to provide an adequate "all day" service.</p> <p>Owner-drivers "lay off" for meals and at slack hours, spreading their work over two widely separated "peaks". They are thus able to pick up the cream of the traffic.</p> <p>Cases have been reported of owner-drivers spreading their work over 15 or 16 hours per day.</p>	<p>An adequate, dependable and regular "all day" service is provided.</p> <p>Meal Reliefs are provided by additional drivers.</p> <p>Excessive "spreads" are met by the employment of additional crews.</p> <p>Each man is paid for at least 48 hours per week - although in many cases only 42 hours' work can be found for them.</p>
<p>Seeks payable routes only.</p>	<p>The Board's buses are run on two "developmental" routes, viz. at Williamstown and from Victoria Bridge to Balwyn Road. A portion of the latter route was exploited by privately-owned Buses, found unpayable and abandoned.</p> <p>The balance of the Board's Buses are used to provide a "stop-gap" service whilst cable tramways are being converted to electric traction. The sides of these "conversion" streets - such as Chapel Street and Toorak Road - are congested and the surfaces are unfit for Bus operation. This causes excessive maintenance and extra fuel consumption and slows down and disorganises the service.</p>
<p>No concession fares or free travelling.</p>	<p>The Board allows school children and others to travel at concession fares and also allows certain free travelling.</p>

PRIVATE ENTERPRISE.	BOARD'S OPERATION.
<p>Very few restrictions as to "working conditions".</p>	<p>Practically in line with Tramway operation, for example:- Drivers are paid 1½d per hour extra for driving "one-man" buses. Time and a quarter on Sundays. Time and a quarter for "spreads". Employees are supplied with uniforms free. Two weeks Annual Holiday is granted on full pay, also Sick Pay Allowance, etc.</p>
<p>In some cases female conductors are employed at wages much lower than those paid to male conductors.</p>	<p>No female conductors are employed.</p>
<p>Owner-drivers effect their own running repairs.</p>	<p>Board is compelled to employ mechanics to effect all repairs, for example:- At Williamstown, three shifts of mechanics are maintained to effect repairs to the three buses in operation.</p>
<p>No Inspectors or Supervisors.</p>	<p>Board requires Inspectors.</p>