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To enter into a full explanation of the finances of the Tramway system would occupy much more time than I have at my disposal. I therefore propose to deal only with the most salient features which are of interest at the moment, and which, I trust, will help you to a truer perspective of the tramways than you may at present enjoy. If in the process I dispose of some popular illusions, then that will be something additional gained. It is difficult to decide just where to make a start, but perhaps I may begin by explaining the circumstances which led to the formation of the present Tramways Board, and the nature of its constitution. The Board, then, was formed to take over the cable tramway system and six separate and unrelated suburban tramway trusts. The object of the Board has been to unify these various systems, to convert the cable tramways, and to co-ordinate the operation of management. With the exception of the full conversion of the cable system, that objective has been reached -- and reached because the Board has steadfastly declined to be led away from the programme it set out to accomplish. The Board has been villified and criticised, even lampooned, but it has pursued its set course with the result that Melbourne has today a tramway system of which it can well be proud, and a system, moreover, which has evoked the enthusiastic praise of traffic experts from all over the world.

CONSTITUTION.

With regard to the constitution of the Board, it is important to notice that the present Board was to be of a temporary character, and that its constitution should be revised six years after its inauguration. Eleven years have passed, but the Board still remains on a temporary basis. Each year for the last five years it has been resuscitated by what I might term artificial respiration. Each succeeding session of Parliament has failed to create a Board of a permanent character. The Board has illustrated the truth of the old adage, "Threatened folk live long."

PAYMENTS TO CONSOLIDATED REVENUE.

One of the remarkable, even unique, features of the Act under which the Board was created is the provision that there shall be paid

out of its revenues, and as a first charge on its revenues, an amount which shall recoup the Government the sums annually payable by the Government for the support of the Fire Brigades Board and the Infectious Diseases Hospital, and the payments to the Metropolitan municipalities as compensation for the fees which were formerly received by the municipalities in respect of hotel licenses in their districts, but which, for the last 40 years or more, have been paid into the Treasury. First of all it was proposed that the Tramways Board should indemnify the Railways Department for the annual loss said to be suffered by the railways as the result of tramway competition. At the time of the passing of the Tramways Act that loss was alleged to be £70,000. That proposal was ridiculed, and it was abandoned. But that £70,000 remained, a really tempting sum. By a curious coincidence £70,000 was just the amount required by the Government for the purposes I have mentioned — Fire Brigades, Infectious Diseases Hospital and Licensing Fund. And so the tramways were ordered to pay that sum for these purposes so alien to tramways. That estimate of £70,000 annually had the vicious habits of most estimates. It grew with the passing years, and for the last two years has been £118,000 annually. During its tenure of office the Board has paid no less than £1,100,000 to the Government for these purposes.

That is not all, however. The Government took the accumulated profits of the Cable Tramways Board, £765,000, and as that amount was insufficient by £62,000 to extinguish £827,000 of certain indebtedness due by various Municipalities under the Municipal Loans Extension Acts, it passed a special Act by which the Board was compelled to pay that sum of £62,000 out of its first few months of working. The effect of these transactions has been to render £2,000,000 of capital sterile for the purposes of tramways services. How the present Government, which commands our sympathy in the situation which confronts it at present, must wish that it could discover a few gold mines of the character of the Tramways Board. Instead of being empty, the Treasury then would be pressed down and overflowing.

MAGNITUDE OF THE SYSTEM.

The next point to which I might refer is the magnitude of the

system. The value of the Board's assets are certified by the Auditor-General to be £8,200,000. It has a gross revenue from all sources of more than £2,000,000. It possesses 270 miles of track, and carries on the average, day in and day out throughout the year, 580,000 persons daily at an average cost of 1.1 miles for 1d. It builds and maintains its own cars in its own workshops, erected and equipped at a cost of in round figures £330,000. With 4,780 employees it is the second largest employer in the State.

THE BOARD'S FINANCIAL POSITION.

A word or two upon the finances of the Board for the year recently ended will be of interest to you. In common with all other business enterprises, the Board is feeling the current acute financial depression. For the year the gross revenue decreased by £86,673, or 3.58%. To meet this decrease all items of expenditure have been closely scrutinised, and wherever possible without sacrificing efficiency economies have been effected, the working expenses for the same period having been reduced by £45,848. After meeting all charges, including Interest and Loan Redemption payments and contributing to Employees' Benefit Funds £28,769, the Board had a surplus of £277,664, out of which it had to pay to the Consolidated Revenue £118,503, leaving £159,161 available for transfer to Reserves to meet Reconstruction, Renewals and Depreciation. As the Board has to appropriate to Reserves not less than 4% on the Capital Cost of the Undertaking, amounting to £329,100, it had a nominal deficit of £169,939 after making these appropriations.

Assuming the tramways were run ^{as a} private enterprise, ~~as a~~ ~~limited~~ ~~company~~, the net ^{loan} liability of £5,749,762 representing the capital of the Company, there would have been a surplus from operation of £690,324, from which must be deducted municipal and other rates and Metropolitan Roads Fund payments totalling £19,575, leaving £670,749 available for provision for depreciation and payment of dividends. The estimated amount required for depreciation is £331,186. Deducting this amount there remains a balance of £339,563 -- equivalent to 5.90% -- available for dividends; though this amount would in the case of a Company be subject to Income Taxes. ~~and transferred a loss of £770,000~~

TRAMS VERSUS BUSES.

I should like to say a word about that much vexed question, trams versus buses, and as to whether tramways are obsolete. Much ignorance and misunderstanding prevail on this subject. It is true that in Great Britain and the United States, but more particularly in Great Britain, a number of small tramway systems have within the last five years been superseded by either trackless trolley cars or by motor buses. From a recent issue of the Journal of the Municipal Tramways and Transport Association, I learn that seven municipalities have superseded trams with buses, four have put in railless trolleys and buses, and two have confined the change to railless cars— thirteen municipalities in all with a combined population of 733,870, or an average per municipality of 56,451. The population, as a matter of fact, ranged from the 19,182 of Morecambe (where the tramways were horse-drawn) to Wolverhampton with 102,373. In no case, with the exception of Wolverhampton, did the superseded systems exceed 9 miles — not the length of our Elsternwick-East Coburg route. The real reason for the abandonment of the tramways was not that tramways were unsuitable or too expensive to run or that buses were cheaper (which they are not), but that all had reached that period in their lives when complete track reconstruction and the scrapping of obsolete trams had to be faced. When you reflect that the cost of track reconstruction nowadays is at least 200 per cent greater than it was 30 years ago, and that the traffic offering in such small towns can be handled quite effectively by buses, it is not surprising that rather than face that heavy capital expenditure, the towns concerned abandoned their tramways. Even as it is, not all the towns are satisfied that they have made a good bargain. Perth is very definitely dissatisfied, for the working of the buses, from which such great things were promised, has resulted in an addition to the rates of 1/3d. per £ — rather a high price to pay for the doubtful privilege of a bus system.

The large systems such as those of the London County Council, Glasgow, Manchester, Birmingham, Liverpool, Sheffield and Leeds, are, after a period of depression, carrying more passengers than at any other time. Within three years London has transformed a loss of £270,000

into a profit of £128,000. Liverpool recorded for last year record figures, while the financial position of Glasgow is such that it could tomorrow pay off all its capital debt and still have a few hundred thousand pounds in cash for any contingency that might arise. There are no signs that in such large cities trams are being superseded, and you can take it from me that the whole body of expert opinion in Great Britain and the United States is unanimous in declaring that for mass transportation at times of peak loading there is no vehicle in sight which can handle crowds with the same ease, efficiency, economy, safety and comfort as the modern tramcar.

WHAT IT WOULD MEAN TO MELBOURNE.

Three years ago the Parliamentary Committee on Accounts investigated this question of tram versus motor bus with particular reference as to the cost to Melbourne of such a departure. The late Mr. W.O. Strangward, the Secretary to the Board, one of the leading accountants of Melbourne, and a man whose capacity for such an investigation was and is unquestioned, gave evidence on oath. His deliberately expressed opinion, fortified with all the necessary data, was that the substitution of motor buses for tramcars in Melbourne to carry the traffic then offering at the same fares would mean a rate over the whole metropolitan area of not less than 20d. per £.

CO-ORDINATION OF TRANSPORT.

The co-ordination of transport is very much alive at the present time. Where public authorities have laid down an expensive system of transport, which gives a service at or near cost, and of such a widely extended character that it provides the maximum of convenience, no argument is necessary in order to prove that wasteful and unnecessary competition is to the ultimate disadvantage of the public. Competition between different systems or modes of transport for the one available passenger generally has the result of converting one good payable transport service into two bad ones, with dissatisfaction all round. You must remember in discussing this question that in the main the people who use public transport vehicles are those who are unable to afford the luxury of a private motor car. Mostly they are people of

limited incomes, who can only afford to spend a certain amount on daily fares. A diversion of 10 per cent of passengers from an existing transport system to some other form of transport is sufficient to cause a loss of revenue equal to the amount necessary to provide the interest on its capital and to provide for its services. Not only so, but that reduction in revenue takes away from the system its power to expand, and reduces the whole transport system to a haphazard condition.

MINISTRY OF TRANSPORT BILL.

A Ministry of Transport Bill is at present before the Legislative Assembly. It proposes to co-ordinate transport both in the country and the metropolis, to eliminate wasteful competition, and to preserve public assets. The aim of the Bill is highly commendable, and the time most opportune for its enactment. The Bill provides also for the supersession of the present Tramways Board by a Tramways Commissioner, who will have a status similar to that now enjoyed by the Railways Commissioners, under the Minister of Transport. You will have observed from the newspapers that that proposal has been the subject of much criticism by municipal interests. It is not improbable, from what was said by the Hon. the Minister for Railways in reply to the deputation from the Melbourne City Council, that the proposal will be changed so as to extend some representation to the municipalities, who, after all, were responsible for the introduction of tramways and who still remain liable through their rates for any financial debit.
