

WIRELESS ADDRESS, 3LO, by MR. W. O. STRANGFORD,
Secretary,
MELBOURNE & METROPOLITAN TRAMWAYS BOARD,
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TRAMWAY FARES AND TRAMWAY FINANCE.

The Chairman, Mr. Alex. Cameron, recently explained the constitution and general policy of our Tramways Board. The Chief Engineer, Mr. T. P. Strickland, followed with a description of the methods which are adopted in constructing a tramway. Then the Manager, Mr. Murdoch, took you into his confidence and explained how you could qualify for his job as soon as he had enough of the worries of running the trams. It was then suggested that I should explain why the Board could not avoid raising tramway fares last month. With this object in view, I propose to tell you some facts which I believe will cause you to say, "Well, the increase in tramway fares is a bore, but apparently it could'nt be helped."

I would like to deluge you with long slabs of statistics, but I am afraid that if I indulged in much of that, you would lay your receivers aside and wait for the next item on the programme.

You are all aware that last month we raised tramway fares by about 14%, and you may also remember a previous increase of 12% about five years ago. That is a total increase of 26%. Perhaps you will be surprised when I tell you that even now the tramway fares are, on the average, lower than they were 25 years ago. Up to that time, nearly all journeys on the cable tramways cost threepence, - no matter what distance you travelled.

However, let us confine our attention to the fares as they existed in 1914, just before the outbreak of the Great War about twelve years ago. As I said, we have increased the fares since then by 26%. Can you, offhand, think of any other item of your expenditure which has not increased by considerably more than 26%? The Government Statistician who tabulates the various items which make up what is called the "Cost of Living" tells us that the average of all these items has risen by 60%, and you know, from your own experience, that he speaks the truth. Possibly you think he does not speak the whole of the truth.

House rent, clothing, and food seem to have doubled, - but luckily, wages, salaries, or profits have also risen in the same ratio. A day or two ago, the gentleman who, once in a while cuts a bit off my rapidly diminishing thatch, charged me 2/-. As far as I can remember, that is about three times as much as he used to charge just prior to the outbreak of the War. The same reasons for the universal increase in prices holds good also in respect of tramway fares.

How can we expect that tramway fares should differ from all other commodities and services and should be the only item of expenditure which is not increased by the increased cost of living?

You are aware that the Board's slogan is, "Service at Cost," which means that the average fare charged must not exceed the actual cost of providing tramway transportation and the amount required to meet the burdens placed upon us by Parliament. The Board does not aim to produce a large surplus - and there are no shareholders to clamor for dividends. By far the largest portion of every tram fare is used to pay the wages of the Drivers and Conductors and the wages of the Power House and Track Repairing men. It is estimated that over 13/- of every pound collected from tramway passengers in the form of fares is used to provide the wages of our staff of over 6,000 men. The wages cost is therefore the principal item which determines the amount of fare to be charged. Prior to the outbreak of the War in 1914, the wages paid to Drivers and Conductors after two years' service was 9/6 per day; now it is 16/9 per day, - an increase of 75%. Owing to the increased cost of living, however, our men say that they are not much better off financially than they were when they were earning 9/6 per day.

The point I want to emphasise, however, is this, - Do you think an increase of 26% in fares, in twelve years, is unreasonable when you remember that we are paying each man 75% more wages?

After the wages cost - the next largest item of our expenditure is interest on the capital outlay, and here the Tramways Board has been severely hit. When the late Prahran & Malvern Tramways Trust constructed the first Municipal electric tramways in Melbourne, it cost about £10,000 per mile to construct the lines; now it costs about £25,000 per

mile, - two and a half times as much. We borrowed the money in 1908 at about $4\frac{1}{2}\%$ interest, - whilst the million pounds that we borrowed a year or two ago for the construction of new tramways, tramcars and tramway buildings carried a rate of $6\frac{1}{2}\%$ interest; which means that the rate of interest was 40% higher. We therefore arrive at the point where we are compelled to pay a greatly increased rate of interest upon two or three times as much capital expenditure per mile of track. Let me put it another way -

If we were paying 1914-rates of wages to our 6,000 employees, and if we were paying the old rates of interest on borrowed capital, etc., our expenditure would be about £600,000 per annum less than what it is today. So that, but for the increased rates of wages and interest, we would be in the happy position today of being able to reduce tram fares in place of putting them up by 14%.

Big figures, you will say, - but remember that our revenue from tramway fares amounts to the huge total of £2,000,000 per annum, or about £6,000 per day. Fancy the mere work of counting £6,000 per day! We estimate that we handle a total of 350 tons of coin paid as tram fares every year!

I fancy I hear someone say, "How could you meet this huge extra payment of £600,000 per annum by increases in fares which only produce about £450,000 per annum?" The answer is that almost every month some economy in the way of "through routing" or some slightly improved method of operation is devised which, when multiplied by the immense number of car miles run, effects a very substantial saving. The officers are continually discovering little improvements and economies of this nature which mean a saving of thousands of pounds in the course of the year; but they are grievously disappointed when they find that the increased expenditure over which we have no control immediately swallows up these savings, and a great deal more. Every three months the wages are revised to correspond with the cost of living. Unfortunately for everyone concerned, the revision is generally in an upward direction - and an increase of even a penny per day costs us nearly £8,000 per annum.

Now I want to tell you some more facts which cause tramway fares to be very much higher than they would otherwise be. Although we are expected to run the trams upon business lines and to make each year's revenue balance the expenditure, we are compelled by Act of Parliament or by time-honored custom to meet expenditure out of tram fares which cannot be justified upon commercial principles and most of which would not be paid by a tramway management if it were privately owned. Of course this expenditure is not waste or a loss to the community, because if we did not pay it, someone else would have to do so.

The first item to which I refer is a sum of about £28,000 per annum which the State Government used to contribute to the Queen Victoria Infectious Diseases Hospital. No one can urge that the tramways should be responsible for a proportion of the upkeep of an Infectious Diseases Hospital, yet since 1919 an Act of Parliament has compelled the Tramways Board to relieve the State of this burden. It is now paid out of tramway fares.

Then a sum of £53,000 per annum is required to supplement the contributions of the Councils and the Insurance Companies so that the Metropolitan Fire Brigade, of which we are so justly proud, may continue to protect the people's properties from destruction by fire. The Tramways Board pays this, although it is difficult for anyone to see why tramway passengers, as such, should contribute to the upkeep of the Fire Brigade.

Some of you may remember that long before there were any tramways in Melbourne, an alteration was made in the method of collecting licence fees for Public Houses. This alteration deprived the local Councils of the publicans' licence fees which, up to that date, they were accustomed to collect. The Government, however, decided to pay to the Councils a sum equivalent to what they were deprived of. This now amounts to £23,000 per annum. In 1919 an Act of Parliament shifted the payment from the Government on to tramway passenger fares, and we have paid it every year since that date. As the Mikado would have said, "It's a fool of an Act, but still, that is what the Act says."

Now these three items alone cost the Tramways Board £104,000 per

annum. The payment is a loss to us, but of course if we were not compelled to pay it - the Government would have to raise your Income Tax, or Land Tax, or some other tax, to a similar extent.

I could continue for quite awhile, quoting payments made by the Board which save an equivalent expenditure by someone else. For example, we know that the Railway finances have to bear the cost of making and maintaining the railway tracks. The Tramways Board also pays for the construction and maintenance of its tracks. There is this difference, however. No one, other than the Railway Department, has any right to use the railroads; but anyone, - even the motor buses who would like to entice our tramway passengers away from us - can freely use the tramway tracks. As a matter of fact, our tramcars do hardly any damage to the roads which we make, because the tram wheels run only on the tram rails. Most of the damage to our tracks is done by ordinary vehicles. Just consider for one moment the immense value of the tram tracks to the people and the immense amount we save the Municipalities every year.

We have constructed about 130 miles of the highest class of road, an average of 19 feet in width, and we also maintain it in a condition which generally is much superior to the sides of the road, which are under the care of the Councils. You all know that our portion of the street is usually the best-kept portion of the road - the Councils see to that and promptly 'phone us if (as occasionally occurs) a rut temporarily escapes the notice of our track inspectors. Sometimes the Councils complain of the condition of our portion of the road at a time when the sides of the road are in a most deplorable condition, and we have to see that the complaints receive prompt attention. In many of the outer suburbs drivers of ordinary vehicles refuse altogether to run on the sides of the roads, and our tram drivers are sometimes compelled ~~ix~~ almost to stop before such vehicles will allow the tram to pass. If no tramways had been constructed, the Councils would have been compelled to spend about £1,500,000 in making the central portion of these roads, and the interest and sinking fund on this expenditure would cost the ratepayers about £100,000 per annum

The Councils would also require to maintain the roads and would thus be involved in an annual expenditure of a quarter of a million pounds per annum. I leave you to estimate what increase in Municipal Rates would be involved. In America the ratepayers are commencing to relieve the Tramway Companies of this burden, as they recognise its injustice.

I don't want to pick out every large item which tends to increase tramway fares, but it is worth while remembering that although the Board up to last month was carrying the public at slightly less than cost price, it is compelled to pay the Councils about £13,000 per annum in Municipal Rates upon the portion of the road which, as I have just told you, was constructed and maintained by the Board. Of course, we pay rates on our Depots and other buildings as well - no one complains of that.

Are you aware that the Board pays for the street lighting of 80 miles of suburban streets which are used by our trams? This costs us about £10,000 per annum. If there were no trams, this expenditure would require to be met by the Councils out of your rates. I do not know of any other tramway undertaking in the World which pays for the lighting of the streets.

I will just mention one other item. I refer to the enormous amount of free travelling which the Board is practically compelled by public opinion to grant. For example, we carry all members of the Police Force, whilst in uniform, free. Then the Board runs a large number of so-called "Workmen's" cable tramcars upon which anyone may travel at concession rates at practically half fare. Then we give passes to hundreds of blind people which entitle them to unlimited free travel. If the blind person is a returned soldier, we also allow his attendant to travel free. We issue about 500,000 free passes per annum to returned soldiers whose War injuries seriously impair their means of locomotion. Scholars attending school are carried at rates which are about one-fourth of the adult fare, and thousands of concession tickets are issued to school children visiting the sea baths, dental clinics, etc. It is estimated that these concessions, for

which we receive no refund, are worth at least £30,000 per annum.

Few of these concessions would be granted by a public company unless it was recouped by refunds from the Government.

The items I have mentioned represent an expenditure by the Board amounting to a community value of at least £400,000 per annum. In other words, they are a loss to us, but the Government, the Councils, or the people, thereby save that sum per annum. British and American Tramway men who have visited Melbourne tell us that they have never heard of a tramway management which is subjected to such huge and unreasonable public burdens.

Fancy asking our motor bus competitors to pay any of these amounts!

I could easily weary you with a list of payments the Board makes which no private Company would ever be asked to pay. For instance, if some road improvement is suggested, such as the erection of a bridge or the abolition of a railway level crossing - be sure that the Governmentor the Councils never forget the Tramways Board! When the Church Street Bridge was erected a few years ago, Parliament ordered the Board to pay £20,000 towards its cost. The Spencer Street Bridge Commission has recommended Parliament to direct the Board to pay £80,000 towards the cost of constructing a bridge over the Yarra at Spencer Street. These payments must eventually be paid out of tramway fares - yet the Board's passengers only use the bridges in the same way as passengers in motor cars or motor buses use them. Payments of this nature render increases in tramway fares inevitable.

Since the Board was appointed seven years ago we have opened over ^{track} 50 miles of new tramways. Not one of these new tramways (desirable as they are from the standpoint of public convenience) is yet able to meet its operating expenses and its proportion of the charges imposed upon the Board by Act of Parliament. On some Lines passengers are not charged much more than half of what it costs us to carry them. But these new tramways open up the comparatively cheap lands of the Metropolis, - the value of the land is greatly increased, the public are provided with a

good road at the Board's expense, and the Councils are able to raise big rates from the properties. These new tramways are a good thing for the Metropolis, but they all help to cause an increase in tramway fares.

Try and imagine a Motor Bus Company constructing, maintaining and lighting a first-class road to open up a district, and carrying passengers at about half of the actual cost! Yet up till recently many people used to consider that private Bus Companies should be allowed to pick out the best tram routes and to run buses in competition with the trams. Of course the buses would leave the unpayable routes for the Board.

My time is up. - I trust I have not wearied you. All I set out to do was to explain why an increase in fares was inevitable and to help you to realise that the Melbourne tramways are one of the most valuable assets we possess.