

THE MONTREAL TRAMWAYS SYSTEM

THE EDITOR.

The City of Montreal has in its tramways one of the best administrative systems on this continent and consequently a valuable asset to the community. Those who have watched its remarkable development during the last ten years have been impressed with the fact that in the face of the adverse criticism which has at times been made, and despite the litigation and the legislative disputes that have been forced upon the company in regard to its re-organization and new capitalizations, which would have demoralized most concerns, the management has kept on increasing the efficiency of the system to such a standard that to-day there is no doubt in anyone's mind about the superior service given by the tramways system in Montreal over that of any other in Canada or the United States. And what makes this more remarkable is the further fact that the topography of the city and its environs is full of difficulties so far as the transportation facilities are concerned.

Not only has the Montreal Tramways system in its 264 miles one of the largest street railway tracks on this continent but in the number of passengers carried each day it overtops every other single system, with one exception, at comparatively lower fares. The physical assets of the company, which also represent the capital so far as the city is concerned, are well over thirty-six million dollars. This huge street railway system has a special interest to the citizens of Montreal because it is controlled for their benefit by a commission appointed by the Provincial Government. This commission, composed of three Montreal citizens—ex-Judge J. F. Saint-Cyr, Dr. L. A. Herdt, of McGill University, and Mr. J. S. Archibald, architect—occupies not only a responsible but an unique position, inasmuch as it is the only one of its kind. It has far reaching powers regarding the financing of the system and the service to be given the public, but outside a general supervision, checked by daily reports, it leaves the actual operating and administration of the system in the hands of the management of the company itself.

The reason for the Tramways Commission may be told briefly as follows: To settle once and for all the position of the Montreal Tramway Company in its relation to the City of Montreal and the adjoining municipalities a Provincial commission was appointed in December, 1916, to investigate the affairs of the company with the object of drafting a new charter that would be acceptable to the city and at the same time fair to the company. On January, 1918, as the result of this commission's findings, a contract was entered into by which the company operates the system, for thirty-five years under the jurisdiction of the commission of three already mentioned. Under the contract the city has the power to buy out the system at the end of the period, on the market value, then prevailing, of its physical assets.

At first sight it would appear that a good bargain had been made for the company at the expense of the city. As a matter of fact the contract was not only the best that could be made at the time, but in the light of the experience gained in its carrying out during the last two years the contract has proved a valuable asset to the city, inasmuch the city has now in its tramway system all the benefits but none of the defects of public ownership. To be more explicit. By the terms of the contract the physical assets of the Tramway Company (valued January, 1919, at \$36,236,295), together with further additions made since that date, were made to represent the capital of the company. On these capitalized assets, not the actual capital which is many millions more, the company is allowed an interest of 6 per cent. per annum, but to assure the best service possible to the travelling public at the lowest cost, the company is paid

on a mileage basis with a given passenger density. This on the present basis of 8.5 density means that for every mile run by each car it must carry 8.5 passengers, so that should the company run its cars more miles than is warranted by the 8.5 density it does not get paid for the extra miles run. If these conditions were not made and strictly carried out the passenger fares would be much higher than what they are.

The company's receipts must be applied, in the following order to the payment of:—

- 1.—Operating expenses and taxes.
- 2.—Maintenance and renewals fund.
- 3.—Remuneration of capital value.
- 4.—City rental.
- 5.—Contingent reserve fund.

The following statement of operations taken from the second annual report of the Tramways Commission is very instructive:

Statement of operations, from July 1st, 1919, to June 30th, 1920.		
Gross receipts		\$10,782,470.09
Operating expenses and taxes..\$	5,848,911.89	
Operating profit	46,606.68	
Maintenance and Renewals fund.	2,190,557.43	
Interest on Capital value.....	2,177,177.70	
“ 7 p.c. on additions....	69,827.46	
“ 6 p.c. on working capital	23,832.96	
Financing expense	181,431.47	
City's share	500,000.00	
Contingent reserve fund	107,824.70	
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		\$11,147,170.29
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Deficit

\$ 364,700.20
The contract between the city and the company has not foreseen the existence of deficits. In order to avoid an excessive rate of fare, the interested parties have agreed not to exact immediately the payment of the amounts due them.

The City receives \$500,000 per annum when warranted by the gross receipts. As yet the returns have not yet reached this stage because of the proportionate large cost of the upkeep of the system, but should conditions become more normal the city will soon receive its quota of profits. It may also be stated that the system of apportioning the income is so arranged that the more prosperous the company the community will get the benefit in a much large proportion than will the shareholders of the company. A further fact in favor of the present contract between the company and the city is that the system is administered by highly qualified men, whose interest it is to build up the most efficient service they can so as to secure dividends for their shareholders, for, as already mentioned, the six per cent. dividends is contingent on certain well defined conditions that are of direct benefit to the travelling public. As it is, the Tramway Commission and the management work well together; all difficulties are soon adjusted because the commission sits every day, so that the public of Montreal and vicinity is well served in its local transportation service.

The following facts, taken from the last report of the Tramway's Commission, are well worth studying. They indicate the size of the gigantic undertaking, and something of the responsibility of the management.

Total length of tracks—miles.....	264.60
Length of tracks in operation—miles.....	246.03
Gross receipts per mile of total tracks.....\$	40,750.07
Gross receipts per mile of tracks in operation..\$	42,825.83
Gross receipts	\$10,782,470.09
Operating expenses and taxes.....\$	5,896,518.57