



FABIAN TRACT No. 81.

MUNICIPAL WATER.

(PUBLISHED FEBRUARY 1898.)

MANY of the smaller municipalities of England and Wales remain without a municipal water supply ; but of the large towns only in London, Bristol, Newcastle-on-Tyne, Norwich, Gateshead and Portsmouth does the supply remain under private control. In Scotland and Ireland all the large towns enjoy a municipal service.

Legal facilities for the transfer of a water supply from private to public control do not exist. Sometimes it is possible to introduce a new supply. Richmond, for instance, severed itself from the Metropolitan Water District in 1876, and established a municipal supply drawn from wells and other sources. Very frequently Urban Districts and small townships are supplied by the corporation of a neighboring municipality. Bolton, Bury, Nottingham and Salford, for example, supply wide areas beyond the city boundaries. Ossett obtained an Act enabling it to construct a reserve or distribution reservoir ; the water is purchased in bulk from the Dewsbury and Heckmondwike Water Board. Often an agreement is arrived at before the necessary Act of Parliament is obtained. Powerful companies have frequently been able to insist that purchase be effected under the provisions of the Lands Clauses Consolidation Acts, which ensure a large bonus to the shareholders. From the public point of view the most satisfactory course is to insert in the Act authorizing purchase a special clause defining the basis on which the price paid for the undertaking is to be calculated.

In most municipalities the Corporation administers the water supply, and experience shows that body to be the most suitable authority. Edinburgh has a Water Trust. The Belfast supply is controlled by a Water Commission, but the Commission and the Corporation appear apt to come into conflict and to oppose each other's policy. The proposal to place London's supply in the hands of a Trust was received with general disfavor by the authorities concerned.

Birmingham's Municipal Supply.

In 1874 Mr. Joseph Chamberlain, Mayor of Birmingham, conceived a scheme for the municipalization of the city's water supply. In those days Mr. Chamberlain's schemes had the happy knack of becoming accomplished facts in comparatively brief spaces of time, and the Bill authorizing the purchase of the undertaking of the local water company was passed in 1875. In supporting that Bill in the House of Commons, Mr. Chamberlain laid down this excellent doctrine : " It seems to me absolutely certain that what Professor Simon called ' the power of life and death,' should not be in the



hands of a commercial company, but should be entrusted only to the representatives of the people. I think the supply of water should not be directly or indirectly dependent on the profits of a private association." The Corporation were empowered to require the Company to sell the undertaking by arbitration, failing agreement. The shareholders received payment by annuities, to extinguish which after five years a sinking fund was established. A reserve fund of £50,000 was also formed.

When the undertaking was taken over by the Corporation, the authorized capital of the Company was £756,000, of which £671,975 had been issued. The Purchase Bill left the House of Commons retaining the special clause inserted by the Corporation for the determination of the terms of purchase. The House of Lords insisted that purchase should be effected under the provisions of the Lands Clauses Consolidation Acts, and the shareholders accordingly received a bonus of about £250,000. The market value of the undertaking at the time of purchase was about £1,100,000. The price paid was £1,362,275, the capitalized value at twenty-five years' purchase of the annuities issued. Thus, Birmingham paid over £1,300,000 for an undertaking which cost less than £700,000, and was worth £1,100,000 in the market. Annuities were actually created of the annual value of £2,376 in respect of possible profit on capital authorized but not called up, and £875 as compensation for unpaid back dividends. Yet water rentals were greatly reduced by the Corporation, and the reserve fund formed in accordance with the Act yields an income of £2,000 a year for the alleviation of the rates.

The growth of the population has compelled the Corporation to seek fresh sources of supply. In 1892 Parliament sanctioned a scheme for bringing water by an aqueduct eighty miles in length from an uninhabited area of high Welsh moorland. The authorized expenditure is £6,600,000; but this will impose no burden on the ratepayers. The Corporation have reduced water rents by £33,000 a year since the supply came into their hands. By re-imposing £24,000 of that annual sum all charges on the Welsh scheme will be met. The dams and reservoirs are being constructed by the Corporation; but the aqueducts, tunnels and railways are let to contractors.

Glasgow.

Glasgow has the most efficient water supply in the Kingdom. In 1855 the Corporation acquired authority to buy out the Companies, and also to bring a new supply from Loch Katrine, thirty-four miles away, at a cost of £1,237,503. In 1860 the new works were opened, and the old supply from the Clyde abandoned. The daily supply brought from Loch Katrine is fifty million gallons; but the capacity of the system is being doubled. The city has derived enormous advantages from municipalization. All houses are connected directly with the main, and cisterns, those fruitful sources of impurity, are as unknown as the charges for "extras," on which the officials of the London companies expend so great an amount of ingenuity. No vexatious limitations in the quantity used are im-

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posed, and statistics prove that the consumer shows no disposition to waste the water simply because he has plenty of it. The companies that once controlled the supply charged a water rental of fourteen pence in the £. The municipal rate has been gradually reduced to sixpence, and hospitals and fountains are supplied free of charge. The annual profit is about £40,000, which sum is applied to the sinking fund for the extinction of the water debt of nearly £3,000,000. Moreover, in the use of soap, and vegetable infusions such as tea, soft water is much more efficient and economical than hard. An ingenious statistician has calculated that £50,000 a year is thus saved by the people of Glasgow in tea and soap.

Various Municipal Supplies.

Leeds acquired its water supply in 1852. In 1865 the Corporation entered on the scheme which has given the city abundant water, and the Corporation is able to make a considerable profit by selling water to several neighboring towns.

In 1847 Manchester bought the then existing undertaking, and in 1879 the Corporation acquired Lake Thirlmere, in Cumberland, in no way dismayed by the fact that an aqueduct ninety-five miles in length would have to be constructed.

The history of many other large towns is on similar lines, and small towns and urban districts have followed their example. Hereford paid £13,000 for the supply. In 1895-6 the expenditure, including interest and contributions to sinking fund, was £3,162. The income was £4,918, so that a considerable profit was made. On the other hand, Kendal, which acquired its supply in 1894 for £33,961, derived an income of only £2,895 to meet a total expenditure of £3,356. Ludlow expended £283 on account of its municipal supply in 1895-6, and received £332. Its water rate is only 3d. in £, and is probably lower than in any other municipality in the country, with the exception of Montgomery, where no charge is made for water used for domestic purposes.

Municipal versus Private Control.

Croydon is supplied partly by the Corporation and partly by the Lambeth Company. A house with a rateable value of £25, which uses municipal water, pays a water rental of 16s. 4d. A house of the same rateable value, in the same city, but within the area of the Lambeth Water Company, has to pay a water rental of £1 15s.

Before embarking on its policy of municipalization, the London County Council made enquiries as to the experience of other municipalities which had carried that policy into effect. All declared municipal water a success. A public body, in fear of the electorate, takes stringent precautions against pollution, and is careful to make timely provision for a growing population. Water rentals can be reduced to a minimum, and any profit earned is appropriated for the relief of the rates. London has to thank a private company for its East-End water famines and its high water rates; and to a private company Maidstone owes its typhoid epidemic.

London's Fight for Municipal Water.

The history of London's struggle for a municipal water supply is parallel with the history of the London County Council. The Council at first found itself powerless to spend money on the promotion of Bills enabling it to purchase the undertakings of the eight Metropolitan water companies. The necessary powers were obtained, and in 1894 Purchase Bills were lodged. They passed a second reading and had reached an advanced stage in Committee, when the Liberal Government fell and the Bills were lost. The fight in Committee had been severe; but a compromise had been arrived at between the friends of the water monopolists and the representatives of the Council. It was agreed that in deciding the price to be paid for the undertakings certain considerations should be kept in view. The chief were the condition of the property of the companies, their legal rights and responsibilities, their ability to provide for a continually increasing population, and the arrangement by which competition had been eliminated. The Purchase Bills were brought forward a second time in March, 1896, but Mr. Chaplin would only allow their passage on condition that purchase should be effected under the provisions of the Lands Clauses Consolidation Acts, which would give the companies the full market value of their undertakings plus 10 per cent. for compulsory purchase. Compulsory disturbance of business premises or compulsory purchase of land usually entails loss, and in such cases the Lands Clauses Acts are relevant; but the only loss likely to be suffered by the holders of shares in water companies through compulsory purchase is the cost of re-investing their money. The Council's representatives in Parliament refused to give several millions of the ratepayers' money as a bonus to the companies, and again the Bills were lost. The conditions under which the Council agreed to purchase are contained in a resolution adopted in December, 1895, setting forth that: "the purchase price of the existing water undertakings shall not be assessed under the provisions of the Lands Clauses Consolidation Acts, but shall be based upon the fair and reasonable value of those undertakings, due regard being had to the rights, special circumstances, and obligations of the companies."

A third time the Bills were brought forward in the House of Commons, and a third time they failed to pass. Instead of municipal water, Mr. Chaplin gave London a superfluous Royal Commission. It has been London's misfortune that the question of her water supply has become a pawn in the game of party politics, and apparently she will have to continue to drink impure water supplied at exorbitant and unjust rates, and suffer the dangers and inconveniences of recurring water famines, until the balance of parties is altered in the Council and the Commons.

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London: Printed by G. STANDRING, 7 & 9 Finsbury-street, E.C.; and published by THE FABIAN SOCIETY, 276 Strand, W.C.

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