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**FABIAN TRACT, No. 34.**

The Fabian Municipal Program, No. 1. 5

# London's Water Tribute.

It costs less than £700,000 a year to supply London with water; but London has to pay over £1,700,000 for the water so supplied. The balance pays dividends to shareholders on stock, of which the market value is probably now £33,000,000. But this nominal capital value of thirty-three millions sterling is merely the inflation due to fond anticipations of purchase by the public at an extravagant price. The actual capital expenditure has been only a little over fourteen millions sterling. Twenty years ago the proprietors valued their investment on the Stock Exchange at not more than £140 for each £100 of outlay. In 1883, after the Conservative Government's prodigal offer of 1879-80, it stood at £213, and now it stands on an average at about £227 per £100. But London is not bound by these extravagant estimates; and the London County Council may, if it chooses, give the companies the go-by, and imitate Manchester and Liverpool in seeking for itself an unpolluted supply from afar.

London is at present supplied with water from the works of eight companies of private shareholders, whose expenditure, largely swollen by the former reckless competition between rival companies, by legal and Parliamentary charges, and by the wasteful extravagance engendered by abundant wealth. It is probable that duplicates of the existing works, mains and other plant could be constructed for a much smaller sum—say, ten millions sterling, which could be raised on the credit of the County Council at about 3 per cent.

Even on the inflated outlay, a splendid dividend is paid. The companies make an annual profit of more than a million sterling, equal to over  $7\frac{1}{2}$  per cent. on the whole, notwithstanding lavish pay and pension to all the superior employes, and handsome fees to directors. The ordinary shareholders often get as much as 11 per cent., as, for instance, in the case of the New River Company for the last five years.\*

RATES PER CENT. OF DIVIDENDS. (Corrected from the Stock Exchange Year Book, 1891.)

Company.	Dividend 1887.	Dividend 1888.	Dividend 1889.
	Per Cent.	Per Cent.	Per Cent.
Chelsea.....	$8\frac{1}{2}$	9	$9\frac{1}{2}$
East London.....	$7\frac{1}{2}$	7	$7\frac{1}{2}$
Grand Junction.....	$9\frac{1}{2}$	9	9
Kent.....	10	10	10 and $\frac{1}{2}$ per cent towards back dividends.
Lambeth.....	$8\frac{1}{2}$	$8\frac{1}{2}$	9
New River.....	£11 18s. 9d.	£11 18s. 9d.	£11 18s. 9d.
Southwark & Vauxhall	6	6	6
West Middlesex.....	10	10	10

\* The shareholders of the New River Company possess, moreover, anomalous electoral privileges. The owner of ever so small a fractional part (provided that it produces £2 a year) of one of the original shares possesses a vote as a freeholder in every county constituency in which the company owns property, or through which its pipes pass. These shares also escape probate duty, and pay only succession in place of legacy duty. One of the original "Adventurer's Shares" was sold by auction in 1889 for £122,800. The original capital contributed on this share was probably about £100.

By the end of 1889 the number of houses supplied had grown to 758,335, and the water rentals to £1,764,047. Whilst the number of houses supplied in 15 years rose 46 per cent., the rental received increased 71 per cent. The average payment per house rose from £1 18s. 0d. to £2 4s. 5d., whilst the quantity of water supplied to each house, has, on the whole, positively decreased.

The result is shown in the growing profits of the companies

*Net Water Rental of the Metropolitan Water Companies for the Years 1884 and 1887 to 1889.*

Company.	1884.		1887.		1888.		1889.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
Chelsea .....	109,376	16 9	122,889	12 8	123,290	10 8	126,570	11 10
The year's increase...	6,132	3 8	4,022	7 5	400	18 0	3,280	1 2
East London.....	241,873	7 11	249,517	6 8	251,367	12 10	257,191	3 9
The year's increase...	669	1 10	5,149	4 9	1,850	6 2	5,823	10 11
		(Decrease)						
Grand Junction .....	102,566	7 2	172,838	11 3	172,888	15 3	173,761	17 5
The year's increase...	574	0 11	3,178	2 8	50	4 0	873	2 2
Kent.....	109,251	1 3	118,388	8 1	120,002	9 8	123,013	10 9
The year's increase...	4,293	17 7	5,549	15 3	1,614	1 7	3,011	1 1
Lambeth.....	184,363	3 11	200,645	16 6	204,823	15 6	209,367	18 10
The year's increase...	6,898	12 3	5,957	16 10	4,177	19 0	4,544	3 4
New River.....	431,613	11 0	447,880	8 10	453,015	11 3	464,563	14 3
The year's increase...	6,269	2 8	3,288	18 10	5,135	3 5	11,548	3 0
Southwark & Vauxhall...	195,046	13 9	191,809	8 8	197,188	2 10	203,803	6 11
The year's increase...	771	15 8	7,220	14 4	5,378	14 2	6,675	4 1
West Middlesex .....	200,268	15 3	211,856	12 0	204,747	14 8	205,714	13 9
The year's increase...	16,615	8 11	6,446	11 5	7,108	17 4	966	19 1
		(Decrease)						
Total Water Rental ...	1,634,359	17 0	1,715,826	4 8	1,727,324	12 8	1,764,046	17 6
Total Increase ...	41,555	1 8	40,813	11 6	18,607	5 4	36,722	4 10
Total Decrease...	669	1 10	.....	.....	7,108	17 4	.....	.....
Net Increase.....	40,885	19 10	40,813	11 6	11,498	8 0	36,722	4 10

These excellent receipts are earned owing to the extraordinary legal rights possessed by the companies, under their private Acts of Parliament, to levy a water rate in proportion to the rental, without reference to the amount of water supplied. As London houses increase in number or size (about 2 per cent. per annum) and those already built rise in value (about 1 per cent. per annum), so the water revenue goes up. It rose 58 per cent. (more than half as much again) between 1872 and 1883, though the number of houses only rose 32 per cent., and the quantity of water delivered per house was nearly always less than in 1872. *There is no limit to the possible tribute thus leviable upon London*, in return for a supply of an article of prime necessity to its inhabitants. The actual figures for 1887 to 1889 are given below.

The water supplied is, moreover, often of doubtful quality. Five companies derive it wholly or partially from the River Thames; the two largest mainly from the River Lea; and only one (Kent) from deep wells. As the population in these river valleys increases, and as the extensive use of manures on the land becomes more general, the sources of supply become steadil-

more polluted.\* London must, ere long, imitate Glasgow, Liverpool, and Manchester in seeking a supply of water from some lonely lake. We want an aqueduct from the Welsh hills, to bring us a constant supply of pure, soft water. But the existing "water lords" will not willingly see their polluted supply made obsolete.

*Number of Houses and Average Daily Amount of Water supplied by the Metropolitan Water Companies in the Years 1887, 1888, and 1889.*

Name of Company.	Average Number of Houses, &c., supplied.			Average Daily Supply for Domestic purposes only.		
	1887.	1888.	1889.	1887.	1888.	1889.
Chelsea.....	34,435	34,806	35,226	233	215	216
East London.....	160,252	163,368	166,369	190	196	198
Grand Junction.....	53,831	55,093	55,870	251	241	250
Kent.....	70,119	71,461	73,230	140	132	132
Lambeth.....	86,418	88,314	90,209	170	156	154
New River.....	149,457	151,775	153,133	161	159	163
Southwark & Vauxhall.....	108,741	110,407	111,736	176	169	170
West Middlesex.....	69,908	71,095	72,562	173	169	170
	733,161	740,311	758,335	*186	*179	*181

\* Mean of the Averages.

The necessity for their suppression by a public authority is admitted; and as long ago as 1879 the Conservative Government decided upon this course. The price proposed to be paid (£33,118,000) was, however, so outrageous that the Government was obliged, by the public outcry, to abandon the scheme. After 13 more years' extortion, the companies would now, no doubt, demand even heavier terms than in 1879.

The water companies possess, however, no legal monopoly. In the past, indeed, active rivalry frequently existed between them; and even now two companies, in several instances, supply the same area. It is quite open to the County Council to obtain Parliamentary powers to construct a competing supply; and the defunct Metropolitan Board of Works had fully decided to take this step. The London County Council should promptly seek power to construct a new supply, and, at the same time, to arrange to take over the existing service at a fair price. There being no legal monopoly, the shareholders can have no "vested interest" in the present excessive dividends. It is accordingly quite unnecessary to offer them anything more than the actual value of their mains and other street plant. Even if they were reimbursed their whole extravagant outlay (£14,140,434), the interest payable by the County Council on a loan of this amount would not exceed £425,000, or £650,000 less than is now paid to the share and bondholders, irrespective of the saving likely to accrue from unification of management. This amount is equal to 6d. in the pound of London's rates, and would amply suffice to provide any improved service required, as well as afford a useful surplus towards the cost of London government. The

\* "Farnham, Guildford, and Woking still deliver untreated sewage into feeders of the River Thames. Staines continues to pollute the main stream. . . . Instances of the pollution of the River Lea are not wanting." (P. 137, Local Government Report, 1887-8, C-5,526).

metropolis should no longer lag behind nearly every important provincial town, in permitting its water supply to remain in private hands.

With a municipal water supply, the present survivals of the evil cistern arrangement must disappear, and a "constant supply" be made universal. The present statistics on this point are as follows:—

*Statistics of the Number of Houses Supplied, and Proportion of them with a "Constant Supply" of Water, and the Average Daily Supply.*

NAME OF COMPANY.	Constant Supply.		Number of Houses.		Percentage of Houses on Constant Supply on 31st December, 1889.	1889.		
	1886	1889	1886	1889.		Average Daily Total Supply for Domestic Purposes.	Per House. Gallons.	Per Head. Gallons.
	31st Dec.	31st Dec.	31st Dec.	31st Dec.				
Chelsea .....	5,160	7,217	34,251	35,226	20	216	27 50	
East London .....	137,238	158,025	156,588	166,369	95	198	26 46	
Grand Junction .....	40,493	44,043	52,794	55,870	79	250	27 81	
Kent .....	35,336	41,231	68,136	73,290	56	132	22 04	
Lambeth .....	40,333	47,694	84,406	90,209	53	154	22 01	
New River .....	42,458	62,448	148,054	153,133	41	163	21 72	
Southwark & Vauxhall	25,180	66,098	107,191	111,736	59	170	22 85	
West Middlesex.....	20,493	24,737	68,486	72,562	34	170	22 74	
Total.....	346,691	451,493	719,906	758,335	59	177	23 93	

The existing "water-rate," equalised and properly graduated, might continue to be levied as part of the County Council rate; but there is no reason why any special charge should be made for water, any more than for roads, drainage, police, or other services of public utility. We can, at least, afford "Communism in water."

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