

LONDON'S WATER TRIBUTE

(REVISED JANUARY 1898.)



It costs £900,000 a year to supply London with water; but London has to pay over £2,000,000 for the water so supplied. The balance pays dividends to shareholders on stock, of which the market value is probably now £40,000,000. This huge sum is all inflated valuation due to fond anticipations of purchase by the public at an extravagant price. The actual capital expenditure has been only a little over sixteen and a half millions sterling. Twenty-five 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 £253 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 2½ per cent.

Even on the inflated outlay, a splendid dividend is paid. The companies make an annual gross profit of more than £1,100,000 sterling, equal to over 9½ per cent. on the whole, notwithstanding lavish pay and pension to all the superior employés, and handsome fees to directors. Some of the shareholders get as much as 12 per cent., as, for instance, in the case of the New River Company for the last five years.*

* 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 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 1896 for £125,250. The original capital contributed on this share was probably about £100.

RATES PER CENT. OF DIVIDENDS. *Corrected from the Stock Exchange Year Book, 1897*
 (Except in the case of the New River Company for which there is no statutory limit the maximum dividend is 10 per cent).

Company.	Dividend 1892.		Dividend 1894.		Dividend 1896.	
	Per Cent.		Per Cent.		Per Cent.	
Chelsea	10 $\frac{1}{2}$		10 $\frac{1}{2}$		10 $\frac{1}{2}$	
East London	8		8		7	
Grand Junction	8 $\frac{1}{2}$		8 $\frac{1}{2}$		7 $\frac{1}{2}$	
Kent	11 $\frac{1}{2}$		12 $\frac{1}{2}$		12 $\frac{1}{2}$	
Lambeth	9 $\frac{1}{2}$		9 $\frac{1}{2}$		7 $\frac{1}{2}$ and 9 $\frac{1}{2}$	
New River	£12	2s. 10d.	£12 8s. 7d. and	£12 14s. 3d.	£12 14s.	3d.
Southwark & Vauxhall	6 $\frac{1}{2}$		6		4	
West Middlesex	10 $\frac{5}{8}$		10 $\frac{5}{8}$		10 $\frac{5}{8}$	

† Plus $\frac{1}{4}$ to $\frac{1}{2}$ per cent. for back dividends.

‡ Includes payment of back dividends.

§ All back dividends to 1852 paid up.

By the end of 1896 the number of houses supplied had grown to 837,910, and the gross water rentals to £2,182,425. Whilst the number of houses supplied has, in the last ten years, risen 16 per cent., the rental has increased 21 per cent. The average payment per house rose from £2 10s. od. to £2 12s. 1d., whilst the quantity of water supplied to each house, has, on the whole, remained stationary.

The result is shown in the growing profits of the companies :

Net Water Rental of the Metropolitan Water Companies for the Years 1884, 1888, 1892, and 1896.

Company.	1884.			1888.			1892.			1896.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Chelsea	109,376	16	9	123,290	10	0	136,722	0	3	149,361	16	3
The year's increase....	6,132	3	8	400	18	0	3,049	14	11	3,582	15	0
East London	241,873	7	11	251,367	12	10	280,247	5	7	306,817	6	8
The year's increase....	669	1	10	1,850	6	8	7,222	9	7	7,923	1	2
(Decrease)												
Grand Junction	162,566	7	2	172,888	15	3	180,011	2	3	194,289	8	6
The year's increase....	574	0	11	50	4	0	1,968	17	8	4,488	1	9
Kent	109,251	1	8	120,002	9	8	142,331	18	10	160,725	15	9
The year's increase....	4,293	17	7	1,614	1	7	6,648	11	11	4,619	19	3
Lambeth	184,363	3	11	204,823	15	6	226,963	3	4	253,109	17	10
The year's increase....	6,898	12	3	4,177	19	0	5,391	14	9	12,128	5	5
New River	481,613	11	0	453,015	11	3	494,597	10	9	536,861	10	5
The year's increase....	6,269	2	8	5,135	3	5	8,848	17	6	16,738	8	8
Southwark & Vauxhall ...	195,046	13	9	197,188	2	10	212,272	17	6	237,177	1	5
The year's increase....	771	15	8	5,378	14	2	5,916	19	6	9,314	11	11
West Middlesex	200,268	15	3	204,747	14	8	218,638	12	11	228,868	3	9
The year's increase....	16,615	8	11	7,108	17	4	2,815	13	6	5,260	12	2
(Decrease)												
Total Water Rental ...	1,634,359	17	0	1,727,324	12	8	1,891,784	11	5	2,067,206	0	7
Total Increase	41,555	1	8	18,607	5	4	41,857	19	4	64,055	15	4
Total Decrease	669	1	10	7,108	17	4		
Net Increase during the year	40,885	19	10	11,498	8	0	41,857	19	4	64,055	15	4

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 1888, 1892 and 1896 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 steadily more polluted. Dr. Koch regards 100 micro-organisms per cubic centimetre as the maximum limit of impurity. Of sixty-four samples of London water analysed in 1895 no less than thirty-five exceeded this limit. Dr. Klein found sewage pollution in the water supplied by six of the eight companies. In every case the water had passed through the filter-beds before analysis. 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 1888, 1892 and 1896.

Name of Company.	Average Number of Houses, &c., supplied.			Average Daily Supply per House for Domestic purposes only.		
	1888.	1892	1896.	1888.	1892.	1896.
				Gallons.	Gallons.	Gallons.
Chelsea	34,806	36,399	37,142	215	208	252
East London	163,368	173,000	186,212	196	187	172
Grand Junction	55,093	57,923	60,544	241	257	248
Kent	71,461	77,521	83,819	132	133	144
Lambeth	88,314	94,667	104,299	156	168	175
New River	151,775	155,647	160,898	159	178	177
Southwark & Vauxhall ..	110,407	114,387	119,367	169	183	224
West Middlesex	71,095	75,660	80,261	169	184	204
	746,319	785,204	831,542	*179	*183	*190

* 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 nineteen 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 (£16,531,346), the interest payable by the County Council on a loan of this amount would not exceed £425,000, or £675,000 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 4½d. 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 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.		Per-centage of Houses on Constant Supply on 31st December, 1896.	1896.	
	1889.	1896.	1889.	1896.		Average Daily Total Supply for Domestic Purposes.	
	31st Dec.	31st Dec.	31st Dec.	31st Dec.		Per House. Gallons	Per Head. Gallons
Chelsea	7,217	30,787	35,226	37,362	82	252	34·30
East London	158,025	186,364	166,369	188,001	99	172	26·05
Grand Junction	44,043	60,910	55,870	60,910	100	248	38·34
Kent	41,231	71,463	73,230	84,331	85	144	23·95
Lambeth	47,694	67,215	90,209	105,448	64	175	28·02
New Lambeth	62,448	125,987	153,133	161,213	78	177	24·48
Southwark & Vauxhall	66,098	112,455	111,736	119,948	94	224	33·40
West Middlesex	24,737	64,701	72,562	80,697	80	204	27·63
Total	451,493	719,882	758,335	837,910	86	190	28·25

The existing "water-rate," equalized 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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