

1929.  
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VICTORIA.

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# REPORT

FROM

## THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS

ON

### PROPOSED EXPENDITURE UNDER RAILWAY LOAN APPLICATION ACT, No. 3603

(ERECTION OF SHOPS AT NICHOLSON-STREET, FOOTSCRAY);

TOGETHER WITH

### MINUTES OF EVIDENCE AND PLAN.

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RETURN to an Order of the *House*,

Dated 11th December, 1929, for—

A COPY of the Report from the Parliamentary Standing Committee on Railways on Proposed Expenditure under Railway Loan Application Act, No. 3603 (Erection of Shops at Nicholson-street, Footscray); together with Minutes of Evidence and Plan.

(*Mr. Beardmore.*)

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*Ordered by the Legislative Assembly to be printed, 11th December, 1929.*

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MEMBERS OF THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS.

*(Sixteenth Committee.)*

\* The Hon. A. BELL, M.L.C., Chairman.

The Hon. M. MCGREGOR, M.L.C., Vice-Chairman.

A. A. Dunstan, Esq., M.L.A.

A. E. Lind, Esq., M.L.A.

R. T. Pollard, Esq., M.L.A.

The Hon. R. F. Toutcher, M.L.A.

\* The Hon. A. Bell, M.L.C., was elected Chairman on 17th July, 1929, in succession to Mr. A. E. Lind, M.L.A.

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# REPORT.

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THE PARLIAMENTARY STANDING COMMITTEE ON RAILWAYS has, in accordance with the requirements of Section 21 of the *Railways Standing Committee Act 1915* (No. 2717), inquired into the proposed expenditure of £5,000 towards the erection of shops in Nicholson-street, Footscray, authorized in the Schedule to the *Railway Loan Application Act 1928* (No. 3603), subject to the outlay being first approved by the Committee, and has now the honour to report as follows:—

## DETAILS OF PROPOSAL.

1. In the Railway Loan Application Act passed in December last, provision is made for the expenditure of £5,000 during the current year towards the erection of shops for revenue producing purposes over the regraded lines at Nicholson-street, Footscray. This is a busy shopping area, and an electric tram service passes the site of the proposed shops, with a compulsory stop for all trams immediately opposite. It is intended that eight shops shall be erected adjoining the Post Office on the eastern side of the street, and nine immediately opposite, or a total of seventeen. The frontages of the shops range from 13 to 16 feet, the total frontage to Nicholson-street being 273 feet, of which 146 ft. 10½ in. is on the west side, and 126 ft. 1½ in. on the east side, while the depth is 40 feet. The shops will be constructed with walls of brick, corrugated iron roofs, fibro-plaster ceilings, metalled shop fronts, show cases, tiled fronts, and cantilever verandahs.

2. Respecting the demand that may be expected to occur for the leasing of the shops, it may be stated that the population of Footscray has increased from 29,266 in 1918 to 51,655 in 1929, a gradual and regular increase being shown each year. The property valuations have increased during the same period from £216,918 to £615,870, while the number of dwellings has increased from 7,033 in 1917 to 10,712 in the present year, or approximately 50 per cent. For the year ended 30th September, 1928, no less than 23 new factories were erected in Footscray, bringing the total number up to 208, employing an estimated number of 15,000 hands. The Railways Commissioners are of opinion that Footscray will increase in popularity as a shopping centre and regard it as a reasonable expectation that property values will show a substantial enhancement within the next few years.

3. A number of existing old premises in Nicholson-street, comprising small shops, are to be demolished, and their areas combined to provide sufficient space for the erection of new premises for large business firms, with the result that a number of small shopkeepers now occupying these premises will thus be compelled to seek other accommodation. It is anticipated that the shops proposed to be built by the Department will be eagerly sought after, and, as a matter of fact, a number of applications have already been received from prospective lessees.

4. When the Railways Commissioners were constructing the bridge over the railway lines which pass under Nicholson-street at this point, it was decided to extend the floor of the bridge over the cutting in order to make provision for these shops, and £8,925 has been already expended in extending the bridge in such a manner as to make it suitable for this purpose. The remaining expenditure for the actual construction of the shops, viz., £14,625 brings the sum up to the total amount shown, £23,550.

5. The Commissioners state that as Municipal Building Regulations do not apply to buildings erected by the Railway Department on Railway lands, the approval of the Footscray City Council has not been obtained to the plans of the seventeen single story lock-up shops, but in this case the Council was notified of the Department's intention and no objection was raised to the proposal, while with regard to the cantilever verandahs overhanging the footpaths, the Chief Architect of the Department has discussed the design with the officers of the Council who have agreed to the type as proposed.

6. The method of constructing the shops will permit of an additional story being built with a minimum of expense if the department desires to do so. The structure upon which it is proposed to erect the shops is built upon a rock foundation and is of solid construction, and in these circumstances it is not considered that any vibration will be felt from trains passing underneath.

7. Railway companies throughout the world are paying increasing attention to the real estate section of their activities, thus offsetting to a slight extent the losses occasioned in passenger and goods revenue through motor competition. Figures supplied by the Victorian Commissioners show that the Railway rentals for the year 1919 were £85,643, while in 1928 they had increased to £145,089, and for the year ending 30th June, 1929, to £149,118. In New South Wales, with a much larger system, the figures for 1919 and 1928 were £70,493 and £164,179 respectively. The revenue derived annually from the leasing of shops in Melbourne and suburbs is as under :—

District.	No. of Shops.	Annual Rental.
		£
Spencer-street .. .. .	4	1,883
Flinders-street .. .. .	9	4,560
Prince's Bridge .. .. .	1	780
Glenferrie .. .. .	11	2,537
Auburn .. .. .	3	169
	28	£9,929

#### OPINION OF THE FOOTSCRAY COUNCIL.

8. The Committee has communicated with the Footscray City Council on this matter, and has been informed that the Council considers that the construction of the shops as proposed by the Railways Commissioners would improve the value and appearance of the street, which is the principal business centre of the municipality. It is also stated—

“That part of the thoroughfare near Barkly-street and south thereof has made very fine progress in recent years from a trade point of view, and it is considered that the construction of shops further south would tend to add to the value of the whole street.”

#### FINANCIAL ASPECT.

9. Taking into account the money already expended on the extension and strengthening of the bridge flooring (£8,925), so that it will carry the shops, the addition of £14,625 for shop construction makes a total of £23,550. It is estimated by the Commissioners that the seventeen shops can be let at an average rate of £3 5s. weekly, the tenants being liable in addition for the payment of rates and taxes. This would represent a revenue during the twelve months of £169 per shop, or £2,873 per annum on the whole investment of £23,550, or a gross return of approximately 12½ per cent.

10. The Committee examined on this point Mr. R. Rankin, Estate Officer of the Department, who stated in evidence :—

“Taking into consideration the shallow depth of the land, viz., 40 feet, I estimate the value of the land to be £30 per foot, or a total of £8,190.

	£
The estimated yearly <i>gross</i> rental for the seventeen shops at an average of £3 5s. per week is .. .. .	2,873
Interest at 5¼ per cent. on total capital cost of widening bridge and erecting shops, viz., £23,550 .. .. .	1,236
Maintenance at ¾ per cent. on cost of shops, viz., £14,625 .. .. .	110
Collection of rents, 2½ per cent. on £2,873 .. .. .	72
Possible loss while shops unleased .. .. .	110
Insurance ⅛ per cent. on £14,625 .. .. .	18
	— 1,546
Estimated yearly <i>net</i> rental .. .. .	£1,327”

The estimated *net* profit after the foregoing provision for interest, maintenance, &c., would be about 5.64 per cent.

## VIEWS OF THE COMMITTEE.

11. The Committee has inspected the site of the proposed shops and obtained evidence from Mr. T. B. Molomby, Railways Commissioner, and from Mr. R. Rankin, Estate Officer, on the proposal. There appears to be no doubt that property within the shopping areas of the city of Footscray is tending to increase in value because of the growth of population and the increasing number of dwellings, shops and factories within the municipality. The sites proposed for the erection of these shops are in the one case practically adjoining and in the other immediately opposite the Footscray Post Office, where there is a compulsory stop for the electric trams running in each direction. There are a number of shops on the north and south sides of this location, and the erection of these buildings will afford continuous shopping facilities along Nicholson-street, where the railway bridge at present causes a gap.

12. It may appear that consequent on the provision of seventeen shops at one time, some little delay might ensue before all are occupied, but in view of the fact that a number of applications have already been made from prospective tenants desirous of leasing the shops, the amount of loss from this source is not likely to be great.

13. On the general principle of the Railways Commissioners erecting and leasing shops as compared with leasing the land only and allowing traders to build shops to suit themselves, there is of course room for division of opinion. It may be assumed, however, that with only the land leased a cheap and possibly unattractive type of building would be erected, and there is a strong probability that the aggregate rental would be proportionately much less than the return of  $12\frac{1}{2}$  per cent. gross or 5.64 per cent. net, which is expected from the more substantial type of buildings to be provided by the Commissioners. It is from the community and civic point of view desirable that the site should be occupied by shops of substantial construction and attractive appearance. It is moreover the practice of the Commissioners to construct and lease shops, and the financial returns quoted in paragraph 7 of this Report indicate in this respect an eminently satisfactory position.

## RECOMMENDATION.

14. The Committee for the foregoing reasons is of opinion that it is expedient that the Railways Commissioners should be authorized to expend on the provision of seventeen shops in Nicholson-street, Footscray, a total sum of £23,550, of which £5,000 is provided for in Sub-item 24 of Item No. 1 of the *Railway Loan Application Act 1928* (No. 3603).

## DIVISIONS.

15. The following is an extract from the minutes of the proceedings of the Committee for Tuesday, 29th October, 1929, viz. :—

## ERECTION OF SHOPS AT NICHOLSON-STREET, FOOTSCRAY.

After lengthy discussion upon the proposal of the Railways Commissioners to erect seventeen shops in Nicholson-street, Footscray, it was moved by Mr. Toutcher and seconded by Mr. Pollard—

“That the Committee recommend it is expedient that the Railways Commissioners should be authorized to expend on the provision of seventeen shops in Nicholson-street, Footscray, a total sum of £23,550.”

Mr. Dunstan moved and Mr. Lind seconded the following amendment, viz. :—

“That this matter be deferred pending the taking of evidence from further witnesses in regard to leasing this site to private enterprise in lieu of the construction of shops by the Railway Department.”

The amendment was put to the meeting. The Committee divided—

Ayes (3).	Noes (3).
Mr. Dunstan	The Chairman
Mr. Lind	Mr. Pollard
Mr. McGregor	Mr. Toutcher

On the casting vote of the Chairman the amendment was defeated. The original motion was then put to the meeting. The Committee divided—

Ayes (3).	Noes (3).
The Chairman	Mr. Dunstan
Mr. Pollard	Mr. Lind
Mr. Toutcher	Mr. McGregor.

On the casting vote of the Chairman the motion was carried.

It was then moved by Mr. Toutcher and seconded by Mr. Pollard—

“That the draft report on this matter, as prepared by the Secretary, be adopted for presentation to Parliament.”

The motion was put to the meeting. The Committee divided—

Ayes (3).	Noes (3).
The Chairman	Mr. Dunstan
Mr. Pollard	Mr. Lind
Mr. Toutcher	Mr. McGregor.

On the casting vote of the Chairman the motion was carried.

It was moved by Mr. Toutcher and seconded by Mr. Pollard—

“That the report of the Committee on this matter be presented to Parliament this day.”

After discussion, Mr. Toutcher, with the consent of Mr. Pollard, withdrew the motion.

ALEXANDER BELL,  
Chairman.

Railways Standing Committee Room,  
Parliament House, Melbourne,  
29th October, 1929.

[*Minutes of Evidence and Plan are not printed.*]