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C A B I N E T.

LONDON PASSENGER TRANSPORT BILL.

Copy No. 9.

ET.

247(32).

Memorandum by the Minister of Transport.

My colleagues will recall that I informed them at the Cabinet meeting on the 25th May as to the progress made regarding the proposed alterations in this Bill with respect to the appointment of the London Passenger Transport Board, and the transfer of certain powers from the Minister to the Railway Rates Tribunal (Cabinet Conclusion 28 (32)). Subsequently I reported by my Memorandum C.P.224 (32) that provisional terms of settlement had been reached with the Metropolitan Railway Company.

2. I attach a proof of a Statement which I propose to issue as a Command Paper in accordance with the promise which I gave in reply to Questions asked in the House on the 6th July. As indicated in my reply, I propose that interested parties should first be formally acquainted with the proposals and with this in view copies of the Statement will be sent to all Petitioners against the Bill for their information shortly in advance of its publication.

I have addressed letters to the Clerk of the London County Council and to ex officio Associations whose Chairmen or Presidents it is proposed should constitute the appointing trustees, with a view to obtaining the concurrence of the governing bodies. No doubt they will in all cases think it necessary to consult their Councils, and I have not yet had a definite reply from any of them.

3. The meeting of the proprietors of the Metropolitan Railway Company is being held on the 14th July, and if, as a result, the Heads of Agreement are formally accepted by the Company, the Statement will be amended accordingly.

4. I should be glad to know that the Cabinet agree to the issue of this Statement.

(Intld.) P.J.P.

8. 7.32.



Statement as to certain modifications
which it is proposed to make in the
London Passenger Transport Bill

*Presented by the Minister of Transport to both Houses of Parliament
by Command of His Majesty*

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Statement as to certain modifications which it is proposed to make in the London Passenger Transport Bill.

Since the present Government took office negotiations and discussions have proceeded with various parties concerned with a view to meeting certain objections which have been expressed to the Bill in its present form.

2. Representations have been received to the effect that it is undesirable that the appointment of the Board should be vested, wholly or partially, in the hands of the Government of the day, as this might involve a risk of political interference in constituting a business body. The conclusion has been reached that any apprehensions on this score can most effectively be removed if the selection of the Board is entrusted to a small body of independent persons. It is therefore proposed to provide in the Bill for the setting up of five appointing trustees, who will be persons holding office for the time being in statutory or professional bodies, to be specified (subject to their concurrence) in the Bill—such as :—

The Chairman of the London County Council ;

A representative of the London and Home Counties Traffic Advisory Committee.

The Chairman of the Bankers' Clearing House ;

The President of the Institute of Chartered Accountants of England and Wales ;

The President of the Law Society ;

This body (in place of the Minister of Transport) would be charged with the duty of appointing the Chairman and other members of the London Passenger Transport Board, whose qualifications would be those set out in the Bill, and fixing their terms of office within the limits prescribed.

3. In order to meet the objection that the Bill confers excessive powers upon the Minister of Transport, it is proposed to transfer to the Railway Rates Tribunal the power to order new or improved services and facilities and other analogous powers, leaving with the Minister only those duties which are ordinarily imposed upon him by Parliament in regard to statutory transport authorities, or are modifications of his existing statutory duties, or are matters of machinery.

The powers and duties so proposed to be transferred are indicated below :—

Clause of the Bill.	Powers or duties to be transferred.	Body to whom the powers or duties will be transferred.
30. Representations by local authorities as to withdrawal, reduction of or need for services provided or to be provided by the Board.	Power of Minister of Transport to make an Order on the Board requiring them to provide new or improved services or facilities or to restore or continue services.	Railway Rates Tribunal.
31. Co-ordination of services of Board and amalgamated railway companies.	Power of Minister to make an Order on the Board or any of the amalgamated railway companies in case of difference arising between them in a matter of services or facilities.	Railway Rates Tribunal.
35. Representations by local authorities as to withdrawal, reduction of or need for services provided or to be provided by amalgamated railway companies.	Power of Minister of Transport to make an Order on any of the amalgamated railway companies requiring them to provide new or improved services or facilities or to restore or continue services.	Railway Rates Tribunal.
Eighth Schedule. Provisions which are to form the basis of the Pooling Scheme.	Amendments to paragraphs 6 and 8 consequential on amendments to Clauses 30, 31 and 35.	Railway Rates Tribunal.

4. In addition various amendments of a minor or drafting character will be necessary.

5. Negotiations have also been conducted with the Metropolitan Railway Company and have resulted in a provisional agreement which is awaiting the ratification of the proprietors. Amendments will be necessary to give effect to this agreement. The heads of the provisional agreement are as shown in the Appendix.

APPENDIX.

HEADS OF AGREEMENT.

1. Existing Metropolitan Debenture and Preference Stocks to be converted into London Transport "A" and "B" Stocks respectively, at rates to produce the same income. The outstanding £50,000 of Metropolitan 4 per cent. Terminable Debenture Stock due 1933 to be paid at maturity out of the Sinking Fund already available in the hands of the Metropolitan Railway Company for that purpose.

2. London Transport "C" Stock of the nominal amount of £67 10s. 0d. to be issued in respect of each £100 Metropolitan Ordinary Stock.

3. A trust to be established on the general lines of the Trust constituting the "Central London Guaranteed Assented Stock" but the details of which are to be settled later. The Metropolitan Ordinary Stock of holders who do not desire at once to accept their appropriate proportion of London Transport "C" Stock to be deposited with the Trust, to which will be allotted the London Transport "C" Stock issuable in respect of the Metropolitan Ordinary Stock so deposited. Any Metropolitan Ordinary Stock not deposited within a period to be defined to be outside the arrangement for the Trust. A "Trust" Stock bearing interest at the guaranteed rates hereinafter mentioned to be issued to each depositor on the basis of £100 "Trust" Stock for each £100 of his Metropolitan Ordinary Stock deposited with the Trust.

4. Interest on the "Trust" Stock issued as above to be guaranteed at the rate of 3½ per cent. for 15 years from the appointed day and 3 per cent. for a further period of 10 years thereafter. Payment of these rates to be secured by a first charge on the share of the pooled receipts to which the Amalgamated Railway Companies are entitled under the operation of the Pooling scheme set out in the Bill. This charge to have nothing ranking in priority to or *par passu* with it.

5. The guarantee to come to an end after the expiry of 15 years from the appointed day if at any time after 12 years from the appointed day 6 per cent. shall have been paid on the London Transport "C" Stock in 2 out of 3 consecutive years.

6. If the Income from the London Transport "C" Stock held by the Trust is more than sufficient to meet the interest on the "Trust" Stock the surplus to belong to the Amalgamated Railway Companies.

7. Any "Trust" Stockholder can at any time by notice in writing to the Trust surrender his Trust stock and claim his appropriate proportion of London Transport "C" Stock. On the transfer to him of such "C" Stock the guarantee on the Trust Stock so surrendered shall cease and such Trust Stock be cancelled. At the expiration of 25 years the Trust shall be dissolved and each holder of Trust Stock shall receive his proportionate amount of London Transport "C" Stock.

8. A holder of Metropolitan 3½ per cent. Convertible preference Stock to have a fixed time to elect to exchange either into London Transport "B" Stock to an amount to produce the same income or into Metropolitan Ordinary Stock at par in which case in common with other Metropolitan Ordinary Stockholders he may elect either to accept his appropriate proportion of London Transport "C" Stock or to avail himself of the rights referred to in paragraph 3 above.

9. The settlement is subject to:—

(a) confirmation by Parliament as part of the London Passenger Transport Bill with any amendments consequential thereon;

(b) the right of the Company to withdraw from the settlement in the event of any material alteration to the Bill by Parliament repugnant to such settlement.

The Minister of Transport has undertaken so far as he is able, to see that the terms of settlement with other undertakings to be acquired by the new Transport Board shall not be such as to prejudice the financial stability of the Board and thereby the position of the stockholders covered by the settlement.

NOTE.—The property of the Metropolitan Railway Surplus Lands Committee is not affected by these proposed arrangements. As is already provided in the Bill this Property will not be transferred to the Transport Board, but will be vested in a new Limited Liability Company which will be formed for the purpose, and the shares in which will be distributed amongst the Surplus Lands Stockholders.