

The \$ Value of Trams

Presenter: Peter Hyde
Session Secretary: Keith Stodden

The determination of the value of trams was based on an analysis of the Why? And the How? museums tried to reach a figure.

Under Why?, accountability for funds was cited, in connection with a possible purchase (or a sale). Further, submissions to Government, figures would need to be quoted. Is a tram's value what it cost?

Turning to insurance, the value could depend on whether the tram could be replaced or whether, like the Mona Lisa, it is unique. The value of a half-destroyed tram was discussed, and the cost of repairs would have to be taken into account. In deciding what a museum is covered for, the value of individual components (and labour) must not be overlooked. Phil Lange said TTMS 141 was not insured, as the premiums would be unsustainable over the years. Bob Merchant said fire was the greatest threat, of Parramatta, so the instalment of sprinkler systems had led to lower premiums. Peter Hyde said damage by vandals could more easily be repaired. Len Millar pointed out that if you were underinsured the Company would reduce any payout. John Shaw asked about the Met's insurance and Len Millar replied that the Government had none. Peter Kahn said that W2 244 for Christchurch was insured for a fixed amount. In the end, it boils down to what the museum can afford by way of premiums. Ian cooper suggested the figure could be based on the cost of building a replica—a common practice now in the US.

Peter Hyde said the cost of insurance could be used in promoting the museum. Len Millar quoted the case of W2 514, a fully operational car that had been in the open at Tylden, that was purchased for \$5,000. Len went on to say that the value is clear after the purchaser and the vendor agree on the price, i.e. there is a meeting of minds, without which there is no deal. Bob Merchant said two W5s were reported to have been sold in the U.S. for \$50,000 each. John Shaw said PETS had paid the scrap metal value of \$1,000 for its W2s, and more for its SW2 426. Elton John's W2 520 cost \$10,000. Bob Merchant said the W2 fleet at Seattle had cost \$350,000 to refurbish for service. Keith Kings commented that the figure quoted to Minister Alan Brown that a Melbourne tram brings \$250,000 or more in the U.S. is rubbish. That figure includes all the on-costs. A more likely figure would be \$50,000 to \$100,000 in Australia to despatch the tram, plus \$150,000 to put it on rails in the U.S.

Peter Hyde opened discussion on the How? by stressing the purchase price paid by the museum. The value could be based on its market value, as agreed by buyer and seller, or on its replica or replacement value, or simply on what is in the tram "as is". No museum, he found, had yet brought in a valuer for its trams. Museums should be wary of using any one-off figure (maybe sentimental) to determine the value. By way of illustration, Bob Merchant reported how a Maroubra Junction pub at first wanted \$17,000 for W2 411. In the end, SPER dismantled and removed it for free. Keith Stodden mentioned an offer of several W1 class seats by Elsternwick Bowling Club, who wanted a price the museum could not afford (The Club has since folded). Len Millar spoke of BTM's experience with W4 671's brake shoes prior to its Melbourne City Circle running. Adjustments were needed, taking several workers several days, of volunteer labour, so sponsors were sought. When the State Government granted \$3,000, the requests to sponsors were reduced. Bruce Dale pointed out that in our accounting we don't allow for appreciation of the trams, only for depreciation, and yet their value may increase as they get older, and rarer.