

1914-15-16.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

REPORT

FROM THE

JOINT COMMITTEE OF PUBLIC ACCOUNTS

UPON

THE EXPENDITURE INCURRED IN CONNEXION WITH THE
S.Y. "AURORA," OF THE SHACKLETON EXPEDITION, AT THE
COMMONWEALTH NAVAL DOCKYARD, COCKATOO ISLAND,
SYDNEY.

Presented pursuant to Statute ; ordered to be printed, 10th May, 1916.

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PROCEEDINGS OF THE COMMITTEE.

The taking of evidence in the inquiry into the expenditure incurred at Commonwealth Naval Dockyard, Cockatoo Island, Sydney, in connexion with the S.Y. *Aurora*, was commenced on the 3rd of February, 1916, and terminated on the 11th February, 1916. Altogether eight meetings have been held in Melbourne and Sydney, and the following witnesses have been examined :—

- Abercrombie, Ralph, Acting Director of Navy Accounts, Department of the Navy ;
- Creswell, Rear-Admiral Sir William R., K.C.M.G., First Member of the Naval Board, Department of the Navy ;
- David, Professor T. W. Edgeworth, Sydney University ;
- Garran, Robert Randolph, Secretary, Attorney-General's Department ;
- King-Salter, Julian James, General Manager, Commonwealth Naval Dockyard, Sydney ;
- Macandie, George Lionel, Naval Secretary, Department of the Navy ;
- Starling, John Henry, Acting Secretary, Prime Minister's Department.

**REPORT OF THE JOINT COMMITTEE OF PUBLIC ACCOUNTS UNDER THE
"COMMITTEE OF PUBLIC ACCOUNTS ACT 1913" UPON THE
EXPENDITURE INCURRED AT COMMONWEALTH NAVAL DOCKYARD,
COCKATOO ISLAND, SYDNEY, IN CONNEXION WITH THE
S.Y. "AURORA."**

In response to a letter from the Honorable the Treasurer, dated 2nd December, 1915, asking this Committee to inquire into and report upon the expenditure incurred in docking and overhauling the S.Y. *Aurora*, the Committee desire to submit the following Report :—

REPORT.

On 13th October, 1914, Professor T. W. Edgeworth David, of Sydney University, wrote the then Prime Minister and Treasurer (Mr. Fisher), saying that as President of the Australasian Association for the Advancement of Science, he hoped that the Treasurer would be able to see his way to authorize the docking and overhauling of the S.Y. *Aurora* at the Commonwealth Naval Dockyard, Cockatoo Island, free of charge, or at the lowest possible cost price.

The letter also stated that the cost of docking and overhauling of the said ship would probably, in the opinion of Lieutenant Mackintosh (the officer commanding the *Aurora*) not exceed £500. Lieutenant Mackintosh interviewed the Prime Minister and presented Professor David's letter.

On 16th October, 1914, the Prime Minister forwarded to the Minister for Defence the Professor's letter, with a *précis* thereof containing a statement of the estimated cost of £500, and bearing the following Minute :—

Promised assistance and facilities for docking at Cockatoo Island, subject to Defence requirements. Will notify terms later.

The Minister for Defence referred the matter to the Naval Board to give effect to the Prime Minister's Minute, and the Board gave instructions for the work to be proceeded with in the following letter :—

Department of Defence,
Navy Office,
Melbourne, 22nd October, 1914.

The Captain-in-Charge,
Garden Island, Sydney.

I am desired by the Naval Board to inform you that a request has been received that S.Y. *Aurora* (Sir E. Shackleton's second ship in the Trans-Antarctic Expedition) may be docked and overhauled at the Commonwealth Dockyard, Cockatoo Island, Sydney.

It is desired that this request may be acceded to, and it is requested that you will make the necessary arrangement for the work to be carried out. You should communicate with Prof. T. W. Edgeworth David, University of Sydney, on the matter.

(Signed) W. R. SCOTLAND,
For Naval Secretary.

These instructions were in due course forwarded to Mr. King-Salter, General Manager of the Naval Dockyard at Cockatoo Island for the necessary action, and the *Aurora* entered the dock on the 5th November, 1914.

Professor David had some correspondence with Mr. King-Salter, but did not attend at the dockyard, while the repairs were being effected to the ship. He did not even acquaint the Manager of the dockyard of the estimated cost of the work approved

of by the Treasurer. He left the supervision of the ship to Lieutenant Mackintosh, who was frequently at the dockyard while the work was going on. The Lieutenant, according to Mr. King-Salter, in no way indicated that the cost had been estimated by himself to approximate £500.

Professor David explained that he did not feel called upon to mention such a thing, as he took it for granted the instructions from the Department to the General Manager would contain all necessary information.

Mr. King-Salter was emphatic that he received no instructions from any one as to the amount to be expended on the docking and overhauling of the *Aurora*, but was practically given carte blanche in the matter. "Defect Lists" were put in by the ship's officers, and the General Manager claimed that, in accordance with these and the condition of the ship, he did what was necessary (but no more) to overhaul the vessel and put her in a proper seaworthy condition, which could not have been done for £500.

While the *Aurora* was in the hands of the dockyard staff the ship's officers requested that sea stores and certain fittings should be supplied. The General Manager declined to grant this request without further authority, as his instructions were only to dock and overhaul the vessel. He communicated with the Navy Office, and the following telegrams passed between them:—

From the General Manager, 20th November, 1914. No. 95.

The officers of the *Aurora* are asking me to provide them with various additions other than in the nature of repairs, the latest of which is to make them a portable hut, estimated to cost about £25. Early instructions are requested as to whether they are to be supplied with anything they ask for.

From Navy Office, 25th November, 1914.

Your telegram twentieth, portable hut approved, but any other requests are to be submitted to this office.

From the General Manager, 28th November, 1914. No. 104.

Aurora asks to be supplied with following:—Canvas awning over ship for winter cover; complete suit of sail; tarpaulins for all hatches; canvas covers for ventilators and winches; iron ash shoots. Immediate instructions requested, observing that time has not permitted of any estimates for these items being given.

From the General Manager, 1st December, 1914. No. 108.

Whether a reply cannot be given to yard telegram 104 of 28th ultimo *re Aurora*, ship's officers now ask for a galvanized dust screen to be fitted between engine-room and stokehold, also for two other small items. Early instructions are requested.

From the General Manager, 7th December, 1914. No. 110.

Whether an immediate reply cannot be given to yard telegrams 104 and 108 *re Aurora*; also whether this ship is to be supplied with stores? I have already approved of a small quantity on the signature of the ship's officers, but they have now put in a fresh request for stores, paint, and small tools, for three years' supply. Estimated value, about £180. Immediate instructions are requested as vessel is due to leave in a few days. Ship has been supplied by public subscription with a wireless telegraph gear, and ship requests engine and dynamo to be erected at estimated cost £20. In view of shortness of time I have put this in hand.

From Navy Office, 8th December, 1914.

Your telegrams 104 and 108, supply of stores to *Aurora* is not to be made without approval. Decision of Government is now being awaited, and you will be advised to-morrow, if possible.

From Navy Office, 10th December, 1914.

Your telegram *re Aurora*. Approval is given for supply awning, sails, and other stores mentioned by you up to approximate cost £500.

Sir William Creswell, the First Member of the Naval Board, on 30th November, 1914, minuted the telegram of the 28th November from the dockyard as follows:—

The above are certainly necessities for the equipment of ship, and delay in her sailing may endanger the expedition the *Aurora* is to meet. Under the circumstances, there is no other course but to accept the position of fitting out and deferring the question of payment for future settlement.

Both the Second and Third Naval Members concurred in this Minute.

The Minister for Defence, on 2nd December, 1914, minuted the papers as follows:—

Refer to Treasurer and inform that this will cost £500 approximately, and ask are we to incur this expenditure. If so, it should not be debited to dockyard.

These papers were sent to the Treasurer on 3rd December, 1914, and on the 10th of that month he minuted them as follows:—

It was not suggested at the time application was made for assistance that the cost would reach £500. While approving amount, let me know actual cost not exceeding £500.

Mr. Macandie (Naval Secretary) and Sir William Creswell said that the Navy Office interpreted the Treasurer's Minute as an approval of the additional expenditure of £500 asked for in connexion with stores and fittings, &c., and the telegram of 10th December, 1914, was sent to the General Manager of the dockyard accordingly.

Mr. King-Salter gave effect to the terms of this telegram, and later on (when requested) the dockyard submitted a statement showing that a sum of £3,938 4s. 1d. had been expended in respect of the *Aurora*—£3,281 4s. 1d. for docking and overhauling, and £657 for stores and equipment.

On the 18th September, 1915, the Secretary to the Treasury wrote as follows:—

EXPENDITURE OF DOCKING AND OVERHAULING THE "AURORA."

The Naval Secretary.

The Treasurer has minuted the papers as follows:—"This matter should be investigated. I, as Treasurer, agreed to an expenditure up to £500. These accounts amount to an astonishing sum not authorized, which I am not prepared to approve."

Both the Naval Secretary and the First Member of the Naval Board said the limit of expenditure to be incurred on the docking and overhauling of the *Aurora* had not been communicated to the General Manager at Cockatoo Island Dockyard, and this was a distinct omission on the part of the Navy Office to follow their usual routine. They also admitted that this failure to observe the recognised procedure should not have happened, and that it was the primary and chief cause of the amount approved of by the Treasurer being exceeded by the dockyard.

Sir William Creswell said that the omission to mention the estimated cost in the instructions from the Board to the dockyard probably arose out of the fact that in ordering ships to be docked it is not usual to state on the order for docking and repairs what the cost is to be.

Mr. Macandie said that the instructions contained in the original Minute of the Treasurer were indefinite, and the further terms to be communicated later, as promised, were never notified to the Navy Office; that it was intended to allocate the charges to a special vote; that war had broken out about three months before the *Aurora* was docked, and the Navy Office were working at high pressure. Sir William Creswell supported these statements, and laid stress on the fact that it was necessary to get the ship away quickly, and in a seaworthy condition, if she was to be of any service in taking a relieving party to the assistance of Sir Ernest Shackleton's main party, so as to meet them on the last third of their journey from the Weddell Sea to Ross Sea.

Mr. King-Salter said, with reference to the expenditure on stores, awnings, fittings, &c., costing £657, while the instructions were that the expenditure on these things should be limited to approximately £500, the whole matter was carried out very hurriedly as the ship wanted to leave, and in the haste of supplying the stores the cost was probably not worked out exactly, and the ship's officers received more in value than it was intended to supply.

The Committee desired to examine Lieutenant Mackintosh, but learnt that he was not available, being presumably with the expedition. They also intended calling Mr. W. R. Scotland, who signed the letter conveying the Naval Board's instructions to the Captain-in-Charge at Garden Island, and were told that he was in Egypt.

Mr. R. R. Garran, Secretary to the Attorney-General's Department, attended before the Committee and was asked whether the Commonwealth Government would have any legal claim against any person for the increased expenditure incurred. After consideration, Mr. Garran said—"There is nothing on the file to show any arrangement with any person to pay for the repairs or stores, nor whether any suggestion has been made to the owner that he should pay; nor whether he is or is not willing to pay. Under the circumstances there appears to be little utility in expressing any legal opinion.

"I would suggest that if, as a result of the Committee's inquiry as to the facts, any question of law arises, it should be submitted to this Department by the Treasurer."

The Committee feel that while the expenditure on the *Aurora* was manifestly exceeding far and away the amount promised by the Treasurer, it is somewhat singular that no reference to this appears to have been made by Lieutenant Mackintosh, the representative of the ship, under whose eye the work was proceeding. Seeing that it was this gentleman who estimated the necessary repairs to cost £500, and that he personally obtained the Treasurer's assent to this expenditure, the Committee cannot acquit him of taking unfair advantage of the situation.

FINDINGS.

The Committee find—

1. That the Treasurer authorized an expenditure of £500 to dock and overhaul the S.Y. *Aurora*. The amount actually expended on docking and overhauling was £3,281 4s. 1d.—excess over sum authorized, £2,781 4s. 1d.

2. In the opinion of the Naval Board a further authorization was also made of approximately £500 for stores, awnings, fittings, &c. The expenditure on this head actually reached £657—excess over estimate, £157.

As regards the excess expenditure, £2,781 4s. 1d., under the first authorization of £500, the Committee find that this was entirely due to the failure of the Naval Board to advise the Manager of Cockatoo Island Dockyard that the maximum expenditure should not exceed £500, and the Naval Board should take the responsibility.

In regard to the second £500, the Treasury hold that this was not authorized at all, but the Navy Board interpreted a somewhat indefinite Minute as authorizing the expenditure of such sum. The authority on this occasion was exceeded by £157. The dockyard authorities point out that the amount mentioned for their guidance was only approximate, and that the articles were supplied in great haste, but after making due allowance for these considerations the difference is somewhat too large.

3. In view of all the circumstances the Committee consider the Treasury responsible for the sum of £1,000.

M. CHARLTON, Chairman.

2nd May, 1916.