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No. 702

PARLIAMENTARY STANDING COMMITTEE ON PURLIC WORKS.

Dudley Building, 527 Collins Street, Melbourne.

24th December 1920.

SHIPBUILDING CONTRACT

INTERIM REPORT

To His Excellency the Right Honorable Henry William, Boron Forster of Lope, a Lember of His Majosty's Host Honorable Privy Council, Knight Grand Cross of the Host Distinguished Order of Saint Liohael and Baint George, Governor-General and Commander-in-Chief of the Commonwealth of Australia.

May it please your Excellency,

In pursuance of a resolution passed by the House of Representatives dated 29th Ootober as follows:-

SHIPBUIL: ING CONTRACT OF MESSES KIDNA' AND MAYOR - REFERENCE TO PUBLIC YORKS CONSTITUTE

Hr. Hughes, by leave, made a statement to the Nouse on the subject of a shipbuilding contract between the Commonwealth Government and Hessrs. Kidman & Easych, and moved, That the following matter be referred to the Parliamentary Standing Committee on Public Works for investigation and report: The advisability of complying with the request of Leasrs. Kidman & Haych to be relieved of the obligation to complete the contract entered into by them on the 4th August 1919, to build two wooden vessels for the Commonwealth, and the conditions upon which such relief, if deemed advisable, should be granted, and that the Committee be authorised to proceed with its investigations whilst the House is sitting.

and of further resolution passed by the House of Representatives on the 26th Movember, 1920, in the following terms:-

PUBLIC WORKS COMMITTEE - PERMISSION TO PRESSUT INTURIN REPORT TO GOVERNOR-GENERAL

Mr. Gregory moved, pursuant to notice, That the Parliamentary Standing Committee on Public Works have leave to continue, during recess, its investigations into the matter of the shipbuilding contract of Messrs. Kidmen & Mayoh referred to it on the 29th day of October, 1920, and to present an Interim Report to the Governor-General.

I have the honor to present an interim report as follows :-

In view of the shortage of shipping existing as theresult of enemy action, the Commonwealth Government in 1918, entered into contracts/

contracts with several firms in Australia for the building of wooden ships. Amongst these firms was that of Kidman and Mayoh, who, on the 6th July, 1918, entered into a contract with the Commonwealth Government to construct six wooden vessels of a dead weight capacity of about 2,600 tons each.

Following upon the large amount of shipping released as the result of the signing of the Armistice the need for the ships was not so great as during the war period, and the Commonwealth Government decided to cancel the wooden ship building contracts. Messrs Kidman and Esyoh had, however, made considerable progress with one ohip and fair progress with snother ship and, on the 4th August, 1919, at the request of Kidman and Mayoh, a further agreement was entered into with that firm to complete these two partially constructed vessels of a deadweight capacity of approximately 2,600 tons at a cost of £26 per ton.

One of the conditions of the contract was:-

"That the contractors shall construct and build such vessels in all respects to Lloyds highest class under special survey and to meet the requirements of the Navigation Acts, and delivery of any vessel shall not be tendered or accepted until Lloyds and Navigation authorities certificates have been delivered to the Commonwealth certifying that the vessels conform with Lloyds highest standard and the requirements of the Navigation Acts."

In April 1920, one of the vessels (the "Brasside") was launched, but subsequent examination showed that, though designed for a straight keel she had hogged to the extent of about 23 inches - that is to say if she were placed on a flat surface her stem and stern would be touching that surface but the centre of the keel would be about 23 inches above the surface. Then it was discovered that the vessel had hogged to this extent she was placed in dock, let down on an even keel, and an effort made to strengthen her. On refloating, however, it was discovered that the hog had not materially diminished, and in consequence of this and the fact that certain of the fastenings were not in accordance with Lloyds Rules, the Australian representative of Lloyds Registry, London, refused to grant the ship a first class classification.

The Contractors, at this stage, expressed a desire to be /relieved/

relieved of their contract and suggested that, to avoid the possibility of, expensive legal or arbitration proceedings, the matter be referred to the Parliamentary Standing Committee on Public Works for investigation and report and agreed to abide by the Committee's decision.

COLUMNTER'S INVESTIGATIONS.

The Committee visited Sydney, inspected on several occassions both the vessel which has been launched (The "Brueside") and the vessel still on the stocks (The "Burnside"), took evidence at length from the Contractors, from officers of the Commonwealth Ship Construction Branch, the local representative of Lloyds Registry, several employees of the Contractors, etc., and generally make themselves familiar with the contract agreement, plans and specifications method of construction, etc. In addition the Committee sought and obtained the expert assistance of Mr. R. Farquhar, a Member of the Institute of Maval Architects, and at present General Manager of Walkers Limited, Maryborough, Queensland.

A recent inspection of the "Braeside" in dock has shown that the hog has increased to 29 inches.

After a careful consideration of the whole of the evicence, the Committee is satisfied that the ships have not been constructed in conformity with approved plans and specifications and floyds Rules as provided in the Agreement. Further, that there have been such serious departures from Lloyds Rules and from the plans and specifications that the ships are not seaworthy. In the opinion of the Committee it is doubtful even with the expenditure of an unwarrantable sum of money that the vessels can be made seaworthy and for these reasons it is thought that under no circumstances should the ships be taken over by the Commonwealth.

After careful consideration of the reference submitted to it, the Committee therefore recommends that the request of the Contractors be not complied with.

(SGD)

Transmitted to the Prime Minister (sgd-) Forstor.

H. GREGORY. Chairman.

Governor-General. 31st December, 1920.

1920-27 5288 Prod.

PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

INTERIM REPORT

from the

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PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS

upon the

SHIPBUILDING CONTRACT

Messrs. Kidman and Mayoh.

No.

MESSES. KITMAN & MAYOR'S CONTRACT FOR THE COMMONWEALTH.

During the recess, an Interim Report was furnished to His Excellency the Governor-General by the Parliamentary Standing Committee on Public Works, in connection with their enquiry into the Kidmen and Mayoh Shipbuilding Contract.

In view of the very definite findings of the Committee, steps have been taken by the Government to recover from the contractors the amounts paid to them in respect of the said contract.

I now lay the Report on the table of the House, and beg to move that it be printed.