

1922

37



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

Brought  
Laid on the Table by  
*Senator Ball*

Pursuant to Statute  
By Command  
In return to Order

*G. P. ...*

Clerk of the Senate.  
29-6-22

FIFTH PROGRESS REPORT

FROM THE  
MEMBERS OF THE

JOINT COMMITTEE OF PUBLIC ACCOUNTS

UPON THE

WAR SERVICE HOMES COMMISSION (VICTORIA).

Printed and Published for the GOVERNMENT of the COMMONWEALTH of AUSTRALIA by ALBERT J. MULLART,  
Government Printer for the State of Victoria.

No. F.8445.—Price

# FIFTH PROGRESS REPORT.

## INTRODUCTORY.

Continuing its investigation of the work of the War Service Homes Commission, the Joint Committee of Public Accounts in November last commenced its inquiry into the operations carried on in the State of Victoria. At that time, pending a proposed re-organization of the activities of the Commission, no new work was put in hand, although houses in course of erection were being completed, and applications continued to be received.

The Committee inspected a number of areas of land acquired, and many of the houses erected around Melbourne; it also visited the group houses built at Wonthaggi and Castlemaine. The principal officers, and a number of former officials of the Commission, were examined by the Committee concerning the work done in Victoria. Evidence was given by the State President and other office-bearers of the Returned Sailors and Soldiers' Imperial League of Australia, as well as by a number of individual applicants.

## ACQUISITION OF LAND.

The building programme originally laid down by the Commissioner, provided for the erection in Victoria of 2,000 brick houses and 750 wooden houses per annum. As it was proposed to build most of these homes on areas of land to be acquired by the Commission, the purchase of land was carried out on an extensive scale. At the present time the Commission owns, in this State, over 441 acres of land for which approximately £110,000 has been paid. This area represents over 2,300 allotments of an average size of 50 feet by 150 feet, of which only 500 have so far been utilized. The average price per allotment works out at £49.

In the metropolitan area there are about 300 acres of vacant land, much of it being in large areas, fitted in anticipation of requirements. The principal purchases are as follows:—

**Brighton.**—The Castlefield Estate, situated on the corner of South and Hampton-roads, and comprising over 67 acres, was acquired by compulsory process in November, 1919, at a price determined by the Court, of £19,101. The proposed plan of subdivision provides for 309 allotments at an average cost of £62. No homes have been erected on this area. The blocks fronting the main roads are valuable, and should command good prices in the open market.

**Carnegie.**—The Deputy Commissioner purchased 4½ acres on a frontage basis at a cost of £1 13s. 3d. per foot. The Central Administration considered that the balance of the estate should be secured, and thus an additional area of about 20 acres was obtained by compulsory acquisition. The price paid for this portion worked out at £1 16s. 6d. per foot. The total cost of the whole area of 33½ acres was £14,220. Lay-out plans for the creation of a garden suburb were prepared by the Director of Lands at Central Administration, but so much of the area was devoted to open spaces and winding roadways, that the cost per allotment was increased to an extent that rendered it impossible to complete houses within the limit prescribed by the Act. The then Deputy Commissioner protested that the blocks would cost from £130 to £230 each, and that in following the convolutions of this design the severing would be a costly matter. This officer, in giving evidence, stated that several other lay-out designs were subsequently prepared and found to be unsatisfactory. A right-of-way, which was not the property of the Commission, had been included in one plan of subdivision. One house had actually been erected on the right-of-way, and the foundations of others commenced before the mistake was noticed. This discovery also reduced the size of the blocks affected, so that the rear of the houses was within 20 feet of the back fences. The right-of-way had therefore to be acquired in order to overcome these difficulties. The latest arrangement, which has not yet reached finality, is on less ambitious lines. The number of reserves has been reduced from nineteen to three. The area originally appropriated for these open spaces was 193,384 square feet; this was reduced to 27,262 square feet, thereby adding ten allotments to the subdivision. The average price per allotment is now estimated at £79.

Twenty-nine houses have been completed on this estate, seventeen of which have a frontage to made roads, whilst twelve are on unformed roads. Owing to the delay on the part of the Commission in deciding on its lay-out, road-making has not yet been undertaken, nor have adequate drainage facilities been provided. This land is situated just beyond the present boundary of the sewerage system, but it is understood that arrangements are now in hand to extend the mains to this area.

## MEMBERS OF THE COMMONWEALTH PARLIAMENTARY JOINT COMMITTEE OF PUBLIC ACCOUNTS.

(Third Committee.)

The Honorable JAMES MACKINNON FOWLER, M.P., Chairman.

JAMES EDWARD FENTON, Esquire, M.P., Vice-Chairman.

### Senate.

- \* Senator THOMAS WILLIAM CRAWFORD.
- \* Senator the Honorable JOHN EARLE.
- † Senator ALLAN McDOWGALL.
- † Senator LL.-COL. WILLIAM KINSEY BOLTON,  
C.B.E., V.D.
- † Senator RICHARD BUZACOTT.
- † Senator JOHN DUNLOP MILLEN.

### House of Representatives.

- JAMES GARFIELD BAYLEY, Esquire, M.P.
- WILLIAM MONTGOMERIE FLEMING, Esquire, M.P.
- JOHN HENRY PROWSKI, Esquire, M.P.
- JOHN EDWARD WEST, Esquire, M.P.
- § MATTHEW CHARLTON, Esquire, M.P.

\* Resigned 28th July, 1920.—† Retired 30th June, 1920.—‡ Appointed 20th July, 1920.—§ Appointed 1st July, 1920; resignation tendered 13th January, 1922.

**Spotswood.**—49½ acres facing Melbourne-road were acquired in 1920 for £11,204. Under the terms of a will this land could not be sold; it was therefore acquired by compulsory process. The approved subdivisional plan provides for 246 allotments, averaging £45 each. The allotments facing Melbourne-road must become specially valuable for shop and other business sites. The area is at present leased for grazing purposes, but the Commission has the right to utilize any portion of the land at any time for building operations.

**West Coburg.**—77½ acres, representing 374 allotments, were compulsorily acquired in December, 1919. A few claims for compensation are still outstanding, but it is estimated that the total cost will be approximately £8,300. This land is high and undulating. Although some distance from existing travelling facilities, it was anticipated that tramway communication would soon be available.

The following is a list of the country areas:—

Locality.	Area.	Price.	Number of Lots.	Number of Houses Erected.
	a. r. p.	£		
Ballaarat .. .. .	3 0 7	435	13	NIL
Bairnsdale .. .. .	0 2 0	Gifts land	3	"
Bendigo .. .. .	0 1 19	125	2	"
Castlemaine .. .. .	4 2 35	401	19	7
Echuca .. .. .	2 2 24	250	10	NIL
Geelong .. .. .	25 2 26	2,630	123	"
Horsham .. .. .	3 1 39	840	14	"
Seymour .. .. .	6 2 30	700	20	"
Wonthaggi .. .. .	4 2 33	1,025	29	29
Total .. .. .	51 3 13	6,406	238	36

A few areas, to which exception was taken, were brought under the notice of the Committee. Certain land in Separation-street, Northcote, and Herbert-street, Bell, was considered to be unsuitable, and special expenditure for drainage had to be incurred by the Commission.

Comment had also been made regarding two areas of land at Ringwood and Heidelberg purchased by a former Deputy Commissioner from relatives.

At Ringwood, 1 acre 3 roods 28 perches of land, with a frontage of about 580 feet to a made road, were purchased for £450. The area is situated about 1 mile from the township, and, after allowing for a roadway, has been subdivided into ten allotments of approximately 50 feet x 150 feet each. The Commonwealth Surveyor-General considered that the land was very suitable for building purposes, and valued it at £1 per foot. Water could be made available to the land at a low cost. Ten houses have been erected on this area, and, notwithstanding the somewhat isolated position, all the houses have been taken by returned men.

At Heidelberg, an area of land 266 feet x 290 feet, on the corner of Bamfield and Outhwaite roads—about 1½ miles from the Heidelberg railway station—was purchased for the sum of £130. This land is high and well drained, but is beyond the present water supply and sewerage reticulation. The Commonwealth Surveyor-General valued the area at approximately £200, and considered it could be subdivided into six or seven good building allotments.

#### BUILDING OPERATIONS.

During the period the Deputy Commissioner was preparing his organization, the Commonwealth Bank, under agreement with the Commissioner commenced to build single houses, it being understood that when the Deputy Commissioner was ready he would proceed with the erection of group houses. Before the Commission had any houses ready for occupation, however, the agreement with the Bank was varied, as explained in the First Progress Report of the Committee (Parliamentary Paper No. 121), and hundreds of applications were returned by the Bank to the Deputy Commissioner. This caused congestion and delay. Two thousand applications were in hand, and soldiers were clamouring for homes. Yielding to pressure the Commission commenced building operations before its organization was complete.

The Deputy Commissioner invited tenders for the carrying out of the work, but as the prices were regarded as too high, the Commission adopted the day-labour system, under which most of the work in this State has been executed. At that time the ordinary building trade was particularly brisk, materials were scarce, and labour was hard to obtain. Efforts to secure regular and sufficient supplies of building materials through the usual channels failed. Straightaway the Commission was in difficulties. Sawn hardwood could not be procured in large quantities, and

the position was not relieved until June, 1920, when supplies became available from Messrs. R. Driver and Co. Cement and plaster of paris were unprocurable, and tiles could not be obtained in sufficient quantities. Tenders were called for joinery and lime, but, as the prices showed a marked similarity that pointed to concerted action on the part of the tenderers, none was accepted. Available quantities of plumbing material—water piping, sewerage fittings, &c.—were totally inadequate. In some instances Central Administration subsequently negotiated definite contracts with suppliers, further reference to which will be made under the heading of Supplies.

A depot was established at South Melbourne, and, later, when owing to the suspension of the building programme large stocks of timber began to accumulate, a subsidiary timber depot was opened on a building area known as Highfield Estate, Camberwell, situated about one mile from the Surrey Hills railway station. It was admitted by a responsible officer of the Commission that only one complete stocktaking had been carried out at these depots. That was on 30th June, 1921, and it had disclosed many shortages and excesses. All the stocks in hand have since been taken over by a Disposals Board, appointed by the Minister, for the purpose of placing them on the market.

Towards the end of 1919, in an endeavour to overcome the labour shortage, officials of the Commission approached the Building Trades' Federation, at the Trades Hall, Melbourne. According to the evidence of the Secretary to the Federation, the representatives of the Commission in their appeal for assistance stated that they had all the material necessary to proceed with the work, and promised continuous employment if labour could be found. A verbal agreement was made whereby preference was granted to unionists, and engagements were to be made through the Union. Trouble soon arose. It was complained that incompetent and tactless officials were put in charge of the jobs, that men outside the unions were being engaged, and that the wages stipulated were not being paid. The Federation maintained that genuine efforts were made to supply the best men available, but, through lack of material, workers had to be dismissed, or were given a hint to regulate their pace according to the quantity of material available. It was stated for the Commission that higher rates of wages were being offered by private contractors, and naturally the Commission, with a limit on the cost of its houses, could not afford to enter into competition in this regard.

Some complaints were received regarding the construction of the houses and the quality of the workmanship and materials. The joinery supplied in the early days of the operations was very defective. It was stated by witnesses, however, that, generally speaking, the Commission had shown a willingness to rectify defects and had endeavoured to adjust complaints satisfactorily.

Under instructions from Central Administration, the architect attached to a State branch was not permitted to supervise construction, yet he was expected on a final inspection of each house to certify that everything was in order.

In some groups the provision of roads and drainage had been delayed, and in certain cases the Commission had approached the local authorities with a view to having the work expedited.

#### SUPPLIES.

In July, 1919, the Deputy Commissioner for Victoria was instructed by Central Administration that, in order to commence building operations immediately, arrangements were to be made by him to meet requirements of materials for the following three months. Two weeks later he was informed that the supply of all materials for Victoria would be arranged from Central Administration until certain negotiations for contracts then in progress had been finalized. But the Deputy Commissioner—finding that supplies were not forthcoming from Central Administration as expected, though being pushed to go on with the work—entered into a number of contracts for limited quantities of essential lines, such as timber, cement, tiles, wash troughs, &c. Many of these contracts were dated 15th October, 1919, only the day before the first group of houses in Victoria was commenced.

Meanwhile the Commissioner—after many conferences with the various associations representing suppliers and merchants, and after unsatisfactory results from the calling of tenders—had determined upon a policy of procuring supplies direct from their sources. In pursuance of this policy certain firms were approached who undertook to supply, under contract, the requirements of the Commission. As these firms had not the facilities nor sufficient plant to produce the quantity of material needed, and were not in a position to finance any extension of their works, the Commissioner advanced the necessary capital, security being taken over the properties. Instructions had been issued by the Commissioner that interest at ½ per cent. should be arranged for in connexion with these advances unless the concession in price was sufficiently substantial

to permit of the payment of interest being waived. As none of these contracts made provision for interest the Commissioner evidently considered that this condition had been fulfilled. Subsequently a specific sum, considered to be the equivalent of 6 per cent. per annum on the amount of the advance, was added to the cost of the goods supplied under the contracts and charged to the soldiers.

Particulars of contracts in which financial assistance has been given by the Commission are set out in the list hereunder:—

Firm.	Material.	Quantity.	Price.	Period.	Amount of Advance.	Remarks.
Alkemada Bros.	Lime—Kawarren Alka-Hydro	400,000 bags .. 100,000 bags	3s. per bag.	2 years from from 28th October, 1919	£ 3,500	To improve and extend plant and machinery
E. A. and D. Green	Joinery and mouldings	Required quan- tity for 200 houses per month or 2,600 houses per annum As required ..	17½ per cent. below price list, April, 1920, issued by Melbourne Timber Merchants' As- sociation	5 years from 1st Janu- ary, 1920	10,000	£4,000 to discharge an ex- isting mortgage, £6,000 for the purchase and installation of additional plant and machinery
	Linings and floorings	As required ..	7½ per cent. below current price list issued by the Mel- bourne Timber Merchants' Asso- ciation	5 years from 1st Janu- ary, 1920	..	Commissioner not under any legal obligation to order any linings or floorings
Kemp Bros.	Tiles—Roofing .. Hip and ridge Chimney pots ..	50,000 per week 1,000 per week 160 per week ..	£10 per 1,000 £25 per 1,000 1s. 6d. each	5 years from 4th August, 1920	15,000	To discharge existing mort- gages, to acquire addi- tional land, to erect new buildings and to purchase and install additional plant and machinery
Limb, Scurry, and Limb	Plaster of paris ..	2,500 tons per annum	£7 10s. per ton, less 7½ per cent.	5½ years from 11th Sep- tember, 1920	12,000	To discharge existing mort- gages, to acquire addi- tional land, to erect new buildings, and to purchase and install additional plant and machinery

These particulars have been compiled from the contracts in the form in which they were originally signed. In each instance alterations in the prices, &c., have since been made as provided for in the agreements.

#### LIME.

Early in 1919 an agent offered for sale to the Commissioner the lime works of Messrs. Alkemada Bros., situated at Kawarren and Coimadai, but no action was taken. Some months later Alkemada Bros., who were not members of the Lime Merchants' Association, advised the Controller of Supplies that they had gone fully into the question of the Commission's lime requirements, and considered that additional plant, to the value of £3,500 would enable them to meet all its needs.

Subsequently, tenders were called, and about the same time a deputation from the Lime Merchants' Association waited on the Commissioner and promised its assistance. The tenders received were unsatisfactory, and none was accepted. The Deputy Commissioner for Victoria was then advised that negotiations with Alkemada Bros. had been approved, and he was instructed to complete the necessary contract. At an early stage in the negotiations the Commonwealth Treasury was informed that, as the firm was not in a position to bear the expense of additional land and machinery, it was necessary that a sum of £3,500 should be made available as a guarantee to the firm's bankers, and the Commissioner inquired whether the moneys at his disposal might be used for such purpose. It was pointed out that, comparing the market quotations with the price under the proposed agreement, an estimated annual saving of £13,650 would be effected. The Treasurer approved of an amount of £3,500 being advanced to the firm on account of future supplies, and of 5 per cent. being withheld from their accounts until repayment of the full amount. A definite contract was then entered into providing for the supply to the Commission of 400,000 bags of Kawarren lime and 100,000 bags of Alka-Hydro lime at 3s. per bag, or 9s. per cask, over a period of two years from 28th October, 1919, subject to statutory increases in wages or railway rates. The Commissioner agreed to advance, without interest, the sum of £3,500 to be expended in improving and extending the plant and machinery.

Owing to the subsequent curtailment of the Commission's building activities the terms of the contract were not adhered to, only 30,000 bags of lime were taken by the Commission, and the firm was left with kilns which were far too large for normal trade. Moreover, when it entered into the contract the firm had severed all its former trade connexions. After negotiation, a new contract was signed on 25th July, 1921, whereby in consideration of the firm having agreed to the cancellation of the original agreement, the sum of £5,000 was paid as compensation. Under this agreement the Commissioner has undertaken to purchase from the firm all lime required by

him in the erection by day labour of houses in Melbourne, Ballarat, Bendigo, and Geelong, and to stipulate the use of the firm's lime in all contracts made by him for the erection of houses at these centres, the lime to be supplied at not more than current market rates. The balance of the advance £3,180, is to be repaid under certain conditions and on specified dates.

#### JOINERY.

In August, 1919, after conferences between the Commissioner and the Melbourne Timber Merchants' Association regarding the supply of joinery and mouldings for the requirements of the scheme, it was decided to invite public tenders, and members of the Association were consulted in the preparation of conditions. Tenders were called for joinery in both imported and Australian timbers, but, when received, the prices were found to be little below the ordinary market prices of the Association, and showed a somewhat suggestive similarity in price. It was consequently decided not to accept any of these tenders. Individual members of the Association were then approached, but without success. Firms not belonging to the Association were interviewed, but they would not undertake a contract. Eventually negotiations were opened with Messrs. E. A. and D. Green, of Footscray. This firm was a partnership between two brothers, Messrs. Edward Arthur Green and David William Green, in a comparatively small suburban hardware and timber business. Mr. E. A. Green managed the business affairs, and Mr. D. W. Green looked after the mill and timber sections. As the result of several interviews between Mr. E. A. Green and officers of the Commission, the following letter was sent to Mr. Green by the Deputy Commissioner for Victoria under date 14th November, 1919:—

Your offer of 14th November for the supply of joinery, mouldings, &c., for 2,000 houses or more yearly at 15 per cent. discount off November price list, with variation of design, as per details of Commission, and the supply of 1,000,000 feet of hardwood at 15s. 6d. per 100 feet super, basis, or at whatever rate is fixed at the next meeting of the Association that fixes the basis, has been accepted subject to execution of a contract embodying the terms agreed upon, which will be prepared at once for signature, and when ready you will be notified.

The firm's plant was quite incapable of turning out the work in the quantities required by the Commission. It was estimated that the cost of the additional plant and machinery necessary to cope with the work would be £6,000. The firm had a bank overdraft of £4,000, and it was suggested by them, in a letter dated 18th December, 1919, that the total advance be £10,000—£6,000 for new plant, and £4,000 to pay off the overdraft—the Commission to have security over the property. A valuation of the land, buildings, and plant, based on cost prices at the time of erection and installation of the plant was £5,894; but based on current values it amounted to £7,666. During the discussions Green had pointed out that difficulties might be placed in the way of his obtaining the necessary supplies to fulfil the contract. He was informed that the Commission's policy provided for the bulk purchase of timber and other materials, and that in the event of any difficulty arising, the Commission would purchase the timber required for the joinery and sell it to him.

After discussion, a draft agreement was prepared by the Legal Officer, in consultation with the Controller of Supplies and the Chief Accountant, which provided for a two years' contract for the supply of joinery and mouldings for 200 houses per month at prices 15 per cent. below the November, 1919, list of the Timber Merchants' Association; an advance of £10,000 to pay off the overdraft and install additional plant; an option of purchase by the Commission of the whole property; repayment of total advance within two years; and the contractor to be responsible for the supply of all timber and materials necessary for the purposes of the contract. The specification on which the contract was based was similar to that on which public tenders had been called.

Before the agreement in this form was signed, however, Mr. E. A. Green, without the authority or knowledge of the Commission, and purporting, in some instances, to be acting as an agent of the Commissioner, contracted for the purchase of certain shipments of redwood in Sydney in December, 1919, and of Oregon in Melbourne in February, 1920.

*Purchase of Redwood.*—The contracts for redwood comprised 750,000 super. feet, ex *Bendixsen*, at £21 5s. per 1,000 super. feet c.i.f., and 175,000 super. feet, ex *Erie*, at £22 per 1,000 super. feet c.i.f., bought from the State Timber Yard; and 200,000 super. feet, ex *Olympic*, at £22 per 1,000 super. feet c.i.f. from Messrs. Rosenfeld and Co.

With the intimation received by the Commission that Green had purchased redwood in Sydney came a request from him for a cheque to pay for that portion of the timber which was then being forwarded to Melbourne. Green was then definitely informed at a conference with the Controller of Supplies, the Chief Accountant, and Legal Officer, that under no circumstances would contracts for timber entered into by him be purchased by the Commission, nor would the Commission consider any arrangement for the advance of timber as guarantor for him. The vendors, however, intimated that, had not Green represented himself as the agent of the

Commission they would not have sold him these shipments. The contracts were then withdrawn as between Green and the sellers, and new contracts entered into between the sellers and the Commission. The *Bendtsen* and *Olympic* shipments were forwarded to Melbourne to the Commission, paid for by the Commission, and portion of the timber used for war service home requirements. It was thought better to sell the *Eric* shipment in Sydney, and a profit of about £1,300 was realized.

In connexion with these transactions in Sydney, Green is stated to have produced, as his authority to make purchases on behalf of the Commission, the letter from the Deputy Commissioner for Victoria, dated 14th November, 1919, above quoted, as well as another letter signed by the same official, dated 15th November, 1919, as follows:—

Mr. A. Green, Footscray, is hereby authorized to purchase up to 750,000 6-ft. split palings on behalf of the above Commission, and any contracts he enters into will be honored by me.

JOHN TAIT,  
Deputy Commissioner.

To this letter, it has been alleged, the words "and 2½ million feet of hardwood" had been added. The Committee inquired into this addition to the authorization of Mr. Green, but the Legal Officer to the Commission could throw no light on it. Other responsible officers of the Commission, including Captain Tait, appear to have no knowledge of the circumstances under which such alteration was made, or whether made by the Commission. A copy of the letter on the official file is without the additional words.

Mr. J. Rosenfeld, Managing Director of Rosenfeld and Co., Sydney, informed an officer of the Commonwealth Crown Solicitor's Office that Green had produced to him an urgent telegram purporting to authorize him (Green) to make certain purchases on behalf of the Commissioner to the extent of £60,000. No trace could be found of such a telegram having been sent by any officer of the Commission, nor was there any record of it having passed through the telegraph office.

*Purchase of Oregon.*—On returning from Sydney, Green negotiated with certain firms in Melbourne for the purchase of large quantities of oregon. On 4th February, 1920, Messrs. Green forwarded to Mr. Bradshaw, Controller of Supplies, two contracts, each for 500,000 super. feet of oregon, "which we have purchased for further deliveries, and as the agents want your signature we should be pleased if you will indorse same and return to Rosenfeld, Hillas, and Co." This communication was received by the Legal Officer of the Commission, Mr. Duigan, who inquired from Green how the contracts had been arranged. He was informed that they had been entered into by arrangement with Mr. Bradshaw. Following the matter up, the sellers intimated that Green had told them he was acting for the Commission. The firm recognised that the quantities being negotiated for were far in excess of the requirements of a suburban timber merchant, but they accepted Green's assurance that the timber was required to carry out contracts for the Commission. To safeguard themselves financially, however, they asked for the indorsement of their contracts by the Commission. As the Controller of Supplies was at the time in Sydney with the Commissioner, Mr. Duigan communicated with him, and received a telegram, signed *Bradshaw*, reading "Contract Rosenfeld approved. Tait principal not Green." Messrs. Rosenfeld, Hillas, and Co., were then instructed by Mr. Duigan to cancel the contract entered into with Green, and submit new documents in the name of Captain Tait, Deputy Commissioner for Victoria.

It was then ascertained that Rosenfeld, Hillas, and Co. had other contracts in Green's name awaiting the Commission's indorsement. These represented an additional 1,150,000 super. feet. In accordance with the re-arrangement new contracts for all the shipments were then drawn up by Rosenfeld, Hillas, and Co., and submitted to the Legal Officer of the Commission. The Deputy Commissioner signed all the contracts under what he "regarded as practically an instruction from Central Administration."

Some weeks later portion of a further shipment negotiated by Green was taken over by the Commission.

Particulars of the oregon bought from Messrs. Rosenfeld, Hillas, and Co. are as follows:—

Date of Contract.	Delivery.	Quantity.	Price c.i.f. per 1,000 sup. ft.
12.2.20	<i>Circinus</i>	sup. ft.	£ s. d.
"	March, April, May, 1920	150,000	16 10 0
"	August, September, October, 1920	1,000,000	18 75 0
"	November, December, 1920, January, 1921	500,000	16 15 0
19.4.20	<i>Bundarra</i>	500,000	16 15 0
		250,000	16 5 0

On 17th February, 1920, Messrs. Green advised Captain Tait that "Mr. Attenborough, of James Henty and Co., will call on you tomorrow for indorsement of some oregon purchased by us for work in connexion with your contract. If you will kindly indorse same, you will oblige." On being asked by the Deputy Commissioner by what authority they purchased the oregon on his behalf, Messrs. Green replied that they were purchasing the timber entirely on their own account; but, when asked by the vendors whether the Commission would indorse the contracts, they had intimated that the Commission would do so. The Deputy Commissioner for Victoria then informed Mr. E. A. Green that he did not recognise him as the Commission's agent, and that he would indorse no document bearing the firm's name. New contracts in the name of the Deputy Commissioner for Victoria were then drawn up and signed by Captain Tait.

The shipments purchased from Messrs. James Henty and Co. were as under:—

Date.	Delivery.	Quantity.	Price c.i.f. per 1,000 super. feet.
12.2.20	<i>Canadian Raider</i>	Super feet. 200,000 selected	£ s. d. 22 0 0
"	"	250,000 merchantable	16 12 6
"	<i>Oregon Pine and Brozton</i>	100,000 selected	22 0 0
"	"	800,000 merchantable	16 12 6

*Basis of Contract Altered.*—According to Mr. Bradshaw's evidence a sharp rise in the price of redwood shortly after the purchases in Sydney, enhanced the value of the Commission's timber to the extent of £22,000 within two months. Green made a definite claim for one-half of the difference in the price paid for the timber in December and the price ruling in February. His claim was not granted, and he refused to sign the joinery contract. As a compromise, the Commission decided to supply Green with the timber at cost price, plus handling charges, and to allow for the joinery a price 17½ per cent. below the price list for April, 1920. A contract was eventually signed on 30th April, 1920, and provided for the supply of joinery and mouldings for 200 dwelling-houses per month, or 2,500 dwelling-houses per year, for a period of five years from 1st January, 1920, at the above prices. Provision was made for the recognition of any statutory increases in wages, and for the annual adjustment of prices according to the rise or fall in the cost of materials. It was also agreed that the Commissioner would supply yearly to the contractor 1½ million super. feet of oregon at 6½d. per foot super., and 1½ million super. feet of redwood at 9d. per foot super., to be used exclusively in the manufacture of the joinery and mouldings. The contract further provided that the Commissioner would advance the sum of £4,000 to pay off the existing mortgage, and would purchase, up to the extent of £6,000, such machinery and plant as was required, and let the contractors have same under hire purchase agreement. Under this clause amounts totalling £9,974 were advanced, to be repaid within two years from the date of advance.

*Brokerage.*—When the price of redwood rose Green asserted his ownership of the timber and claimed the profit, but the Crown Solicitor was of opinion that the ownership of the timber lay with the Commission. On 6th May, 1920, however, shortly after the contract was signed, the Controller of Supplies advised the Commissioner that a settlement had been effected whereby Messrs. Green accepted £2,000 in full settlement of brokerage, in place of 2½ per cent, representing £2,790 19s. 3d. Although no approval by the Commissioner appears on the official papers, the account form on which this sum was paid bears the signature of the Commissioner as "Person incurring the expense." Though it is usually recognised that brokerage on a c.i.f. transaction is calculated on the c.i.f. price, the amount of £2,790 19s. 3d. referred to represents 2½ per cent. on the cost of the timber delivered in the depot.

*Other Purchases.*—After the timber purchases Messrs. Green were informed that, should any further materials be required, a schedule must first be submitted to the Commission.

Requests for supplies of glass, pulleys, and weights were subsequently received from Green's by the Commission. A shipment of 3,092 cases of glass, estimated to be sufficient for twelve months' requirements under the contract, was purchased by the Commission on Green's undertaking to repurchase same for use in the joinery. Subsequently 1,500 cases, being portion of a consignment ordered by Green's, was taken over by the Commission at the special request of the firm; paid for by the Commission, and resold to Green's at cost price, plus interest and other charges.

*Carrying out of the Contract.*—In September, 1920, the firm of Messrs. E. A. and D. Green was registered as E. A. and D. Green Pty. Ltd., and Mr. A. C. Secomb, solicitor, of Melbourne, who had been the firm's legal adviser throughout the negotiations, became managing director. Mr. E. A. Green then left on an extended trip to Europe, and has not yet returned. Messrs. E. A. and D. W. Green's interests were assigned to the proprietary company, without in any way interfering with their personal liability to carry out the contract. The following month Mr. W.

R. Bailey, then Chief Accountant of the War Service Homes Commission, who, with the Controller of Supplies, had been closely associated with the settling of the details of the joinery agreement, resigned from the service of the Commission and became Secretary to E. A. and D. Green Pty. Ltd. He left this company's employ about March, 1921, and was immediately reinstated by the War Service Homes Commissioner in his former position. Mr. Bailey gave evidence before the Public Accounts Committee respecting the accountancy and financial work of the Commission on 10th March, 1921. He certainly gave the Committee to understand that he was speaking as Chief Accountant of the Commission and had held the position continuously since its inception. As a matter of fact, he was at that date still in the employ of Green's, but in order to enable him to appear before the Committee as an officer of the Commission had had his re-appointment antedated by the Commissioner to the 7th March, and granted a week's leave without pay.

In June, 1921, the name of the company was changed to the Junction Joinery and Timber Mills Pty. Ltd., Mr. Secomb continuing as managing director, his co-directors being Messrs. E. A. and D. W. Green.

The carrying out of the contract does not appear to have been at all satisfactory to either party. The former Deputy Commissioner for Victoria was emphatic in his condemnation of the agreement and of the contractors. He had experienced nothing but dissatisfaction with the goods, the firm's methods, and their accounts, and he and other officials had objected strongly to the signing of the contract. But the Commissioner, when appealed to, intimated that the Controller of Supplies was the responsible officer, and he did not propose to interfere. The Legal Officer received all his instructions concerning the draft agreement from the Controller of Supplies and the Chief Accountant.

Many complaints were also made direct to the Committee concerning the poor quality of the joinery supplied in the early stages under this contract. The Commissioner had an officer stationed at the works, and, although he repeatedly reported irregularities, no effective action appears to have been taken at any time to insure satisfaction to the Commission. On the other hand, the contractors contended that, by its delay in supplying the necessary machinery and plant, the Commission itself was responsible for many of the troubles which arose, and that as the curtailment of building operations had resulted in the Commission requiring much smaller quantities of joinery than had been anticipated when the contract was drawn up, they had been involved in heavy financial loss.

On the 29th June, 1921, the contractors were served by the Acting Commissioner with notice of the termination of the contract as on 31st December, 1921.

It is understood that the contractors have lodged a claim for a considerable sum for compensation for non-observance of the contract, but the matter is still the subject of negotiation between the parties concerned. Legal proceedings having been threatened the Committee does not propose to go further into the matter at this stage.

#### TILES.

In October, 1919, as the result of tenders received the Deputy Commissioner for Victoria entered into a contract with Messrs. Kemp Bros. and McGregor, of Tunstall, for the supply of 250,000 terra cotta tiles at £11 per 1,000—this quantity being intended to meet the immediate demand pending further arrangements.

As the supply of tiles in Victoria appeared to be controlled by a strong association further negotiations were entered into with Messrs. Kemp Bros., and a draft agreement prepared whereby the firm contracted to supply weekly, for a period of five years, 50,000 tiles at £10 per 1,000; 1,500 hip and ridge tiles at £25 per 1,000, and 160 chimney pots at 1s. 6d. each, subject to increased costs in wages and in coal, but with the limitation that the price should be at least 17½ per cent. under current trade price lists. It was also provided that the Commissioner would advance the sum of £15,000 to enable the firm to extend its works.

Before finalization the proposition was, under Ministerial instructions, referred to Mr. A. E. Barton, Consulting Accountant, who recommended its acceptance subject to certain conditions. One of these was that interest at 6 per cent. per annum should be charged on the monthly balance of Kemp Bros.' account. It was pointed out in this report, that, on the basis of the then market rates for tiles, the estimated annual saving to be effected by the Commission under the proposed agreement would be £19,500. Cabinet approved of the proposition, and the Minister's minute conveying this decision to the Commissioner drew special attention to the suggestions contained in Mr. Barton's report. The Commissioner then forwarded the papers to the Deputy Commissioner for Victoria for his Legal Officer, in conjunction with the Crown Solicitor, to prepare the necessary legal document which was to be submitted to Central Administration for approval before completion. In communicating with the Crown Solicitor, the Deputy Commissioner definitely stated that no provision was to be made for the payment of interest on the amount advanced. The contract thus drawn was signed by the Commissioner on 4th August, 1920, and witnessed by the Legal Officer of the Victorian Branch.

The Commission ordered far fewer tiles than was provided for under the agreement, and placed no regular orders. The firm received almost the full amount of advance provided for, and having all its assets mortgaged to the Commissioner could not obtain further credit. Having abandoned their old business connexions on entering into the contract with the Commissioner, Messrs. Kemp Bros. stated they could find hardly any market for such of their tiles as the Commissioner authorized them to sell. After negotiations a settlement was effected. Messrs. Kemp Bros. were to be paid £7,000—£2,500 in cash, and £4,500 to be deducted from the sum of £11,900 owing to the Commissioner under the original agreement. That left a balance of £7,400 which the contractors agreed to repay by instalments. The Commissioner undertook to pay certain accounts, totalling £900, for plant purchased by the contractors under the original agreement.

#### PLASTER OF PARIS.

Being unable to obtain regular and sufficient supplies of plaster of paris at satisfactory prices, negotiations were entered into with Messrs. Limb, Scurry and Limb of the Victor Electric Plaster Mills Pty. Ltd., of North Melbourne, and on 11th September, 1920, an agreement was signed whereby the firm undertook to supply the Commission with 2,500 tons of plaster of paris per annum for five and a half years at £7 10s., less 10 per cent., per ton such price to be subject to increases due to higher costs of production. The Commissioner agreed to advance the sum of £12,000 to enable the contractors to discharge an existing mortgage on their property, acquire certain land, and erect new buildings, and purchase and install additional plant and machinery.

Before the contract was actually signed the proposition was investigated on behalf of the Minister, by Mr. Barton, who recommended the advance of £12,000, subject to payment by the firm of bank interest on the amount outstanding and to arrangements for regular repayments out of proceeds from supplies. Subsequently, after going further into the matter, Mr. Barton found that, on the price at which the firm had undertaken to supply the material, the proposal to charge them with interest on the advance would be unreasonable, and he recommended that the advance be made free of interest.

By the time the firm was in a position to supply the requirements of the Commission, building operations had been curtailed to such an extent that only a small quantity of plaster of paris was taken. Negotiations were then entered into with a view to rearranging the contract. These are still in progress.

#### TIMBER.

Since the Committee presented its Report upon the purchase of Sawmills and Timber Areas (Parliamentary Paper No. 113) on 20th May, 1921, and dealt with the terms under which Mr. R. Driver was supplying timber for the requirements of the Commission in Victoria, the contracts with him have been amended. Under the new arrangement, although the total quantity of timber to be supplied from Beech Forest and Orbost remains unaltered, the term of the contracts has been extended from three years to five years; the capital debt is to be reduced by a deduction of 4s. per 100 feet super. from timber supplied, instead of 1s. 6d. as previously stipulated; and interest at 6 per cent. is to be charged on the reducing balance of the account. The quantities and prices of the timber to be supplied have been settled as under:—

Material.	Quantity.	Rate.
Hardwood .. .. .	4,000,000 super. feet to 30th June, 1922, 5,000,000 per annum for next four years (including palings)	On trucks at Beech Forest. 20s. 6d. per 100 super. feet
Palings .. .. .	.. .. .	35s. per 100 count
Weatherboards, 2 x 6 inches x 1½ inches .. .. .	1,000,000 super. feet per annum .. .. .	35s. 7d. per 100 super. feet
Blackwood .. .. .	250,000 super. feet (total) .. .. .	27s. 6d. per 100 super. feet
		On trucks at Orbost.
Stringybark .. .. .	665,666 super. feet to 30th June, 1922,	23s. 5d. per 100 super. feet
Blue Gum .. .. .	1,000,000 feet per annum for next four years	
Red Mahogany .. .. .	.. .. .	

These prices represent the original rates, to which have been added increases due to Arbitration Court awards, such additions being provided for under the terms of the contracts.

Further negotiations are now being conducted concerning this amended agreement.

#### OTHER CONTRACTS.

Many other contracts were entered into by the Deputy Commissioner to insure supplies to carry out his building programme. These contracts were all, more or less, affected by the curtailment of operations. In some instances considerable sums of money are involved, and steps have been and are still being taken to negotiate with the contractors in order to arrive at a mutually satisfactory basis of settlement for the cancellation or suspension of the contracts. It is quite impossible at this stage to indicate with any degree of accuracy what will be the total amount paid by the Commonwealth as a result of such action.

## COST OF HOUSES.

Although the majority of the war service homes erected in Victoria have been occupied by the applicants for many months, in only very few cases have the occupiers been advised of the cost. Being unable to obtain any definite official statement as to the price of their homes, applicants were apprehensive lest the amount they would eventually be called upon to pay would be more than the maximum provided by the Act, and more than they could afford. The houses are occupied under tenancy agreements on weekly rentals based on the repayments on a capital cost of £700 or £800, according to the date of erection, as the case may be. The uncertainty as to the ultimate cost of the houses, and whether the rental payments would be regarded as instalments in reduction of the capital cost, has caused considerable dissatisfaction in this State.

The Committee learned that owing to the absence of a costing system at the inception, and the defects in the system when laid down, the cost of the houses erected in Victoria by day labour is only now being ascertained, and, pending a decision on the general question of excess costs, the final figures have not yet reached the occupants.

It was stated in evidence that, excepting houses built by contract, the statutory amount had been exceeded in practically every case—in respect to 40 single houses, instanced, the excess averaged about £220 on each dwelling; whilst in the case of six groups the average cost, including land, and in some cases road-making, was £880 a house.

The number of houses attempted to be built was far beyond the capacity and the organization of the Commission, and of the material and labour available in the State. Owing to insufficient and inefficient supervision a general slackness prevailed throughout the operations. The designs were too expensive, and no attempt was made to keep costs down to the minimum. There appeared to be a tendency to build right up to the statutory limit, and when the inevitable increase in the cost of material and labour occurred, the Commission found its estimates greatly exceeded. Delay in the supply of material and scarcity of labour also contributed to high costs.

The President of the Victorian Branch of the Returned Sailors and Soldiers' Imperial League of Australia informed the Committee that he personally had inspected numbers of houses, and had seen ample evidence of maladministration, faulty construction, and waste of material, for which it was feared the soldier would be called upon to pay. During the period of occupation of the homes in most instances gardens had been laid out and other improvements effected by the men, and it was felt that some hardship might be inflicted on them if they had to vacate the homes on account of the price eventually placed on them. Many applications had been lodged before the limit fixed by the Act was raised from £700 to £800, and when some occupants received assessments for amounts over £800, strong exception was taken. The impression this witness had formed "from communications from men in all parts of the State was, that they had definitely turned against the War Service Homes scheme, because of the many rumours, true or otherwise, that were current about bad administration."

On taking over the office of Acting Deputy Commissioner for Victoria on 1st August, 1921, Mr. E. Smith, who was transferred from the Deputy Commissionership in Western Australia, went closely into the question of the cost of the war service homes erected by day labour in this State, and made a careful analysis of the costs. Taking 30 single houses and 113 group houses of about the same type, with an estimated cost of £700 each, it was found that the charge for materials for each single house was £572, and in each group house £447—a difference of £125 in favour of the latter. Under normal conditions a single house would be expected to cost more than a group house, but Mr. Smith considered such a discrepancy to be excessive. The cost of labour in each single house amounted to £327, and in each group house to £317. He was therefore forced to the conclusion that material charged up to the single houses had not reached them, or had not been used in their construction. If the material for single houses had been transferred to other houses without a proper record there would have been a corresponding reduction in the cost of some of the houses to which the material was taken, but Mr. Smith had been unable to find one house where the cost of material was less than it should have been. The more favourable figures for materials for group houses he attributed to the fact that a watchman was employed on each group, and that on a group there was always a foreman or someone in authority to take delivery and check the materials. Mr. Smith ascertained that proper control had not been exercised through the schedule of quantities. Instead of the material required for a house being requisitioned, and the order marked off against the schedule, addenda to the bills of quantities had been issued without restriction and without regard to the quantities of materials already supplied. It was explained that this had been authorized by the architect with the object of keeping the jobs going and expediting the work.

Going into the question of interest payments the Acting Deputy Commissioner found that the amounts charged for interest during construction averaged £14 9s. 4d. in respect of single houses, and £21 19s. 9d. in the case of group houses. This he considered too much, and attributed

it to excessive amounts charged for both material and labour over a period much longer than reasonable for carrying out the work. In the case of group houses huge quantities of materials were placed on the areas many months before the bulk of it was required, and materials in excess of requirements were allowed to remain on sites until the completion of the last house. Interest accumulating on the value of such materials, in addition to interest on the allotment, was a charge against each house.

## COUNTRY BUILDING.

The experience of the Commission has been that the cost of erecting homes in country towns was prohibitive. In Ballarat, for example, as the result of strong representations by local returned soldiers the Commission invited tenders for the erection of twelve brick houses, estimated to cost £800 each, but the lowest price received averaged more than £1,000 per house. The purchase of already erected houses was advocated for this city, and it was urged that, as so much of the land around Ballarat upon which suitable houses were erected was held under miners' rights, steps should be taken to have converted into freehold such areas as may be required for the scheme, in order that the Commission could accept properties built on such areas.

Group building has been undertaken in only two country centres in Victoria—viz., at Wonthaggi and at Castlemaine.

At Wonthaggi 29 houses have been erected. Contracts of sale have been signed in respect of sixteen, whilst thirteen are occupied under tenancy agreements. The work was commenced under a contract for labour only—the material being supplied by the Commission. When about half completed the contract for the labour was cancelled at the request of the contractor, and the Commission finished the work by day labour. Much delay occurred during construction owing to the irregular delivery of material. The joinery supplied was of very poor quality, and had to be practically remade on the job. The occupants of the houses complained that the prices were too high, and far beyond what they had been led to believe would be the cost; moreover, they considered that the costs of the group had not been equitably distributed according to the amount of accommodation provided in the individual houses. The average cost of the houses, including the land, worked out at £747 of which amount material represented £173 and labour £209. The contractor's price for labour was £97 per house, but he completed only half the work. The Commission executed the remainder, and it was stated in evidence that on this portion the labour cost averaged £150 per house. It would appear, therefore, that there was a very great addition to the cost of the work as carried out by the Commission. Accepting the statement that only about half the work on this group of houses was completed by the contractor, it meant that the cost of the work he did would be about £50 per house, while the second half of the work carried out by the Commission cost three times that amount. It is probable that the contractor found the price he quoted for labour was too low, but even allowing a considerable addition to his estimate there would still be a grave disadvantage to the soldier in having the work done by the Commission instead of by the method originally adopted.

At Castlemaine the Commission erected by day labour a group of seven houses on portion of an area of land acquired about a mile and a half from the centre of the town, but conveniently situated to the foundry and woollen mills. The land was selected and purchased without any consultation with the local authorities or soldiers' representatives. Lack of material caused delays in construction. The houses were commenced in November, 1920, and when completed about twelve months later, the average cost, including land, was found to be over £1,000. Pending the settlement of the general question of excess costs, applicants were not informed of the probable prices, but were invited to occupy the houses under tenancy agreements at a weekly rental of 25s., based on a capital cost of £800. With the exception of one man all the applicants declined to take over the houses without knowing the cost, and at the time of the Committee's visit, over twelve months after the houses had been completed, six of them remained unoccupied. The men maintained that they were promised houses not exceeding £800 in cost, and as already erected houses suitable for their requirements were obtainable for a much lower sum they were not disposed to saddle themselves with such a heavy liability. It was also complained that the size of the allotments—50 feet x 170 feet—was far too small on the outskirts of a country town. Further, the rental asked by the Commission was considered excessive in comparison with local rates. Owing to the shortage of houses in the town the men feared that if they entered the war service homes without definite agreements, they would have considerable difficulty in obtaining other accommodation should the Commission's terms prove unacceptable. The local council had the question of roads and drainage in hand.

One of the reasons for the excessive cost running into some £200 over the maximum was obvious on the first glance at the houses. The florid architectural style was altogether out of place in buildings where the amount available for construction was limited. The broken outlines

both of walls and roofs added materially to the cost, and rather detracted from than improved the dwellings in respect of accommodation and comfort. The workmanship, on the whole, was good, but there was an amount of detail which was unnecessary and costly.

#### COMMONWEALTH BANK.

About November, 1918, when the War Service Homes Bill was under consideration, the Minister for Repatriation, Senator E. D. Millen, approached the State Savings Banks of Victoria and New South Wales with a view to obtaining their co-operation and assistance in carrying out the scheme on behalf of the Commonwealth, and special provision was inserted in the Bill permitting these institutions to do the work. After lengthy negotiations an agreement was arrived at, and was just about to be signed when the Governor of the Commonwealth Bank, having returned from abroad, announced his willingness to undertake the work. As the Commonwealth Government felt obliged to operate through its own institution, negotiations with the State Savings Banks lapsed, and an agreement was entered into between the War Service Homes Commissioner and the Commonwealth Bank as outlined in the Committee's First Progress Report (Parliamentary Paper No. 121).

The Commonwealth Bank immediately commenced operations, and within three days of instructions being received by the Melbourne branch of the bank the foundations of the first war service home in Victoria were laid. The Bank carried out all work by contract, although at times great difficulty was experienced in obtaining satisfactory contracts. Owing to heavy increases in the prices of materials and in wages, some contractors were unable to complete their jobs, and the work had to be re-let or completed by the Commission. As far as possible the Bank assisted contractors to obtain supplies. Although the Commissioner had promised to make materials available, no help was received from him in that direction.

Under the system adopted by the Bank, applicants were aware of the cost of their homes before the work was commenced.

A few complaints were heard concerning the houses erected by the Bank, but on the whole the work appears to have been satisfactory. The most serious complaint concerned a house at Coburg which had been built below the street level. As the site had not been properly prepared several inches of water collected under the floor. The foundations were altered at the cost of the contractor, and the drainage work carried out by the Commission to remedy the trouble was charged against the Bank.

A case came under the notice of the Committee in which one of the Bank houses, owing to a mistake on the part of either the architect or the builder, was erected on the wrong allotment. The owner of the land waited until the house was completed before pointing out the error. The Bank suggested exchanging the applicant's allotment for the land on which the house had been erected, but the Commissioner would not agree to that course. Subsequently the matter was settled by the Bank purchasing the land whereon the house was erected.

Since the Committee closed the taking of evidence on this inquiry it has been announced by the Assistant Minister that arrangements have been completed for the State Savings Bank of Victoria to build war service homes in this State. The Bank will receive for its services the sum of 15s. per cent. per annum on the balances due to the Commission for homes built by the Bank. Building by the Victorian branch of the Commission will gradually cease.

#### OPERATIONS OF THE COMMISSION.

The following table shows the position of the activities of the War Service Homes scheme in Victoria as at 31st December, 1921; the figures for the Commission and the Commonwealth Bank are set out separately:—

	Applications Approved.		Number of Houses.					Existing Houses Purchased.		Mortgages Discharged.	
			Completed.		Under Construction.		Assisted to Complete.	No.	Amount.	No.	Amount.
	No.	Amount.	Allotted	Unallotted	Allotted.	Un-allotted.					
Commission	2,277	£ 1,308,873	22 Group Houses. 224 Single Houses 320	445 Weekly Tenants. 18 Unoccupied	27 Single Houses	8 Group Houses	11	1,661	£ 905,580	81	£ 408,683
Commonwealth Bank	2,240	£ 1,240,026					11	1,718	£ 941,084	102	£ 70,500
Total	4,517	£ 2,548,899	676	463	27	8	22	3,379	£ 1,900,664	273	£ 120,273

#### VALUATION OF HOUSES.

In the four Progress Reports upon the War Service Homes Commission, which the Committee has already presented to Parliament, the following recommendation has been made:—

"It is undoubtedly a fact that some of the houses erected under the day-labour system have been charged to the occupants at considerably more than their worth. As in the main, the extra cost in these instances is admittedly due to bad administration and defective supervision, it is not right that the soldier should have to pay for these. Where a complaint of this kind has been made, a valuation, as at the time of the erection of the house, should be obtained from an impartial source, and the amount thus arrived at should be the price charged to the soldier."

Adjustment Boards have been appointed in each State to investigate matters in dispute between the applicants and the Commission regarding the cost of the houses. The Committee has learned from the Chairman of the Victorian Board that in this State the Board is obtaining sworn valuations based on the selling price at the time of valuation in order to arrive at its recommendations as to the amount to be charged for the houses. The Committee is of opinion that the adoption of such valuations as the sale price of the homes is unsound in equity and dangerous as a precedent.

#### COMMITTEE'S FINDINGS AND RECOMMENDATIONS.

The principal and outstanding complaint in Victoria is the absence of any knowledge by the majority of the applicants as to the price which will be charged them for their homes. The men have, in most instances, been in occupation for many months but only on a weekly tenancy. They can get no statement of the amount they will ultimately be called upon to pay for their homes, nor do they know whether the sums already paid by them as rental will be regarded as payments on account of the capital cost and deducted from the price when announced.

The Committee is of opinion that where the present occupier eventually becomes the purchaser the amount which he has already paid as rent should be credited to his account, and the cost of the house reduced accordingly. The men entered the houses in good faith as intending purchasers, and it is through no fault of theirs that they were not able to become actual purchasers immediately they took over the properties.

Speaking generally, the Committee does not find anything seriously wrong with the actual land purchases of the Commission in Victoria. They were on a somewhat extensive scale, but still quite in accordance with the scheme of building operations as laid down by the Commissioner.

The purchases of land made at Ringwood and Heidelberg by the Deputy Commissioner from relatives were, in view of the circumstances, carefully investigated by the Committee. The land in both instances was on the outskirts of settlement, neither water nor sewerage was available, and travelling facilities were somewhat remote. The prices paid, however, are not considered excessive, and applicants living in the Ringwood houses expressed themselves satisfied with their homes. It was inadvisable and injudicious of the Deputy Commissioner to have official transactions with relatives. It laid him open to suspicions which more than once were given expression to, but which the Committee is bound to say appear to be quite unfounded.

In order that returned soldiers in mining areas might obtain the benefits of the War Service Homes Act negotiations should be entered into with the State Government with a view to such areas as may be required for war service homes purposes being converted into freehold.

It appears to the Committee that there should be no claim on any applicant for a war service home for a sum in excess of the maximum allowed under the Act unless such extra expense was arranged for at the instance of the applicant himself.

Where constructional defects appear in houses built for the soldiers within six months after occupation and it is obvious they are due to lack of supervision or faulty material, the soldier should not have to bear the expense of rectifying the defects.

Considerable delays have occurred in many instances in completing houses. As applicants have to pay interest on the expenditure from its inception, such delays may add considerably to the cost of the homes. Although interest on work progressing at the ordinary rate cannot be objected to, it is unfair to the applicant to be charged with the whole of the interest where work has been drawn out beyond a reasonable period.

The contracts entered into for supplies of building material generally were on a liberal scale, though in most cases the quantities were not excessive in relation to the proposed building programme. The prices arranged on these contracts represented in some instances considerable savings, as compared with the current market rates.



The sudden alteration of policy which has led to the adjustment or termination of most of the contracts has resulted in substantial sums being paid for compensation. The total loss in this respect cannot be given, as some of the bigger cases are still under negotiation.

The policy adopted of advancing private firms large sums of public money without any provision being made for interest is wrong in principle. To make good the omission of charging interest on these loans by an addition to the cost of the materials used in the construction of War service homes was an irregular and unsatisfactory arrangement.

The drawing up of the contract with Messrs. E. A. and D. Green for the supply of joinery and mouldings, and the dealings in shipments of timber, reveal an amazing lack of business capacity on the part of the Commissioner and his responsible officers—particularly the Controller of Supplies and the Chief Accountant. The circumstances of the firm were such as to have justified extreme care on the part of the officers of the Commission in their negotiations, but even ordinary business methods appear to have been neglected. The Commission allowed itself to be involved in heavy commitments by Green for huge quantities of timber and then paid the firm brokerage on the transaction. Joinery of an inferior quality was accepted by the Commission from the contractors, and although condemnatory reports were sent in by subordinate officers evidently little notice was taken at head-quarters. Although exception appears to have been taken occasionally to some of the unauthorized actions of Mr. E. A. Green of this firm, yet he seems to have dominated the situation throughout. He left Australia about September, 1922, ostensibly on a trip to Europe, and the Committee could obtain no information as to the date of his return.

J. M. FOWLER,  
Chairman.

Melbourne, 28th June, 1922.

