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28 Mar. 1924

REPORT

FROM THE

JOINT COMMITTEE OF PUBLIC ACCOUNTS

UPON THE

LITHGOW HOUSING SCHEME.

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(Fourth Committee.)

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* Appointed 24th July, 1923.

† Appointed Member of the Royal Commission on National Insurance, 4th October, 1923.

‡ Retired 30th June,

1923. § Appointed Member of the Royal Commission on Navigation Act, 10th September, 1923.

¶ Resigned 23rd June, 1923.

¶ Appointed

Member of the Royal Commission on National Insurance, 7th September, 1923.

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

REPORT

ON THE

LITHGOW HOUSING SCHEME.

The Joint Committee of Public Accounts, whilst in Lithgow in connexion with an investigation of the expenditure upon munitions supplies, took the opportunity of inspecting the houses which had been erected for employees of the Small Arms Factory and of hearing evidence concerning the Littleton Village, as the settlement is designated. It was recognised also that information regarding this scheme might be of assistance in considering the housing question of the Federal Capital, and the inquiries were accordingly conducted concurrently.

The witnesses examined in connexion with this scheme were :—

DALEY, Charles Studdy, senior clerk, Central Staff, Department of Works and Railways; secretary to the Tentative Board of Control for the Lithgow Housing Scheme.

GOODWIN, John Thomas Hill, Commonwealth Surveyor-General.

HILL, Thomas, Chief Engineer, Department of Works and Railways.

OWEN, Percy Thomas, Director-General of Works, Department of Works and Railways.

RATCLIFFE, Frederick Russell, Manager, Small Arms Factory, Lithgow; and Acting Chairman, Tentative Board of Control for the Lithgow Housing Scheme.

REID, Gordon Alexander, section hand, Small Arms Factory; hon. secretary, Littleton Vigilance Committee, Lithgow.

During the War, when the Small Arms Factory was working at high pressure, the question of housing the workmen was a very serious problem. Owing to the scarcity of houses in Lithgow it was almost impossible for employees to secure accommodation, and, in consequence, the management found it extremely hard to retain experienced and competent men. As the position became acute, representations were made to the Commonwealth Government by both the townspeople and the Factory employees, and it was ultimately resolved to proceed with a housing scheme.

An area of 130 acres adjacent to the Factory was acquired at a cost of £5,850, and was subdivided into about 400 allotments, with provision for roads, playgrounds, garden plots, &c.

A proposal to erect 100 houses on this area was referred to the Parliamentary Standing Committee on Public Works, which reported in September, 1918, in favour of building 150 cottages.

The Government decided to proceed with the erection of 100 cottages as a commencement. Preliminary steps were thereupon taken to put the scheme into execution—a detailed survey of the site was made and a plan of subdivision prepared; negotiations were entered into with the local municipal council concerning the formation of roads and footpaths, and the provision of accessory services; working drawings and specifications were prepared and tenders invited. Owing to the first tenders received being regarded as unsatisfactory, it was not until August 1919 that a tender was accepted. The contract provided for the erection of 100 cottages, with brick outer walls, concrete inner lining, and internal walls, and tile roofs, at a price of £51,702 7s 6d., the types of houses comprising—

"A"—8 semi-detached cottages, each with two rooms, kitchen, bathroom, laundry, and pantry;

"B"—68 cottages, with three rooms; and

"C"—24 cottages, with four rooms.

On the basis of the number of super. feet in each class of cottage, the price worked out at £371 17s. for "A" type, from £470 18s. to £500 4s. for "B" type, and from £640 18s. to £727 16s. for "C" type. Soon after work commenced wages were increased, and after inquiry by an Inter-Departmental Committee the contractor was awarded the sum of £1,591 11s. 2d. as compensation. During the course of the contract additional expenditure was incurred which amounted to £776 10s. 4d. To these amounts must be added the cost of the land, fencing, and engineering services, such as water supply, sewerage, roads, storm-water drains, and electric light, making the total cost of the Settlement £70,586 18s. 11d., as under:—

Erection of Cottages—

	£	s.	d.	£	s.	d.	£	s.	d.
Including extras on contract, compensation to contractor, and fencing	57,478	13	2						
Electric light and power wiring (Estimate—work in hand)	*1,000	0	0						
				58,478	13	2			

Engineering Services—

Water supply, sewerage, roads, storm-water drainage, &c.	11,178	15	5						
Kerbing, guttering, and street channeling	2,775	18	1						
Less half cost to be recovered from Lithgow Municipality	1,387	19	0						
				1,387	19	1			
Tree planting				691	11	3			
Electric Supply—									
Mains, street lighting (Estimate—work in hand)	*2,000	0	0						
							15,258	5	9
Land							5,850	0	0
Total cost of Settlement							79,586	18	11

* These amounts are subject to adjustment when the exact cost of the electric supply is known.

Difficulties due to war conditions, combined with a shortage of labour and material, hampered the progress of the work, and it was not until September, 1920, that the first cottages were completed. At intervals thereafter additional houses were handed over as they were finished by the contractor, the whole 100 being taken over by 30th June, 1921.

The houses have been connected with the water supply and sewerage systems of the town of Lithgow. These services were executed by the municipality, and the Commonwealth pays to the Council the equivalent of rates on account of these utilities.

It was intended that Littleton Village should be connected with the gas supply of the town of Lithgow, and gas fittings were installed in the cottages. The municipal authorities, however, failed to make good their promises in this regard. Repeated representations have been made by the Commonwealth, but the municipality has stated its inability to provide gas services until the works are extended. A poll of ratepayers decided recently against such an extension. The occupants have in consequence had to depend upon oil lamps or other illuminant, whilst the streets have remained unlighted.

The town of Lithgow recently developed an electric lighting system, and the Council was urged to connect the Littleton Village. Efforts to induce it to carry the mains to the settlement, however, proved unsuccessful, and the Commonwealth was finally forced to do this at its own expense, on an arrangement by which the council will purchase gradually such lengths of the main as the development of the town will warrant, and in the meantime will supply current to the Commonwealth at a fixed price at the transformer at the settlement. A contract for the wiring of the cottages is now approaching completion, and lighting will soon be available to the occupants of the houses at the same rate as is charged to the townspeople of Lithgow.

The work of forming roads, kerbing, guttering, and street channelling was undertaken by the Lithgow Council, which agreed to pay half the cost. Owing to lack of progress the Department had eventually to take over the work and carry it out on the understanding that half the cost

to be contributed by the Council would be reimbursed by periodical deductions from the annual payments made by the Commonwealth to the Council by way of municipal and general rates. Some work has yet to be carried out before the roads and engineering services are completed.

Partially adopting a recommendation by the Public Works Committee that a Board of Management should be placed in charge of the settlement, a Tentative Board of Control was formed by representatives of each of the Departments concerned, viz. :—

Department of Works and Railways—Mr. G. J. Oakeshott, Works Director for New South Wales, Chairman.

Department of Defence—Mr. F. R. Ratcliffe, Manager, Small Arms Factory.

Department of Home and Territories—Mr. J. T. H. Goodwin, Commonwealth Surveyor-General.

During the absence of Mr. Oakeshott in Great Britain, Mr. Ratcliffe acts as Chairman, and Mr. J. Orwin, Acting Works Director for New South Wales, represents the Department of Works and Railways.

In convening the first meeting of the Board in April, 1920, the then Minister for Works and Railways stated that the Government's intention was to sell the cottages to employees of the Factory, but he intimated that any other suggestion would be considered. In its first report the Board recommended that the houses be rented, thus concurring with a similar recommendation by the Public Works Committee—on the ground that the unrestricted sale of the houses would defeat the object of the scheme, namely, to provide comfortable homes for employees of the Factory at a reasonable rental. It was subsequently decided to institute a rental system and to review the policy upon the completion of the project.

The basis proposed by the Board for assessing rentals was as follows :—

Interest on capital outlay, 5 per cent. on actual cost of building, engineering services, and land.

Maintenance at 1 per cent. per annum on building.

Insurance of building at 4s. 4d. per cent. per annum.

Equivalent of water rate, 10s. per residence.

Equivalent of sewerage rate, 26s. per residence.

Equivalent of municipal general rate, including lighting, 14s. 9d. per residence.

Sinking fund on basis of 40 years' life, at 5 per cent., £828 per £100.

Overhead and management expenses, $\frac{1}{2}$ per cent. on total cost.

The cost of the park areas was distributed over the residential blocks, and the total cost of the engineering services was divided by the number of residential blocks to obtain the proportion chargeable to each.

In fixing the rentals for the various residences, the scale above referred to was regarded as a minimum, and slight increases were made for different houses of the same class, according to location or other advantages. The rentals for the three types of houses are approximately as follows :—

Type "A"—Semi-detached, two rooms, kitchen, bathroom, laundry, and pantry, 14s. 6d. per week.

Type "B"—Detached, three rooms, kitchen, bathroom, laundry, and pantry, 17s. 9d. to 19s. per week.

Type "C"—Detached, four rooms, kitchen, bathroom, laundry, and pantry, 21s. 3d. to 22s. 3d. per week.

The houses are let on a fortnightly tenancy, subject to the signing of a simple acknowledgment of tenancy form. This form authorizes the Accountant of the Small Arms Factory to deduct the amount of the rent fortnightly from wages payable to the employees.

At first the houses were greatly sought after by the employees, but a change in Defence policy, by which the output of the Factory was greatly decreased, caused considerable reduction in the staff. By 30th June, 1921, eighty-two houses were occupied, but the number gradually diminished until only 60 employees were in occupation. Between 1919 and 1921 the average number of employees per month dropped from 1,248 to 805, whilst at present the staff comprises only about 300.

"As there was no prospect of letting the whole of the houses to Factory employees, the Board recommended, and the Minister approved, that suitable members of the general public be permitted to occupy the houses at the rentals already fixed. At the time of the Committee's visit 86 houses were occupied, 32 by Factory employees, and 54 by members of the outside public; this being the highest number of cottages which had been occupied at any one time. Advice has since been received that all the cottages are now tenanted—40 being let to factory employees and 60 to other tenants.

The total receipts from rent up to 7th February last amounted to £11,034 15s. 5d. Although the rentals collected include 1 per cent. per annum for maintenance of the buildings, the gross receipts are paid into revenue, and provision for repairs and maintenance has to be made from the vote for repairs and maintenance for Defence purposes, controlled by the Department of Works and Railways. Out of this vote is paid the salary of a caretaker continually employed at the settlement, who, being a tradesman, effects most of the repairs. The amount of money expended on repairs and maintenance to 15th February last amounted to £1,651 2s. 2d.

The unused portion of the land acquired is leased for grazing purposes at a nominal annual rental.

Complaints made to the Committee by occupants of the cottages concerned the presence of borers in many of the houses, the need for painting or oiling the outside woodwork, leakages in the roofs owing to defective tiling and consequent discolouration of ceilings and walls, dampness due to faulty damp-courses or to insufficient and defective ventilation, below the floor level, disrepair of the fencing, and the unfinished state of the roads.

The Director-General of Works candidly acknowledged that these houses were designedly specified as cheap cottages, and, although maintaining that the work was carried out in accordance with specifications, he admitted that they could not be regarded as a "gilt-edged job." While inferior to the dwellings being erected at Canberra, he regarded them as equal to cottages of similar rental erected elsewhere.

COMMITTEE'S REMARKS AND RECOMMENDATIONS.

The absence of adequate and satisfactory accommodation at Lithgow made it difficult for the management of the Small Arms Factory to retain the services of competent and experienced men. The loss of every employee, particularly during the war period, meant a direct loss to the Commonwealth and materially interfered with the economical working of the Factory. But as the houses erected by the Commonwealth Government to provide accommodation for the Factory employees were not available until the urgent need for them had passed, the Lithgow Housing Scheme cannot be said to have served its purpose. It is significant that six months before even the contract for the erection of the houses was signed by the Works and Railways Department, the Minister for Defence had issued instructions to reduce considerably the output of rifles from the Factory. Further reductions followed, and the number of employees gradually decreased from 1,316, in March, 1919, when the first instructions were received, to about 300 at the present time.

Some doubt exists as to the future action to be taken concerning these houses, but the Committee is of opinion that the Commonwealth should retain the ownership of them in view of possible future activity of the Small Arms Factory. The proposed establishment at the Small Arms Factory of a machine gun and pistol section will, it is anticipated, create further demand for these cottages.

On visiting the settlement the Committee was struck by its neglected and unattractive appearance, and, generally speaking, inspection confirmed the complaints voiced by the occupants, and indicated inadequate supervision during construction. As the houses are located on a storm-swept slope, particular attention should have been paid to the tiling; but on examination the Committee found that not only had this not been done, but that the tiles had been placed on the roofs in an unworkmanlike manner. That it has been found necessary to expend £1,651 on repairs and maintenance during the first three years of the life of the cottages is a grave reflection on the manner in which they have been built.

In few cases had any attempt been made to plant a garden, but this was not surprising when it was found that the reserves provided in the lay-out were merely barren patches of vacant land.

The land acquired had a decided slope towards Bayonet-street, and as the houses had been built on the lower levels, difficulty had been experienced in coping with stormwater. Owing to the roads not having been metalled, the effects of the winter rains were easily discernible. It was remarked, however, that since the water-tables had been completed by the Commonwealth much improvement had been effected.

The Committee recommends that early action be taken to make the general appearance of the settlement more attractive by repairing the fencing and painting the cottages. The defects already enumerated should be remedied, and adequate means provided to dispose of storm water. It is considered that the planting of the reserves would be an incentive to the householders to similarly improve their allotments.

The Committee is of opinion that the finances of the Lithgow Housing Scheme should be placed on a strictly commercial basis, and recommends that a "Trust Fund" be established for this purpose, and that Parliament be furnished annually with a report and a statement of accounts concerning the Scheme.

A reduction in rent has been suggested, but in view of the promised early completion of the electric light and other services, which will considerably improve conditions of residence in the settlement, it is not considered that the present rentals should be varied, as they are not disproportionate to the accommodation provided.


J. G. BAYLEY,
Chairman.

Office of the Joint Committee of Public Accounts,
Federal Parliament House,
Melbourne, 27th March, 1924.