

1928.



THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

*Brought up
by Senator J. D. Hays*

Pursuant to Statute

By Command

In return to Order

JOINT COMMITTEE OF PUBLIC ACCOUNTS.

[Signature]
Clerk of the Senate.

SEP 19 1928.

REPORT

ON

HOUSING AND BUILDING COSTS GENERALLY

IN THE

FEDERAL CAPITAL TERRITORY.

*Pursuant to
Statute*

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JOINT COMMITTEE OF PUBLIC ACCOUNTS.

REPORT

ON

HOUSING AND BUILDING COSTS GENERALLY IN THE FEDERAL CAPITAL TERRITORY.

INTRODUCTORY.

In pursuance of the decision of the Commonwealth Parliamentary Joint Committee of Public Accounts to investigate various phases of Commonwealth expenditure in the Federal Capital Territory, the Committee, under the powers conferred upon it by the *Committee of Public Accounts Act 1913-1920*, entered upon the second stage of its inquiry on 23rd March, 1928, the subject selected for investigation being Housing and Building Costs Generally in the Federal Capital Territory.

COMMITTEE'S PROCEEDINGS.

In view of the magnitude and importance of the task undertaken, and to acquaint itself with the many problems and difficulties associated with housing and building construction in the Federal Capital Territory, the Committee sought and obtained in evidence the views and advice of a large number of witnesses familiar with local conditions, and of competent building authorities in certain States. To enable the Committee to arrive at conclusions as to comparative costs and values, organization, administration and control, it was found necessary, in addition to taking evidence, to make a number of important inspections, which included :—

War Service Homes, Sydney; homes built at Fisherman's Bend and Coburg, Melbourne, under the organization of the State Savings Bank of Victoria; homes built for railway employees at Tailem Bend, South Australia, under the organization of the South Australian Government; homes built for civil servants and workmen in Canberra; and homes occupied by civil servants in Melbourne.

Following are the names of the witnesses who appeared before the Committee :—

Banoroff, Edwin, Manager, Waytryte Construction Company Limited, Sydney.

Brownless, William Scott, Engineer for Sewerage and Water Supply, Federal Capital Commission, Canberra.

Butters, Sir John Henry, K.B., C.M.G., M.B.E., M. Inst. C.E., M.I.E. Aust., Chief Commissioner, Federal Capital Commission, Canberra.

Cashoute, Thorold Robert, Executive Architect, Federal Capital Commission, Canberra.

Davies, Cyril Walter, Solicitor, Canberra.

Elliott, Senator Harold Edward, C.B., C.M.G., D.S.O., D.C.M., Solicitor, Melbourne.

Elphinstone, David Bruce, President of the Master Builders' Association, Canberra.

Francis, Charles Edward, Controller of Stores, Federal Capital Commission, Canberra.

Harrison, Sir John, K.B.E., Commissioner, Federal Capital Commission, Canberra.

Legg, George Herbert, Valuer-General of New South Wales, Sydney.

Leith, George Burridge, Chief Architect, State Savings Bank of Victoria, Melbourne.

McDowell, John Ambrose, Industrial Officer, Federal Capital Commission, Canberra.

McLeish, George, Architect, Canberra.

Meenan, James, Carpenter, Singleton, New South Wales.

Morrell, James Charles, Deputy Commissioner, War Service Homes Commission, Sydney, New South Wales.

Morrison, James, Foreman, South Australian Railways, Tailem Bend, South Australia.

Nixon, Lyle, Carter, Canberra.

MEMBERS OF THE COMMONWEALTH PARLIAMENTARY JOINT COMMITTEE OF PUBLIC ACCOUNTS.

(Fifth Committee.)

(Appointed 22nd January, 1928.)

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|| Senator JOHN BLYTH HAYES, C.M.G.
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K.C.M.G., C.B., V.D., M.P.

* Vice-Chairman from 19th June, 1926, to 1st July, 1927; Chairman from 2nd July, 1927; discharged from attendance, 24th March, 1927. † Discharged from attendance, 30th June, 1926. ‡ Appointed 1st July, 1927. § Vice-Chairman from 22nd January, 1928, to 18th June, 1928. Chairman from 19th June, 1928, to 30th June, 1928. ¶ Vice-Chairman from 22nd July, 1927; Chairman from 24th March, 1927. † Appointed 18th June, 1928. ** Chairman from 22nd January, 1928, to 15th June, 1928. Discharged from attendance, 18th June, 1928. ‡ Vice-Chairman from 24th March, 1927. †† Appointed 24th March, 1927. *** Died 24th July, 1927. ‡‡ Appointed 30th September, 1927.

Oliphant, Kenneth Henry, Architect, Canberra.
 Parkes, Stanley Thomas, of Oakley and Parkes, Architects, Melbourne.
 Richards, Herbert Stanley, Clerk, Department of the Treasury, Canberra.
 Rogers, David Robertson Kirkland Mearns, Austral Brick Company Limited, St. Peters, Sydney.
 Rowse, William Norman, Accountant, Federal Capital Commission, Canberra.
 Rudd, Lawrence Henry, Architect, Canberra.
 Skewes, William James, Chairman, Federal Public Service Board of Commissioners, Canberra.
 Story, Ralph Ernest, Engineer-in-Charge of Cottage Construction, South Australian Railways, Tailem Bend, South Australia.
 Sweetnam, Cecil Roy, Master Builder, Canberra.
 Thomas, Colonel Thomas John, O.B.E., Commissioner, Federal Capital Commission, Canberra.
 Townsend, Albert Rinder, Accountant, Department of Trade and Customs, Canberra, and representative of the Public Service (Canberra) Welfare Association.
 Turtón, Christopher Wilson, Master Builder, and Secretary of the Master Builders' Association, Canberra.
 Watson, Doctor James Frederick William, Canberra.
 Weatherston, John Stewart, Reporter, Commonwealth Parliamentary Reporting Staff, Canberra.
 Wickens, Charles Henry, I.S.O., R.I.A., F.S.S. Hon. M.S.S. (Paris), Commonwealth Statistician and Actuary, Canberra.

BUILDING OPERATIONS OF THE FEDERAL CAPITAL COMMISSION.

By virtue of the *Seat of Government (Administration) Act 1924*, the Federal Capital Commission assumed control of the Federal Capital Territory from 1st January, 1925. Prior to that date the affairs of the Territory were administered by two Departments, viz., the Home and Territories Department, which dealt with general administrative matters, including lands, surveys, &c., and the Department of Works and Railways, which controlled all building and constructional services.

To conform to the requirements of the *Seat of Government (Administration) Act* the Federal Capital Commission was obliged to enter upon the establishment of a new organization almost immediately after its appointment, as preparation had to be made for the transfer of the Seat of Government to Canberra without delay. The general principles of re-organization were laid down on the 20th April, 1925, and had since been brought into force by a gradual process under which disturbance to general advancement had to be carefully guarded against. During the financial year 1925-26 steady progress was maintained in the construction of homes, official buildings and essential services. Constructional activities were continued during 1926-27 at very high pressure, and effective progress was made in the provision of accommodation for Parliament, administrative departments and civil servants. On 9th May, 1927, Parliament was officially opened, and thereafter departments were progressively transferred to Canberra in accordance with a definite programme.

The extent and nature of the building-construction work performed by the Federal Capital Commission may be gauged from the following:—

Houses constructed to 30th June, 1928	722
Houses in course of construction at 30th June, 1928	1
	<hr/> *723
Cost of houses completed at 30th June, 1928	£965,031
Estimated cost of houses in course of construction at 30th June, 1928	4,947
	<hr/> *£969,978

* Includes houses constructed or partly constructed by the Department of Works and Railways.

Other building-construction works included:—

	£
Parliament House	†650,473
Secretariat No. 1	85,896
Secretariat No. 2	118,837
Permanent Administration Offices	62,078
Commission Offices	†67,930
Printing Office	29,987
Government House	75,972
Hotel Kurrajong	89,019
Hotel Acton	86,655
Hotel Ainslie	38,200
Hotel Wellington	34,677
Gorman House	46,601
Beauchamp House	31,350
Brassey House	32,370
Bachelors' Quarters	†28,039
Printers' Quarters	37,135
Canberra Hospital	†43,612
Forestry School	30,365
Assembly Hall	27,400
Total	<hr/> 1,616,597

† Partly constructed when the Commission assumed control.

The figures stated include furniture and equipment and formation of grounds, tennis courts, bowling greens, croquet lawns, &c.

Cottage Construction.—The construction of houses provided for in the general programme and of those required to meet specific applications of public servants, was carried out under the contract system, and also by day labour, the latter being under the control of the Commission's Building Construction Department. Up to 30th June, 1927, 90 brick cottages and 66 timber cottages had been erected under the Commission's own building organization. Under this system, however, it was found more difficult to regulate costs than under the contract system, and it was discontinued. Most of the cottage construction work had, therefore, been carried out under contract. The principal contracts entered into were—

Messrs. Bruce, Eden and Griffiths	100 cottages;
W. H. Mason	103 cottages;
Monolyte Constructions (Victoria and South Australia) Ltd.	100 cottages—subsequently reduced to 25 cottages.

The results of these contracts may be summarized thus:—

Bruce, Eden and Griffiths left the Territory with their contract uncompleted. A number of minor matters, estimated to cost £1,000, had to be completed by the Federal Capital Commission. According to figures supplied by the Commission the total contract price was £127,136. The amount actually paid to the contractors was £128,022.

W. H. Mason became bankrupt before completing his contract, leaving 37 houses in the hands of the Commission in various stages of completion. The financial position of Mason's contract was stated to be as follows:—

	£
Contract price	129,736
Extras, less deductions	4,105
Net amount of contract	<hr/> 133,841
Progress payments made to Mason	129,400
Expenditure by Commission in connexion with completion of 37 cottages	£13,222
Add estimated further expenditure	150
	<hr/> 13,372
Total cost of 103 houses	142,772
Contract price and extras	<hr/> 133,841
Excess of expenditure over contract price and extras	<hr/> 8,931

The Monolyte Constructions (Victoria and South Australia) Ltd. could not carry out its original contract to construct 100 homes, owing, it was said, to labour difficulties. A new agreement was therefore entered into under which the number of houses to be built was reduced to 25. These, it was stated, were completed satisfactorily.

Other contracts were let to small contractors, some of whom also failed in their undertakings. Evidence disclosed that, in some cases, small contractors had defaulted in their payments to sub-contractors. The Commission's policy, which was claimed to be working satisfactorily, was to encourage small builders to undertake the cottage construction work of the Commission. This system had worked economically and satisfactorily under the War Service Homes scheme, and under the schemes controlled by the State Savings Bank of Victoria.

Comparative Costs.—Evidence revealed that, during the peak period of construction in the Federal Capital Territory, the cost of building was from 20 per cent. to 25 per cent. higher than in Melbourne, the principal factors contributing to the difference in costs being:—

- High prices of materials due to heavy railway freights;
- Haste with which city had to be constructed;
- Increased wages in certain trades;
- High cost of bricks;
- Dearth of skilled labour;
- Lack of competition amongst tenderers;
- Payment to workmen for holidays and wet weather;
- Cost of fares in certain cases of workmen brought from Sydney;
- Pioneering conditions and isolation.

Following is a comparative statement of wages paid in Canberra, Sydney, and Melbourne:—

Trade.	Canberra.	Melbourne.	Sydney.
	Per hour.	Per hour.	Per hour.
	s. d.	s. d.	s. d.
Bricklayers	3 4	2 11	2 11
Carpenters	3 2½	2 9½	2 10 17/22
Painters	3 0	2 7	2 8 3/11
Plasterers	3 9	2 9½	3 3
Plumbers	3 2	3 1½	3 2 3/11
Tiler and Slater	3 1	2 10½	2 11 3/11
Builders' Labourers	2 7 10/11	2 4	2 5

It was stated by the Commission that the cost of building in Canberra had now reached a normal level, that Canberra costs were only from 12 per cent. to 15 per cent. higher than Melbourne costs, and that brick homes could now be built in Canberra for £90 a square. It was not anticipated that this position would improve for some time to come. With regard to present day building costs it was claimed by the Commission that the position in Canberra was not unsatisfactory in any particular, and that, allowing for uncontrollable differences in basic figures, the present results achieved by the Commission compared very favorably with those obtained in Melbourne, Sydney, or Adelaide.

Cottages Written Down.—It was stated by the Commission that the capital cost of the fifty cottages constructed by Oakley and Parkes had been written down to present day values. These homes, which were built during a period of peak prices and under pioneering conditions, cost on the average about £125 per square. Revaluation was made on the basis of £102 per square, which involved reductions up to about 20 per cent. in respect of certain types and smaller reductions on account of other types. The difference in the percentage reduction was explained by the fact that the homes were built under three different contracts, each of which varied in price. The Federal Capital Commission types had also been reduced to present day costs, the extent of the writing down being from about £92 per square to £90 per square. Proportionate reductions had been made in cottage rentals.

Housing Schemes of the Federal Capital Commission.—The arrangements under which civil servants could rent or purchase homes were as follow:—

Rental Purchase Scheme—Deposit, £100;

Periods of repayments—25 years for a wooden house, and
35 years for a brick house;

Purchaser to maintain property to Commission's satisfaction;

Fortnightly, monthly or quarterly instalments arranged to suit convenience of officers;

Instalments cover repayments of principal with interest at 5½ per cent., plus administrative costs;

Homes must be insured by the purchasers in the name of the Federal Capital Commission up to the full value;

In addition to purchase instalments, ground rent and rates are payable by purchaser

Commonwealth Bank Scheme.—

Residence to be on lease owned by officer;

House to be built by the Federal Capital Commission;

Bank will advance up to 70 per cent. of the value of the buildings, as agreed to by the Bank, at 5½ per cent., repayments in instalments being spread over 35 years. Maximum advance, £1,400;

Balance to be found by purchaser. Where an officer can satisfy the Commission that he is unable to find the balance, viz., 30 per cent., the Commission is prepared to consider advancing a portion of this on second mortgage at 7 per cent. per annum for a period of five years;

Purchaser must insure the property to its full value against fire in the name of the Commission;

Property must be maintained to the satisfaction of the Commission during the whole term of the second mortgage.

Rental Scheme.—

Commission to insure property against loss by fire;

Commission to maintain against fair wear and tear all the exterior of the buildings except glass;

Lessee to maintain interior and internal fittings;

Lessee to keep paths and gardens in good order to the satisfaction of the Commission;

Lessee to leave premises in good tenantable condition on expiry of the lease or occupancy;

Lessee to pay ground rent and all rates in addition to rental.

Basin of Rental—	Brick or Concrete House. Per £100.	Timber House. Per £100.
Interest at 5½ per cent.	5.5	5.5
Reserve for external and special maintenance	.8	1.4
Fire Insurance	.1	.25
Sinking Fund instalment to repay principal when invested at 5 per cent.:		
In 60 years for brick or concrete	.268	
In 35 years for timber		1.068
	6.668	8.218
Administrative charge to cover cost of leasing, inspections, accounts and collecting, 6 per cent.	.401	.403
Margin for contingencies, including money lying idle between changes of tenancy and for overhaul	.031	.089
	7.1	8.9

The following figures show the weekly payments under the Rental Purchase Scheme, and weekly rentals, in respect of certain F.C.C. types:—

Type of Cottage.	Building Cost.	Deposit.	Weekly Payments to Purchase in—		Weekly Rental.
	£	£	25 Years.	35 Years.	£ s. d.
F.C.C. 7	1,380	100	£ s. d. 1 19 0	£ s. d. 1 14 0	£ s. d. 1 18 0
F.C.C. 8	1,474	100	2 2 0	1 16 6	2 0 6
F.C.C. 10	1,354	100	1 18 0	1 13 6	1 17 0

These figures are exclusive of ground rent and rates, which are payable by the lessees or purchasers of the cottages.

Cottage Rents.—The rental charged by the Commission for brick cottages ranged from £1 4s to £3 10s. per week, while that for wooden cottages ranged from £1 8s. 6d. to £1 12s. 6d. per week. The figures quoted, however, were exclusive of ground rent and rates, which had to be borne by the tenant.

Unoccupied Cottages.—At 30th June, 1928, the Commission cottages unoccupied numbered 81, their capital cost being £133,425. The loss of rents and rates sustained by the Commission on these cottages was estimated at £3,659. A number of houses, notably in the Oakley and Parkes group, had been unoccupied for a considerable time. Owing to high rentals, difficulty had been experienced in securing tenants for the Oakley and Parkes homes; but the position would be improved, it was hoped, by the writing down policy recently adopted.

Future Policy.—The Federal Capital Commission did not propose to build any further Federal Capital Commission types at present. Future houses would be of a different type, the desire being to provide variety of design in each sub-division. Designs were being developed for cheaper homes for lower paid officials. The construction of two-story cottages in certain localities was contemplated. Different types of architecture would thus be introduced. In connexion with future operations the Commission thought it most important that a steady and continuous policy of development for Canberra should be arranged so as to avoid the undesirable position of rendering brickworks and other establishments almost inoperative.

Hotels and Boarding Houses.—The hotels and boarding houses controlled by the Federal Capital Commission are—

	Total cost, including furniture, equipment, &c.
Hôtel Acton	£ 89,655
Hôtel Ainslie	35,200
Hôtel Canberra	185,685
Hôtel Kurrajong	89,019
Hôtel Wellington	34,677
Beauchamp House	31,350
Brassey House	32,370
Gorman House	46,602
Bachelor's Quarters	28,039
Printers' Quarters	37,135
Total	609,732

All of the hotels and boarding houses have been run at a loss, as will be seen from the following figures:—

	Receipts.	Direct Expenditure, including Maintenance.	Interest.	Depreciation.	Total.	Excess of Expenditure Over Receipts.
	£.	£.	£.	£.	£.	£.
Hôtel Acton	17,525	21,852	5,157	1,938	29,947	12,422
Hôtel Ainslie	4,367	5,713	1,913	536	8,162	3,795
Hôtel Canberra	87,277	95,679	35,433	9,548	140,660	53,383
Hôtel Kurrajong	8,744	12,216	6,816	2,220	21,252	12,508
Hôtel Wellington	7,436	8,999	2,426	660	12,085	4,650
Beauchamp House	3,998	5,812	1,767	453	8,032	4,034
Brassey House	5,250	5,714	1,603	488	7,755	2,505
Gorman House	19,338	25,104	8,262	2,395	36,101	16,453
Bachelor's Quarters	21,486	28,608	3,358	2,772	34,738	13,252
Printers' Quarters	19,013	22,593	4,166	2,607	29,366	10,353
Grand totals	194,433	232,290	72,001	23,497	327,788	133,355

It was claimed by the Commission that, having regard to the expensive lay-out of some of the hotels, and the exceptional conditions prevailing in Canberra, it was not possible, under existing tariffs, to avoid loss on working. It was represented that experience in other parts had demonstrated that dry hotels could not be run at a profit. Other factors contributing to the losses were over-capitalization and the irregular occupation of hotels. If the hotels were licensed to sell liquor, it was stated in evidence that they might be run at a profit. Endeavours had been made to encourage private enterprise to establish residential hotels at Canberra, but without

success. It was proposed, however, to offer some or all of the existing establishments for leasing as soon as the liquor question was determined. The Commission proposed also to recommend to the Government a scheme for writing down hotels to present day costs. No action in this connexion would be taken, however, until after the liquor poll.

Government House.—According to figures supplied to Parliament on 18th November, 1927, and 15th March, 1928, the cost of alterations and additions to Government House, which were carried out by day labour, was as under:—

	£
Main buildings (alterations)	9,784
Main buildings (additions)	14,862
Official Secretary's Offices	1,958
A.D.C.'s Quarters	5,386
Garage additions and alterations	2,839
Provision for six cars men's room and chauffeurs' quarters }	4,797
Female staff quarters and covered way	1,958
New stables and stable yard	1,952
Two cottages for housing permanent staff	3,038
Sundries and contingencies	548
Construction of three tennis courts	2,693
Water service to house, stand pipes to gardens, sewerage to all buildings and septic tanks	2,347
Lay-out of gardens, river front, remodelling gardens, and tree planting	1,664
Formation of roads and paths and provision of entrance gates	3,294
Additional administration and overhead costs as advised to Parliament, 15th March, 1928	57,120
Furnishings	15,425
	72,545

In evidence tendered by the Commission, however, it was admitted that the figures supplied to Parliament were incorrect. To check the position a fresh assessment of the work done was made by the Commission with a view to determining what the work would have cost if it had been carried out by contract. As a result of the check thus imposed the Commission was of opinion that a fair cost for the work was about £2,501 less than the actual cost.

A comparison of the figures supplied to Parliament with those furnished by the Commission as evidence revealed several discrepancies, chief of which were:—

	Estimated Cost.	Statement submitted to Parliament.	Revised Assessment.	Difference.
	£	£	£	£
Servants' Quarters	1,750	4,797	2,641	2,156
Secretary's Office	1,170	1,958	1,509	449
A.D.C.'s Quarters	3,065	5,386	3,800	1,586

In explanation of the discrepancies the Commission pointed out that experience had demonstrated that it was practically impossible to keep accurate sub-costs of each individual building of a group of buildings under the charge of one foreman. The figures supplied to Parliament had been prepared from plans and vouchers by officers of the Accounts Branch in collaboration with officers of the Architect's Branch. An assessment was made of the cost of each item. On investigation, however, it was admitted that the assessment was a bad one; but further inquiry was considered useless, as the officers concerned had left the employ of the Commission. In explanation of the high cost of Government House, it was submitted that the work was undertaken during the rush period; that the demand for efficient labour hopelessly exceeded the supply; that during the period of construction large increases in wages had to be met; and that special zone allowances had to be paid to workmen.

New Administrative Building.—The original instructions issued to the Commission were to proceed with all speed to prepare for the completion of the building. After arrangements were made for the construction of the foundations directions were received from the Government that, owing to the present financial stringency and the uncertainty as to the financial position of the future, no definite indication could be given as to when the work would be resumed. The expenditure incurred on the foundation work was about £50,000, exclusive of architect's fees.

Brickworks.—The capital cost of the brickworks, including machinery and plant, was £98,000. The works were now capitalized at £71,512, the balance having been written off. The kilns established consisted of one Staffordshire kiln with a capacity of 110,000 bricks per week, one Hoffman kiln with a capacity of 130,000 bricks per week, and two down draught kilns with a capacity of 30,000 tiles per month. The stocks on hand on 22nd May, 1928, consisted of 3,357,500 bricks and 130,000 tiles. The cost of production varied with the output. Taking three complete costing periods during the year 1927, in which four machines were working continuously, the output was 2,852,365 bricks, at an average cost of £4 12s. 3d. per thousand. The selling prices of bricks were as follow:—To the Commission's own works, to the original purchasers of leases at the first auction sale, and to civil servants—£4 16s. per thousand for common bricks, and £5 16s. per thousand for face bricks. To private purchasers—£5 5s. per thousand for common bricks, and £6 5s. per thousand for face bricks. Various classes of special bricks were also sold at prices ranging from £10 to £12 per thousand. The brickworks had not been a profitable undertaking, the recorded loss to date being approximately £30,000. The process of manufacture employed was the semi-plastic system. Owing to the presence of large quantities of limestone in the quarries, it had been found impossible to employ the dry-press process of manufacture, which was cheaper than the semi-plastic process. The possibility of obtaining shale free from limestone in the Territory had, it was stated, been extensively explored by experts; but the whole of the Territory tested was found to be impregnated with lime. It was explained that small but continuous improvements in the economics of the works were being made; but no appreciable reduction in cost of manufacture was likely. The figures quoted above were on the basis of the works operating at full load, and could not be repeated unless the works were fully employed. Amortisation of capital was provided for by a flat rate of 4s. 9d. on each thousand bricks, and 9s. on each thousand tiles manufactured. These rates presumed continuous output. A costing system had been established to ensure intimate scrutiny of the various processes of manufacture.

Owing to the shortage of bricks during the peak period of construction the Commission found it necessary to obtain 6,500,000 bricks from Sydney and Bowral at a cost of from £7 to £8 per 1,000.

Stores Branch.—The capital cost of the new stores building was set down at £12,944. The value of stock on hand at 30th June, 1928, was £114,000. The overhead charges for the nine months ended 31st March, 1928, in relation to purchases and issues were 7.69 per cent. and 8.15 per cent. respectively. The turnover for 1926-27 was £507,000 while that for 1927-28 was £376,000. It was contended that the retention of the Stores Branch was fully justified, that it would be very difficult to carry on without it, and that if the Stores Branch did not exist serious delays would be experienced in securing necessary supplies. Stores were only issued to the public on production of a certificate that the required stores could not be obtained locally and were urgently needed. The Commission could, it was claimed, buy much more advantageously than contractors. The large stocks on hand at present had caused the Commission considerable concern, the restriction in building operations resulting in a serious curtailment of issues from the stores. If, however, the works contemplated were proceeded with, it was stated that the whole of the present stocks would be disposed of in twelve months. According to evidence rendered there was very little dead stock on hand. If operations were normal, dead stock would not represent more than 1 per cent. Supplies in the large quantities required by the Commission could not, it was claimed, be obtained at short notice.

Paths and Carways.—Evidence disclosed a series of irregularities in connexion with a contract let by the Commission for paths and carways. Official papers showed:—

- That a considerable number of errors had been made by a Commission officer in the measurement of paths and carways;
- That progress payments had been made for work which had not been completed in accordance with the specifications;
- That there was a deficiency in the metal used by the contractor;
- That the contractor purchased metal from other sources notwithstanding the fact that the contract specifically provided that materials should be purchased from the Commission;
- That payments for extra services were arranged with and paid to the contractor without any legal document, and without the approval of a Commissioner.

The explanations tendered by the Commission were as follow:—

- Errors admitted;
- Admitted; but it was explained that these payments arose through an employee of the Commission not submitting his reports in a proper manner.
- and (d) Admitted;

As to (e), a report of the Internal Auditor of the Commission showed that amounts were paid as extras without the approval of a Commissioner and without any agreement.

The official files disclosed, however, that the Commission suffered no financial loss in connexion with the contract.

LAND.

The following references to land are made because it is considered by the Committee that the land question has an important bearing on housing and building costs generally.

The land policy of the Commission is laid down generally in the *Leases Ordinance* 1918-1926 and the *City Area Leases Ordinance* 1924-26, and provides for the maintenance of the leasehold principle.

The total cost of land acquired in the Federal Capital Territory was £799,988, the value of land acquired within the City Area being estimated at £126,410. The average price paid for all land acquired was approximately £3 15s. per acre.

Following are the main provisions of the land laws relative to city leases:—

A lease granted shall be for a period not exceeding 99 years.

Land leased shall not be used for any other purpose than the purpose specified in the lease.

A lease granted for business purposes or for business and residential purposes may specify the particular class or classes of business for which the leased land may be used.

The Commission may sell leases of land by auction or by inviting applications for leases. The Commission may also lease land without auction or inviting applications.

The rental payable on leased land is 5 per cent. per annum on the unimproved value.

The unimproved value of land leased under the City Area Leases Ordinance is subject to re-appraisal during the twentieth year of the term of the lease, and during each tenth year thereafter.

The Commission may consent to a legal or equitable transfer or assignment of a lease or an interest in a lease where it is satisfied that the transferee—

(a) bona fide intends to carry out the covenant to erect a building in accordance with the lease; and

(b) has given such security (if any) as the Commission thinks fit.

A lessee may at any time upon payment of all rent and other moneys due to the Commonwealth under his lease surrender his lease to the Commonwealth; but the lessee shall not be entitled to receive any compensation from the Commission in respect of such surrender or in respect of any buildings erections or improvements on the land.

The Commission may determine a lease where a lessee's rent remains unpaid for twelve months, or where a lessee fails to commence and complete building within the periods specified, or where land is at any time not used for a period of two years for the main purpose for which the lease is granted.

The basis of land values in the Federal Capital Territory was explained by the Federal Capital Commission thus:—

"The original valuations were made before the Commission was appointed. They were made by Mr. Goodwin, who was at that time Surveyor-General, and a land valuer. Mr. Goodwin takes the responsibility for the valuations. A number of blocks were put up to auction and sold, but that gave no real indication of the value. At a subsequent sale we gained some further knowledge. Moreover, in the meantime, land had changed hands at a premium. When we dealt with the housing of public servants, our Lands Officer, together with the late Mr. Gorman, who was an expert in that class of business, made a valuation of the blocks. Realizing the importance of the matter, both from the point of view of the Commonwealth and of the public servants, the Commission called in the Valuer-General of New South Wales, Mr. Legge, to review the whole position. He advised that the valuations were too low; but, notwithstanding his recommendation, the valuation was not increased. Mr. Legge, after reviewing each subdivision in detail, summarized his report as follows:—

"After reviewing the sales made and the values adopted by the Commission I am of opinion that the values are generally low; that the Commission has not taken advantage of the high local sales which, in view of the rising market, may with just reason have been accepted, and a higher standard of value set, which, under the circumstances referred to herein, may well have been justified."

Land Sales.—At the first auction sales held on 12th December, 1924, 290 residential sites and 104 business sites were offered for sale. On the day of the sale, 147 sites were sold, mostly at the upset prices. An additional 67 blocks were subsequently disposed of. The prices realized at the sale ranged from £8 to £58 per foot for business blocks, and from 9s. to £3 8s. per foot for residential blocks. The second sale was held on 29th May, 1926, 18 business sites and 80 residential sites being offered. The whole of the business sites were sold at prices varying from £24 to £150 per foot. Of the residential sites 21 were sold on the day of the auction, 14 at the upset price, and 7 above, and 20 were sold subsequently. The prices realized for residential blocks ranged from £2 16s. to £6 16s. per foot.

The third sale was held on 9th April, 1927. The sites offered consisted of 57 residential sites, 12 retail trading sites, 4 minor industrial sites, 3 boarding house sites, and a site for the erection of motor service station. The whole of the business sites were sold, the retail trading sites averaging £120 per foot. The highest price realized was £175 per foot. Of the residential sites offered 38 were sold, the prices obtained ranging from £1 6s. 7d. to £7 2s. 10d. per foot.

Land Sales at Civic Centre.—Following were the results of the three auction sales held at Civic Centre:—

Date of Sale.	Upset Price.	Prices Realized.	Price per Foot.
12th December, 1924	From £400 to £1,200	From £400 to £2,050	From £20 to £58
29th May, 1926	From £500 to £2,400	From £1,250 to £5,600	From £24 to £150
9th April, 1927	From £1,000 to £3,000	From £2,200 to £5,100	From £94 to £175

The total value of leases sold by auction, advertisement, and private negotiation was approximately £260,000, while the total value of blocks allotted to civil servants and others was approximately £105,000.

Leases surrendered consisted of fourteen business sites and 35 residential sites, the respective values being £35,800 for business sites and £12,169 for residential sites.

Lessees who had failed to meet their obligations and had not surrendered their leases numbered 39.

It was admitted by the Commission that there had been an inflation of prices in respect of some of the business blocks. In the light of experience the Commission was satisfied that sale by auction was not the best way to deal with private blocks. It was stated that the results of the last sales held in April, 1927, were such as to induce the Commission to give serious consideration to some new method of land sales which would overcome the obvious objections which then developed. Before any further sales were made the Commission proposed to represent its views on the matter to the Government in the form of a draft amending ordinance.

Land Allotted to Public Servants.—The blocks allotted to Public Servants by the Commission ranged in value from £160 to £500, the average price per block being about £290. The values of blocks allotted in the different areas were:—

Ainslie	£160 to £275 per block
South Ainslie	£200 to £400 ..
Blandfordia	£225 to £500 ..
Teleopa Park	£250 to £450 ..

Leasehold.—According to evidence tendered the principle of leasehold in the Territory, was not generally favoured, the chief objections to the system being:—

- Uncertainty due to re-appraisalment;
- Inability to obtain finance;
- Restrictions on use of land;
- Restrictions on alienation;
- Creation of artificial values at auction sales, resulting in high rents, rates and increased cost of commodities.

Opinions were expressed, however, that the leasehold system should be given a fair trial.

RATES.

The levying of rates in the Federal Capital Territory is governed by the Rates Ordinance No. 6 of 1926, the main provisions of which are:—

The Commission may make and levy an annual general rate on the unimproved capital value of all rateable land in the Territory which is within the City Area, and a separate annual general rate on the unimproved capital value of all rateable land in the Territory which is not within the City Area.

The Commission may make and levy an annual lighting rate on the unimproved capital value of the rateable land situated in such parts of the Territory as the Commission from time to time by notice in the *Gazette* declares to be subject to the lighting rate.

The Commission may make and levy an annual sanitary rate on the unimproved capital value of the rateable land situated in such parts of the Territory as the Commission from time to time by notice in the *Gazette* declares to be subject to the sanitary rate.

The annual general rate on the unimproved capital value of land which is within the City Area shall not exceed fivepence in the pound, and on land which is not within the City Area, threepence in the pound.

Neither the lighting rate nor the sanitary rate shall exceed threepence in the pound on the unimproved value of the rateable land.

The rates levied for 1927 were—General rate, 4d. in the pound; lighting rate, 2d. in the pound; Water and sewerage rates had not yet been decided upon.

Basin of Rating.—It was stated in evidence that the policy of the Commission was to ask local residents to pay only approximately the same rate as a resident would pay in an Australian town with approximately the same population and services as Canberra. A definite rate had not yet been fixed, the desire of the Commission being to await the compilation of a proper balance-sheet before arriving at a definite basis. Ratepayers would then be aware of the basis on which the rate was computed. The position would be explained to the Government before any decision was reached.

PUBLIC SERVANTS.

The case for Public Servants resident in Canberra was presented by Mr. A. R. Townsend, Accountant, Department of Trade and Customs, who appeared before the Committee on behalf of the Public Service (Canberra) Welfare Committee. At the outset public servants wished to assure the Government and others that they were in no way hostile to the purpose of Canberra or to Canberra as a national institution. At the same time, it was claimed that public servants should not be called upon to bear more than a fair proportion of the cost of establishing and maintaining Australia's capital city. On the following matters, which vitally affected the interests of public servants, the Public Service Welfare Committee wished to represent its views:—

Housing Costs.—It was claimed that the cost of brick houses in Canberra was at least 25 per cent. greater than Melbourne costs under similar plans and specifications. The actual average cost of many officers' homes built in Melbourne during a period of high prices was found to be £78 per square, as against £100 to £105 per square for Federal Capital Commission types.

Unsuitability of Houses.—It was generally agreed by public servants that most of the type houses were faulty in many respects, both internally and externally, and were below the standard of homes occupied by public servants in Melbourne. In this connexion it was a matter for much regret that the Federal Capital Commission had refused the proffered co-operation of the official representatives of the public servants in ascertaining the types of houses that would suit them.

Rents.—By comparison with rents in Melbourne rents in Canberra were particularly high, as would be seen from the following figures supplied by the Commonwealth Statistician in regard to brick houses:—

Description.	Melbourne Weekly Rent.	Canberra Weekly Rent.	Increase for Canberra.	Per Cent.
	£ s. d.	£ s. d.	£ s. d.	
Four rooms	1 1 3	1 19 11	0 18 8	87.8
Five rooms	1 7 6	2 8 6	1 1 1	76.9
Six rooms	1 13 5	2 15 9	1 2 4	66.8

The Canberra rents quoted included rent of house, land and paths, but did not include rates. Moreover, an additional 2s. 6d. per week was charged in Canberra for a garage, whereas a garage was attached to very many Melbourne houses and included in the average rental indicated. In Melbourne a good garage could be obtained for from £30 to £40. The Canberra cost was £88. A garage was practically essential in Canberra, as no sheds for wood, tools, &c., were provided.

Rates.—It was impossible, at present, to deal with the rating question, as definite rates had not been fixed. In arriving at the rates to be paid, however, due allowance should be made for the extraordinary layout of the city and for the fact that most essential services when established were designed to meet the requirements of a very large population.

Fire Insurance.—The rates proposed by the Federal Capital Commission were considered unnecessarily high. The War Service Homes Commission had secured very satisfactory results by charging only 1s. per cent. (plus 1s. per policy), on brick homes and 3s. per cent. (plus 1s. per policy) on wooden homes. Despite these low rates, which covered fire, flood and tempest, the Insurance Fund showed a credit balance of over £100,000. Having regard to Canberra conditions, it was claimed that, if the Commission established its own insurance scheme, there was overwhelming presumptive evidence that the venture would be financially sound, even at rates lower than those charged by the War Service Homes Commission.

Footpaths.—The cost set down by the Commission for footpaths, viz., £25, on which tenants had to pay rental, was regarded as grossly excessive. In some cases rental on paths had been charged to tenants months before the paths had been constructed.

Hedges.—Most tenants were still paying rental on the value of hedges which had not yet been provided.

Railway Freights.—It was claimed that the high freights charged on the Commonwealth Railway from Queanbeyan to Canberra imposed an unfair burden on the citizens of Canberra. These charges affected not only building costs, but costs of commodities as well. Instead of the through freights for 202 miles from Sydney to Canberra being at the same rates as the New South Wales freights for 197 miles from Sydney to Queanbeyan, the last five miles from Queanbeyan to Canberra was charged separately at a much higher rate, although the goods came straight through on the same train. The result was that the Queanbeyan-Canberra line had been made the most profitable railway in Australia. The financial position of the line for the past four years may be shown thus:—

Year Ended.	Revenue.	Working Expenses.	Percentage of Profit to Capital Invested.
	£	£	
30th June, 1924	4,080	3,268	1·60
30th June, 1925	7,029	4,882	4·23
30th June, 1926	11,665	5,946	9·26
30th June, 1927	14,739	10,036	5·67

In fairness to Canberra residents it was considered that through freights should be arranged on the basis of the rates charged by the New South Wales Government on the line from Sydney to Queanbeyan.

Land.—The valuations placed on blocks allotted to public servants were claimed to be altogether too high. Many anomalies existed as between the values of different blocks. The results of auction sales could not be taken as a fair guide to true values, for many purchasers were actuated by sentimental and other reasons. The auction method was, it was contended, wrongly applied. That the prices realized did not represent true market values was emphasized in a very practical manner by the forfeiture of many leases, and by the failure of a large number of lessees to observe their building covenants. The artificial values created at the auction sales made rents, rates, and costs of commodities higher than they should be. These adverse factors inevitably reacted against the citizens of Canberra as a whole. The view was held that Canberra would not develop until natural values were established.

Leasehold.—The majority of public servants were opposed to the leasehold system of land tenure. They concurred largely in the views expressed by Sir Arthur Cocks, a former Treasurer and Agent-General of New South Wales, on the leasehold system. These were:—

“Fundamentally, it seems to me that the idea of a leasehold with periodical appraisalment will be the biggest drawback that the city will have to encounter. Leasehold is repugnant to the general ideas of the Australian. Leasehold is repugnant to the man who is prepared to advance on building or land, because of the unknown operation of that appraisalment factor, that gives you possession with a string attached thereto that may make your possession a burden instead of an asset.”

Writing Down Homes.—To ensure permanent relief in respect of house rentals, public servants were strongly in favour of a writing down of homes to a normal level in preference to the allowance system, which offered no assurance of permanency.

Canberra Allowances.—The present Canberra allowances were not considered adequate to cover the high costs in Canberra.

With a view to securing an equitable distribution of costs in Canberra as between the Commonwealth as a whole and the citizens of Canberra, and to creating within the Territory stable and sound economic conditions, Mr. Townsend tendered the following proposals for consideration:—

LAND.

- (1) Revert to freehold tenure, and sell all land and houses on that basis.
- (2) Failing such reversion reduce all city land valuations of residential blocks to a fair and true current market level, as determined, say, by a Board of three composed of a Commission nominee, a representative elected by the citizens—these two members to nominate an independent Chairman whose appointment shall be subject to the Government's approval.
- (3) Or, alternatively, reduce all city land valuations of residential blocks for a period of at least 20 years to the average cost of purchase of broad acres, plus the average cost of developmental services allocated on the basis set forth in proposals Nos. 2, 3, and 5 under “Capital Costs” hereunder—the lessee to covenant to return to the Government any profit on the transfer of the lease that may be determined by a Board as suggested to be profit attributable to the increased value of the land.
- (4) As to valuations of shop sites, the proposed Board might also adjust values to a reasonable level, although competitive circumstances will probably force out of business those traders who have paid absurd prices.
- (5) The new average valuations under leasehold of residential sites as per (3) above to be on the basis of area and not frontage (in view of curved streets), average sized blocks to bear the average valuations, and better or inferior blocks (as to slope, aspect, proximity to shops, &c.) to be valued over or under the average valuation.
- (6) The present policy of periodical re-appraisements, involving unstated and unknown increases in valuations, to be modified in such a way as to obviate, if possible, the present natural discouragement of the investment of money in Canberra.

HOUSES.

- (1) Write down Commission houses to present normal cost of efficient, prompt construction—and make a further reduction in respect of badly built and poor-looking houses.

CAPITAL COSTS.

- (1) Write off entirely the preliminary costs of establishing the Territory. This would include initial surveys, cost of the city designs' competitions, engineering consultations, and any other items of like nature.
- (2) Write off entirely all interest that has been charged against the Territory in respect of works delayed by the war or any other cause up to at least the date of transfer of Parliament to Canberra.
- (3) Write off such portion of costs of all essential services (i.e., water, sewerage, electricity, roads, bridges) that would be in excess of present costs under normal wages, continuous and vigorous construction, and efficient workmanship.
- (4) Write off such portion of the cost of Government business undertakings (i.e., brickworks, abattoirs, hotels and boarding houses) as would be in excess of present costs under normal wages, continuous and vigorous construction, and efficient workmanship.
- (5) Write off such further portion of the written-down costs of essential services as per proposal (3) as would represent the difference between the cost of providing these services for a compact inland city of the same population as Canberra and the still greater cost, though written-down as per paragraph (3), of providing the same facilities for Canberra on account of the garden lay-out and scattered arrangement of its suburbs.

RATES.

Rates to be allocated on the following basis:—

- (1) Full rates and lease rent, on valuations written down as above, to be charged against Parliament House, all Government Offices, the Forestry School, the Observatory, Duntroon College, the official residences of the Governor-General and the Prime Minister, and any other official buildings; and on all land, parks and gardens associated with these institutions—and therefore paid from general Commonwealth revenue, and not in any sense charged against the residents of the Territory;
- (2) Full rates and lease rent, on valuations written down as above, to be charged against the business undertakings of hotels and boarding houses and on all land, parks and gardens associated with them; (and no losses on the operation of such business undertakings to be charged directly or indirectly against the residents of the Territory);
- (3) Full rates and lease rent to be charged against the General Commonwealth Revenue in respect of all parks and gardens in excess of the normal average provision of such facilities for a first-class inland town.

(End of summary of Mr. Townsland's evidence.)

OBSERVATIONS AND RECOMMENDATIONS.

In arriving at conclusions on housing and building costs in the Federal Capital Territory, careful consideration has been given to all the evidence tendered, to the exceptional circumstances, conditions, and difficulties connected with the establishment of the Federal Capital City, and to the work accomplished by those charged with its control. As a result, the following observations and recommendations are submitted in order that they may be of some assistance in placing various matters dealt with by the Committee on a more satisfactory basis.

While it was recognized that a considerable amount of good work had been done by the Federal Capital Commission, the Committee was not favorably impressed with the manner in which certain phases of construction work had been carried out. Evidence revealed the fact that the lack of efficient supervision, had, in the past, constituted a very weak link in the Commission's organization. In view of the large sums of public money involved in construction work in the Territory, it is imperative that only fully qualified, dependable, and experienced men should be employed as Clerks of Works.

In the light of evidence received and inspections made, it is felt that the view expressed by the Federal Capital Commission that Commission homes are superior to those built by other government organizations has not been substantiated. The designs of the houses do not appear to be in keeping with the tastes of the occupants, and more individuality and greater variety of design might well be introduced into future home construction. The Committee notes from evidence tendered by the Chief Commissioner and by the Executive Architect of the Federal Capital Commission that the Commission does not propose to build any more Federal Capital Commission types at present; that it is the desire to establish a variety of design in each subdivision; that designs will be prepared by outside architects, or public servants will be permitted to engage their own architects; and that, if the Commission does the work, the designs will be prepared in consultation with the public servants who will occupy the homes. To this end, much helpful advice could, and should, be obtained from other building organizations which have had the advantage of many years experience. The State Savings Bank of Victoria has provided very comfortable two-story, semi-detached, concrete cottages with five rooms and conveniences at Fishermen's Bend, Melbourne, for £883, the terms of purchase of house and land being:—Deposit £50, Repayments, including interest and principal, £5 8s. 4s. per month, spread over a term of 20½ years. At the end of this period the house and land become the freehold property of the purchaser. The South Australian Government has provided railway employees with comfortable five-roomed concrete cottages at a rental of £1 0s. 6d. per week, this being purely a rental scheme. War Service Homes may be acquired under the following conditions:—Deposit £10; Repayments by monthly instalments, £3 19s. 4d. per month for a brick house and £4 14s. per month for a wooden house on the basis of a loan of £800. The terms of repayment are 37 years and 25 years, respectively, for brick and wooden houses, the title being freehold.

including interest and principal

Having in mind the successful operations of the housing schemes described and the attractive homes provided thereunder, the Committee is of opinion that it should be possible for the Federal Capital Commission to provide similar homes in Canberra for public servants under terms and conditions relatively as favorable—having regard to building costs and other variable factors—as those attaching to the schemes already indicated. To encourage officers to purchase their own homes the Committee urges that early steps be taken by the Federal Capital Commission to provide cottages on similar lines to those constructed by the State Savings Bank of Victoria and by the War Service Homes Commission at Sydney. During its inspections the Committee was much impressed with the designs and appearance of these homes, and it is felt that they would meet with the general approval of the majority of public servants. While the Committee is satisfied that the general terms and conditions of the Commission's rental purchase scheme are fair and reasonable, it is thought that the amount of deposit required, viz., £100, might reasonably be reduced to £50, or even to a lower amount, having regard to the income and circumstances of the officer.

The heavy losses on the brickworks, and the high cost of bricks in Canberra, are causes for much concern; but, according to expert advice received, no appreciable reduction in cost of manufacture can be hoped for. The presence of large proportions of limestone in the Territory necessitates a very careful selection of shale to ensure satisfactory results. This, of course, adds materially to the cost. If shale could be obtained free from limestone, it is stated that, on a basis of a working day of eight hours, the cost of semi-plastic and dry-pressed bricks could be reduced by £1 9s. 2d. and 17s. 3d. per 1,000, respectively. According to figures supplied by the Federal Capital Commission, the average cost of manufacture of bricks at the Commission kilns for three costing periods during 1927 was £4 12s. 3d. per 1,000. It will thus be seen that Canberra is in an unfortunate position in regard to brick manufacture. In view of the impracticability of effecting any appreciable reduction in the cost of bricks in the Capital City, the Committee considers it very desirable that the possibilities of other methods of building should be exhaustively explored. During its inquiry the Committee investigated various building schemes in the hope of being able to suggest means by which building in Canberra might be carried out more economically. Two schemes investigated, viz., the Meenan Patent Concrete Construction System, and the concrete home scheme at Tailem Bend, South Australia, controlled by the South Australian Government, impressed the Committee as being worthy of close investigation by the Federal Capital Commission. The cost in both cases is considerably lower than that for brick construction, and it is claimed that the main objection to concrete homes, viz., internal condensation, has been overcome. In view of the great saving of public money that would accrue from the introduction of cheaper methods of building into the Territory, the Committee is of opinion that the Federal Capital Commission would be justified in setting aside a small area of land in a locality which would not unduly interfere with the Garden City plan, and in conducting experiments in the two schemes mentioned as well as in any other schemes which presented particular virtues or possibilities.

Evidence showed that a number of unregistered builders had been operating in the Territory with the permission of the Federal Capital Commission, notwithstanding the fact that the Commission's own building regulations specifically provide that "No person shall undertake or execute any work as a building contractor unless he is the holder of a Builder's Licence issued in accordance with the provisions of these Regulations." Very strong exception must be taken to the Commission's action in thus infringing its own laws.

If the Commission continues its policy of employing small contractors, steps should be taken to protect the interests of sub-contractors, some of whom have suffered serious financial loss in the past by reason of the failure of the principal contractor to pay for work performed.

The expenditure of £72,545 on Yarralumla House is regarded as very excessive, and is viewed by the Committee with a considerable amount of dissatisfaction. The explanation of the Federal Capital Commission in regard to this expenditure will be found on page 9. A comparison of the figures supplied to Parliament with those subsequently tendered by the Commission as evidence revealed several discrepancies, which did not inspire confidence in the manner in which the expenditure on this building was brought to account. The cost of the A.D.C.'s quarters, a wooden structure, appeared to be unreasonably high. The cost as supplied to Parliament was £5,386, or £179 10s. per square, while the revised assessment submitted as evidence was £3,800, or £126 per square. The expenditure on the servants' quarters as furnished to Parliament was £4,797, while the revised assessment was £2,641. The cost of the Secretary's quarters as supplied to Parliament was £1,958, while the revised assessment tendered as evidence was £1,600. The explanation of the Commission that it was practically impossible to keep accurate sub-costs of each individual building of a group of buildings under the charge of one

foreman is not convincing. The Committee is of opinion that with proper collaboration between the Building Construction Branch and the Accounts Branch, an accurate allocation of costs over the various works should have been possible. The charging of expenditure on new buildings, additions, alterations, &c., to one job number cannot reasonably be defended. The experience of Government House would appear to demonstrate very forcibly the unwisdom of the policy of endeavouring to remodel old buildings.

In view of the unsatisfactory situation created by the inflated prices paid for land in Canberra, it was strongly represented to the Committee in evidence that steps should be taken to have the land in the city area revalued. To this end it was recommended by the Public Service (Canberra) Welfare Committee that a Board of Review should be created to investigate the whole question. The Committee notes with satisfaction that the Federal Capital Commission recently appointed such a body, and that the Board of Review will submit its report at an early date. The necessity for a revaluation cannot be too strongly emphasized, for it is quite clear that some investors, particularly at the last sale, displayed more enthusiasm and sentiment than ordinary business prudence, paying prices for land which, in the opinion of the Committee, were far in excess of its true value.

The Committee also notes with pleasure the announcement of the Federal Capital Commission that it has in contemplation legislation in the form of an ordinance which will provide for a more satisfactory and more equitable system of disposing of land than that which has obtained in the past. In this connexion the Committee considers that, if the policy of sale by auction is to continue, any legislation in contemplation should provide that the fixation of upset prices should be carried out on a definite and sound basis; that the upset prices, not the prices realized, should form the basis of ground rental and rates; and that, where land is sold at a price in excess of the upset price, the excess or premium shall be paid in cash by the successful bidder. By this means speculation would be discouraged and the payment of rentals and rates on fictitious values avoided.

With regard to rates, the Committee holds the view that the extraordinary layout of the city, the ultimate population to be served, and other circumstances peculiar to the Federal Capital City, should be taken into account in arriving at an adequate basis. The citizens of Canberra should not be called upon to pay more for the services provided for them than ratepayers enjoying similar services in other towns.

The opinion expressed by the Federal Capital Commission that a steady and continuous policy of development for Canberra should be arranged so as to ensure the best economic results is in full accord with the convictions of the Committee. The view is strongly held that very careful thought should be given to the future construction programme of the Territory so as to ensure, as far as possible, continuity of operations.

The freights charged on the Federal Territory Railway place the people of Canberra at a serious disadvantage. The following figures serve to demonstrate the burden which the residents have to carry in this connexion:—

Commodity	Freight charges Sydney to Queanbeyan per ton per truck load.	Freight charges Sydney to Canberra, assuming New South Wales rates applied right through.	Freight charges Queanbeyan to Canberra per ton per truck load.	Freight charges Queanbeyan to Canberra, assuming New South Wales rates applied.
	£ s. d.	£ s. d.	s. d.	s. d.
Bricks	1 4 10	1 5 5	2 0	0 7
Coal	0 18 7	0 19 1	2 0	0 6
Timber	1 4 10	1 5 5	2 0	0 7
Cement	1 4 10	1 5 5	2 0	0 7
Lime	1 4 10	1 5 5	2 0	0 7
Plaster Sheets ..	1 4 10	1 5 5	2 0	0 7
Bitumen	1 4 10	1 5 5	2 0	0 7
Sand	0 9 9	0 10 0	2 0	0 3
Tiles	1 4 10	1 5 5	2 0	0 7
Steel (Reinforcing) ..	3 2 0	3 3 7	2 6	1 7
Earthenware pipes ..	3 2 0	3 3 7	2 6	1 7
Cast-iron pipes ..	4 6 10	4 9 0	2 6	2 2
Galvanized iron ..	3 2 0	3 3 7	2 6	1 7
Wire	1 17 3	1 18 2	2 0	0 11
Plaster	1 4 10	1 5 5	2 0	0 7
Tar	3 2 0	3 3 7	2 6	1 7

Having in mind the desirability of affording every possible assistance to the Federal Capital Territory during its early stages of development, it is considered that all charges imposed upon the people, directly and indirectly, should be viewed broadly and sympathetically. The Committee is of opinion that the existing freight charges on the Federal Territory Railway are unfair and unjustifiable. It is strongly urged, therefore, that the through freight rates from Sydney to Canberra should be applied to the Federal Territory Railway.

Complaints were made in evidence with regard to the failure of the Commission to reply to correspondence. One notable case was that of Mr. Story, Superintendent of Building Constructions, South Australian Government Railways, who submitted important proposals to the Commission in relation to the construction of homes in Canberra. Mr. Story did not receive a reply for nearly eleven months. The lack of courtesy associated with this matter is viewed by the Committee with disfavour. The inaccessibility of certain senior officers of the Commission has also given rise to dissatisfaction. Incidents of this nature would, it is thought, be considerably minimized if a Special Inquiry Officer were appointed by the Commission. Such an appointment would, it is felt, ensure greater expedition in handling matters of detail and would be a convenience to the people having business relations with the Commission. Further, the time of senior officers of the Commission would, to some extent, be conserved.

The rates originally proposed by the Commission for fire insurance were 10s. per cent. for wooden cottages and 4s. per cent. for brick cottages. These charges, however, were subsequently reduced to 5s. per cent. and 2s. per cent., respectively, and covered destruction by fire only. The Committee is of opinion that the rates can, with justification, be still further reduced. The insurance scheme under the War Service Homes Commission covers fire, flood and tempest. The rates charged are 3s. per cent. (plus 1s. on each policy) for wooden cottages and 1s. per cent. (plus 1s. on each policy) for brick cottages. Notwithstanding these low rates, the Insurance Fund shows a credit balance of over £100,000. Having regard to the risk undertaken in Canberra, the view is held that the War Service Homes rates might reasonably and safely be adopted by the Federal Capital Commission.

While the necessity for strict building regulations in the Federal Capital Territory is fully appreciated, it is thought that any restrictions imposed should be limited as far as possible to considerations of hygiene and safety. To unduly interfere with the tastes of the individual is considered wrong in principle.

STORES BRANCH.

While it is recognized that the Stores Branch of the Commission served a useful purpose during the earlier stages of establishment, and particularly during the peak period of construction, when it was very necessary that supplies should be readily available, the Committee is of opinion that the time has now arrived when serious consideration should be given to the question as to whether the retention of this branch of the Commission's activities can be justified. An examination of the present position discloses that the operations of the Stores Branch have been seriously restricted owing to the curtailment of construction work in the Territory. As a consequence, large quantities of stores, valued at £114,000, are lying practically idle. Apart from this unfortunate aspect, the investigations of the Committee have revealed the fact that stocks of considerable value have been on hand for lengthy periods, and that supplies have been obtained considerably in excess of requirements, including large stocks of articles which could be procured at short notice.

Another factor to be considered is overhead charges. According to figures supplied by the Commission, the overhead charges for the nine months ended 31st March, 1928, amounted to about 8 per cent. of the purchases and issues. In arriving at the percentage stated, however, it should be explained that goods purchased for specific works, such as coal for the Power House and the Brickworks, are included in the total purchases. While goods of this class have to be checked and handled at the store before direct issue, it cannot be claimed that the overhead charges on such goods are nearly so great as on goods taken into store, where they are specially recorded and subject to periodical stocktaking, supervision and storage charges. As the goods purchased and issued direct form a large proportion of the total purchases, it is fair to assume that the overhead charges properly applicable to goods taken into store would be greater than 8 per cent.

Having carefully weighed all the circumstances connected with the Stores Branch, the Committee is of opinion that it would be economically unsound to retain the organization in its present form. Apart from the losses already indicated the lack of continuity of operations in the Territory renders the economical working of the Commission's Stores Branch very difficult, if not impossible. The Committee considers, therefore, that consideration should be given to the question

of re-organizing the Stores Branch with the object of placing it on a basis to meet the needs of maintenance work only. It is, of course, recognized that this result can only be achieved by a gradual process, owing to the large stocks on hand which would have to be disposed of.

In arriving at its conclusions on this matter the Committee has been influenced to some extent by the methods employed by other building organizations. The State Savings Bank of Victoria and the War Service Homes Commission have achieved very satisfactory results by requiring contractors to supply all materials, which are subjected to a very rigid examination before being passed.

An examination of the financial position of the Federal Capital shows that approximately £10,546,084 had been expended to 30th June, 1928. This amount was made up as follows:—

Initial liability taken over by the Federal Capital Commission with funded interest to 30th June, 1928	£ 3,717,621
Treasury advances, loans, &c.	5,342,141
	9,059,762
Expenditure from revenue of the Commission in the form of rates, rents, &c.	1,486,322
	10,546,084

According to figures supplied by the Federal Capital Commission, the transactions of the year 1928-29 will result in a deficiency of £328,774, which is made up thus:—

Administrative expenses	£ 130,500
Less amount to be recovered	87,098
	43,412
Maintenance	145,000
Interest and Sinking Fund	287,421
Estimated loss on trading activities, excluding indirect charges, interest and depreciation	30,000
Interest at 2½ per cent. per annum on £3,717,621 shown above	92,941
	598,774
Deduct estimated revenue for 1928-29	270,000
Estimated deficiency	328,774

The Committee has given very careful consideration to the position revealed by the figures above stated, and is convinced that the best method of dealing with the finances of the Territory is to definitely establish the principle that all expenditure of the Federal Capital Commission, other than capital expenditure, should be met from the revenues of the Commission or from the Consolidated Revenue Fund, or, if necessary, both. The revenue of the Commission from rents, rates, &c., has not, up to the present, been sufficient to meet ordinary administration and maintenance costs. The Commission has therefore been obliged to meet its interest bill from Treasury advances which ultimately become part of the loan liability of the Commission. In other words, the Commission is forced to capitalize its interest—a procedure which is open to criticism. If the present practice is to continue, the accumulating growth of the loan liability of the Commission occasioned by the capitalization of interest must result in an erroneous impression as to the amount of capital actually expended in the Territory; and as time goes on, the unsoundness of the principle of charging interest to Loan Fund will be accentuated.

The broad facts that have to be faced are:—

- The Federal Capital Territory has been established for the people of Australia;
- All costs and charges connected with the establishment and maintenance of the Capital City should be distributed amongst the people of Australia on an equitable basis;
- The citizens of Canberra should not be expected to pay more than a reasonable rate for the services provided for them;
- The finances of the Territory should be so adjusted as to insure closer control by Parliament, economy, and simplicity of operation;
- It will be impossible for many years to come for the Federal Capital Commission to raise sufficient revenue to meet its interest liability after meeting administration, maintenance and other charges. Steps should be taken, therefore, to relieve the Commission of a burden it cannot possibly carry.

In view of the importance of placing the finances of the Territory on a basis which will ensure that all expenditure, other than capital expenditure, shall be borne out of revenue, ~~and that all expenditure of a capital nature shall be met from loan fund~~ the Committee commends to the consideration of Parliament the following proposals:—

1. The Commonwealth to take over the loan indebtedness of the Federal Capital Commission and to assume all future liability in respect of loans raised for expenditure on the Federal Capital Territory;
2. The Commonwealth Government to raise loans for constructional works within the Territory;
3. The Commonwealth Government to pay all interest and sinking funds on loans raised for expenditure in the Federal Capital Territory;
4. The Federal Capital Commission, or other controlling authority, to furnish estimates of Receipts and Expenditure for submission to Parliament in the same manner as ordinary Departments;
5. The Federal Capital Commission, or other controlling authority, to carry on all works and services for the Government;
6. The Federal Capital Commission, or other controlling authority, to pay into the Consolidated Revenue Fund any excess of revenue over expenditure;
7. The Commonwealth Government to provide out of Consolidated Revenue Fund any sums that may be required in the earlier years of establishment to make up any deficiency in the revenue account of the Commission or other controlling authority.

Comments on the scheme proposed—

The assumption of the loan indebtedness of the Federal Capital Commission by the Commonwealth would relieve the former of a burden which it cannot possibly carry in full for very many years to come. Interest and Sinking Fund on the loan indebtedness would be regularly met by the Commonwealth out of the Consolidated Revenue Fund, thus ensuring an equitable distribution of the burden amongst the taxpayers of Australia. Parliament would have a closer control over the finances of the Territory, and the undesirable procedure of capitalizing interest would be discontinued.

While the Committee recognizes that the foregoing observations on the financial position of the Federal Capital Territory may to some extent be a little outside the scope of the present inquiry, it is felt that, as the general finances of the Commission have such an important bearing on expenditure on housing and building construction in the Territory, it is justified in taking a wide point of view.

After giving very careful thought to the question of writing down capital expended by the Commonwealth in the establishment of the Federal Capital, the Committee is convinced that the question is one which must be approached with considerable care before any definite determination can be arrived at.

It is an accepted principle that before capital can be written down it must be established that it is definitely lost, or, in other words, that it is unrepresented by available assets of a revenue-earning nature. Before arriving at a determination that capital is lost, careful consideration must be given to a number of important elements, including—

- (a) the nature of the assets;
- (b) the circumstances and conditions under which they were built or established;
- (c) the revenue-earning capacity of the assets;
- (d) the general economic conditions of the place in which the capital is expended.

The assets owned by the Commonwealth consist of land, buildings, roads, parks and gardens and essential services, such as water, sewerage and lighting. The acquisition of these assets is represented by the expenditure of Commonwealth funds spread over a ~~long~~ period of years, during which many influences, mostly uncontrollable, operated against economical construction and execution. The restriction of operations during the war, and the curtailment of operations for some time thereafter, resulted in certain costly works lying idle for a considerable time. When to the loss thus occasioned is added the heavy costs incurred to ensure the establishment of the Capital City within a specified time, it has to be admitted that the capital expended in the Federal Capital Territory must be greatly in excess of the value of the assets as they stand to-day. The extent of the loss of capital could only be ascertained by a searching investigation. If a strictly commercial attitude is to be adopted by the Federal Capital Commission, an investigation will have to be made, and writing down of capital will have to follow. The Committee is strongly of opinion, however, that the assets of the Commonwealth in the Territory should not be written down, but should be treated in the same manner as other assets acquired by the Commonwealth. If capital were written down, it is difficult to see any virtue in the process from the point of view of the taxpayer, who, after all, would have to bear the burden. Moreover, there are many obvious objections, apart from financial considerations, to the adoption of such a course.

Evidence tendered by the Chairman of the Federal Public Service Board of Commissioners disclosed that married officers compulsorily transferred to Canberra and renting a house in Canberra received an allowance of £39 per annum plus an amount equal to 20 per cent. of the annual rental paid. Married officers other than those compulsorily transferred to Canberra were paid allowances in accordance with the following scales:—

Salary.	Allowance per annum.
£400 and under	£15
£401 to £600	£24
£601 to £1,000	£30
£1,001 upward	£36

(b) Married officer who rents a house at Canberra:—
An amount equal to 20 per cent. of the annual rent paid.

For the purpose of the Regulation governing the allowance, rental was deemed to include house and ground rent, but not rates levied by the Federal Capital Commission for any purpose. The question of rates had not been taken into account by the Public Service Board in computing the allowances, for the reason that the present rating position was indefinite, no determination having yet been reached as to the water and sewerage rates to be levied by the Commission. It was thought probable, however, that as regards the majority of officers at Canberra—those compulsorily transferred—any difference in cost of rates between Melbourne and Canberra was already adequately covered by the cost of living allowance of £39 per annum, which was computed on a fairly liberal basis, and designed as far as practicable to equalize conditions as between Melbourne and Canberra. While the cost of living allowance for married officers compulsorily transferred was £39 per annum, the difference between the cost of living in Melbourne and that in Canberra would be met by an allowance of £17 per annum. The balance of £22 per annum was designed to cover expenditure apart from that on food and groceries. The Board naturally considered the cost of fuel and electricity and other miscellaneous items of expenditure in Canberra. In the absence of information as to water and sewerage rates it was difficult to say whether the existing allowance of £39 per annum would fully cover the difference in rating as between Melbourne and Canberra.

The allowance was, of course, subject to revision, and would be closely watched by the Public Service Board. In arriving at the difference of £17 referred to above, the following basis of calculation was adopted:—

	£
Basic wage of labourer	222 per annum.
Food, groceries and miscellaneous items. Proportion adopted by Statistician, 60 per cent.	133 "
Difference between cost of living at Canberra and Melbourne, 12.8 per cent.	17 "

Evidence submitted by Mr. Wickens, Commonwealth Statistician and Actuary, showed that the average rental paid by public servants in Canberra was from £2 2s. 6d. to £2 5s. per week, exclusive of rates. While no definite information was available as to rates, it was believed that they would be about 6s. to 7s. per week, which would make the average rental of a public servant in Canberra in the neighbourhood of £2 10s. per week. Taking the average rental at £2 5s. per week, exclusive of rates, the allowance of 20 per cent. represented £23 per year, which, added to the £39 living allowance, made a total of £62 per year. The items used by the Arbitration Court for the fixation of wages were food, groceries and rent. The present difference between Melbourne and Canberra in respect of these basic elements was 29 per cent. The application of this percentage to the basic wage of a labourer, viz., £222 per annum, worked out at £64, which was approximately the average allowance at present received by the married officer compulsorily transferred to Canberra. Consideration should not only be given to the cost of rental, but to the cost of housing. If rates were a charge on the tenant, they should be included in the cost of housing in addition to what was ordinarily called rent. In Melbourne the landlord paid the rates, which were no doubt added to the rent. As a basic matter, the average excess of Canberra prices above Melbourne prices over the last two years was about 14 per cent. That percentage might be taken as a reasonable basis for the near future. In the not very distant future prices would tend to be very nearly equal; but, meanwhile, the public servant had to pay existing prices. Assuming the average salary in the Public Service to be £321 per annum and the average rental when in Melbourne to have been £100 per annum, the amount of average salary available in Melbourne for purposes other than rent would be £221. If on this sum an allowance of 14 per cent. were made the amount of the allowance would be £31. As the allowance for rent was made separately on the basis of building costs it should clearly not be included also in the allowance for general expenditure. In these circumstances it appeared that the allowance of £39 was fully adequate in respect of any salary not exceeding £380.

Having carefully considered the evidence of the Chairman of the Public Service Board and that of the Commonwealth Statistician and Actuary in conjunction with the evidence tendered on housing costs, the Committee has come to the following conclusions:—

- That the rental allowance paid to Public Servants is fair and reasonable, the percentage of 20 per cent. allowed representing the difference in building costs as between Melbourne and Canberra;
- That the charge for ground rent of 5 per cent. on the unimproved value of the land is reasonable, provided that the land is truly valued (reference is made to this matter on page 5);
- That it is difficult to determine at present whether rates will be adequately covered by the cost of living allowance of £39 per annum, as no decision has yet been reached as to water and sewerage rates.

On the basis adopted by the Public Service Board, the cost of living allowance would work out thus:—

	£
Basic wage of labourer	222 per annum.
Proportion adopted by Statistician to cover food, groceries and other miscellaneous items—60 per cent.	133 "
Difference between cost of living in Canberra and Melbourne as advised by Statistician—14 per cent.	19 "
Actual allowance paid	30 "
Margin to cover expenditure apart from that on food and groceries	20 "

Adopting as a basis the average adult wage of a public servant the position works out as follows:—

	£
Average adult wage of public servant	321 per annum.
Sixty per cent. thereof to cover food and groceries	193 "
Fourteen per cent. to cover difference between Melbourne and Canberra costs	27 "
Actual allowance paid	39 "
Margin to cover expenditure apart from that on food and groceries	12 "

After a careful analysis of all aspects of the question it appears to the Committee that the present allowances for compulsorily transferred are fairly reasonable. In view, however, of the uncertainty as to the rating position, the Committee recommends that the whole position of allowances should be reviewed by the Public Service Board as soon as definite rates have been determined.

The loss of £133,355 on hotels and boarding houses has caused the Committee considerable concern. While it is recognized that loss is inevitable under existing conditions the Committee is of opinion that economy in management has been rendered impossible in the principal hotel owing to its extraordinary layout. In connexion with any future alterations or additions to the hotels, the Committee urges that careful consideration should be given to this very important aspect.

As the efficient management and control of the hotels and boarding houses of the Commission are matters of vital concern to the permanent residents and to visiting tourists the Committee is of opinion that careful attention should be given to all costs and charges connected with these establishments. During its investigations it was noticed by the Committee that valuable hotel stocks had been lying idle in the Stores Branch for a considerable time. In view of the urgent necessity of reducing the losses on the hotels, purchasing in excess of requirements should be carefully guarded against.

A report on Canberra hotels submitted by the Federal Capital Commission disclosed that the laundry charges in Canberra compared extremely unfavorably with the charges made elsewhere. The Committee hopes that steps will be taken to secure reductions in the charges for this service.

As a number of irregularities of procedure in relation to certain contracts entered into by the Federal Capital Commission have come to the notice of the Committee it is felt that steps should be taken at once to appoint a competent independent authority to investigate this phase of the Commission's activities. Particular contracts which the Committee have in mind are as follows:—

- Contract with W. H. Mason for 103 cottages;
- Contract with Messrs. Bruce, Eden and Griffiths for 100 cottages;
- Contract with J. T. Walker for the construction of paths and carways.

Reference to these contracts will be found on pages 5 and 10.

The Committee proposes to place certain information in the hands of the controlling Minister so that he may be in a position to deal with the situation.

In the interests of the public funds and of residents of, and visitors to, Canberra, the Committee is of opinion that no definite conclusions should be adopted affecting proposed licensing laws in Canberra while Parliament is not sitting; but that Parliament should have a full opportunity of adjudicating on this question before any proposals become law, even if it necessitates the employment of temporary measures for the transition period with which we are now faced.

The majority of the Committee deem it unnecessary at this stage to express an opinion on any alteration in the form of the administration existing in the Federal Capital Territory for two reasons. Firstly, it may, with some propriety, be deemed to be outside the scope of the present inquiry, and, secondly, it is not considered advisable to embark on this subject while relative legislation is being considered by Parliament.

WALTER KINGSMILL,

Chairman.

Office of the Joint Committee of Public Accounts,
Parliament House,
Canberra, 18th September, 1928.

Walter Kingsmill

OBSERVATIONS AND RECOMMENDATIONS OF THE MINORITY.

As the Committee has not made any recommendation regarding the future control of the Federal Capital Territory, we regard it our duty, not only as Members of the Committee, but as Members of Parliament responsible to the people of the Commonwealth for the proper expenditure and control of public funds, to disclose to Parliament the views we have formed concerning the administration of the affairs of the Territory.

By reason of our association with the Joint Committee of Public Accounts during its prolonged investigations into various phases of expenditure in the Territory, we are in a position to say without hesitation, that the administration of the Territory has been so unsatisfactory, particularly from the point of view of expenditure of public moneys, that the Government should, in our opinion, take immediate steps to terminate the existing Commission control. The official laxity disclosed in relation to certain contracts is a matter which merits the strongest condemnation, and we are definitely of opinion that a close investigation of contracts entered into by the Commission, and of certain important works controlled by the Commission, including Yarralumla House, will reveal the fact that the public funds have not, to say the least, been properly safeguarded. The necessity for such an investigation is emphasized by the fact that conflicting evidence and information have been received on certain matters, and that the Committee has been unable in the time available to pursue a minute examination of several works carried out by and for the Commission.

The present method of control is, in our opinion, unnecessarily costly and extravagant. Evidence is not wanting that men have been appointed to important and highly paid positions in the Commission's service for which they were not adequately equipped. We are of opinion that much more satisfactory results would be achieved if all appointments to the staff of the controlling body at Canberra were made by the Public Service Board, and that permanent members of the Commonwealth Public Service would, by reason of their special training, render more satisfactory and dependable service.

In view of the opinions above expressed, and of the fact that the main building operations in the Territory are now completed we recommend that immediate steps be taken to abolish the Federal Capital Commission and place the future control of construction work in the Territory under the Department of Works and Railways, experience having shown that Commission control has been a failure.

As to municipal and other services, we consider that efficient administration would be ensured if these activities were controlled by the Minister for Home and Territories with the assistance of an Advisory Committee on which the citizens of Canberra should be adequately represented.

E. C. RILEY,

P. J. MOLONEY,

A. A. HOARE

E. C. Riley
P. J. Moloney
A. A. Hoare

18th September, 1928.