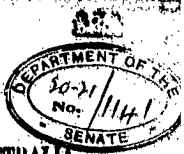


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**THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.**

Clerk of the Senate.

*6-7-21*

**PROGRESS REPORT**

**JOINT COMMITTEE OF PUBLIC ACCOUNTS**

**WAR SERVICE HOMES COMMISSION**

**(NEW SOUTH WALES).**

# PROGRESS REPORT.

## EXPLANATORY.

In consequence of the number of complaints concerning War Service Homes which had arisen throughout the Commonwealth, and which had frequently been referred to in both Houses of Parliament, the Joint Committee of Public Accounts undertook an investigation into the system of administration in operation in the War Service Homes Commission, and the methods employed by those intrusted with the carrying out of the scheme laid down by Parliament. The Committee also recognised the importance of seeing that the large amount of public money involved was being spent to the best advantage, and that the beneficiaries received all they were entitled to under the provisions of the Act. It was realized at an early stage that an investigation of the activities of the Commission throughout the whole of Australia would occupy some considerable time; the Committee, therefore, proposes to submit Progress Reports, confined as far as possible to matters having reference to particular States. In view of the special nature and urgency of many of the complaints from New South Wales, the Committee decided to direct its attention first of all to the condition of affairs in that State.

## INTRODUCTORY.

When introducing the Australian Soldiers' Repatriation Bill into the Senate in July, 1917, Senator E. D. Millen, Minister for Repatriation, intimated that the provisions of this measure were not to be regarded as the last words upon repatriation. He had then under consideration, amongst other proposals, a scheme for the provision of homes for returned soldiers and sailors and their dependants. The housing problem in the Commonwealth had become most acute, and the prospective early demobilization of the Australian Imperial Force rendered the establishment of a housing scheme imperative. To meet this situation the *War Service Homes Act 1918* was passed. It was proclaimed to come into operation on 6th March, 1919, and a Commissioner to administer the Act was appointed on the same day. The Act was amended in 1919, and again in 1920, when its scope was extended and its provisions made more liberal.

## DEPUTY COMMISSIONERS AND STATE STAFFS.

There appears to have been considerable difficulty in obtaining suitable Deputy Commissioners to take charge in the various States. Changes have been frequent. In New South Wales there have been three Deputy Commissioners and one Acting Deputy Commissioner since the first appointment was made. The present Deputy Commissioner, Mr. D. J. Hutcheings, commenced duty in New South Wales on 1st March, 1920. He was transferred to that State from Queensland where he had held the position of Deputy Commissioner from the inception of the scheme.

The Deputy Commissioner is responsible for the administration of the scheme in his State. By special instrument of delegation Deputy Commissioners can exercise the powers and functions of the Commissioner under certain specified sections of the Act and Regulations. Subject to a limitation of £2,000 in any one transaction, the Deputy Commissioners have power to make, sign, execute, and accept the following documents—

- (a) Contracts for the acquisition of lands, or lands and dwelling-houses.
- (b) Transfers and Conveyances to the Commissioner of lands, or lands and dwelling-houses.
- (c) Contracts for the erection of dwelling-houses, or for the supply of any article or articles or material or materials therefor.
- (d) Contracts for the sale of lands or lands and dwelling-houses.
- (e) Transfer and Conveyances of lands or lands and dwelling-houses sold under the Act.
- (f) Leases and Agreements for Leases of lands or lands and dwelling-houses.
- (g) Mortgages and other securities for advances of money under the Act.

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

(Third Committee.)

The Honorable JAMES MACKINNON FOWLER, M.P., Chairman,  
JAMES EDWARD FENTON, Esquire, M.P., Vice-Chairman.

### Senate.

- \* Senator THOMAS WILLIAM CRAWFORD
- \* Senator the Honorable JOHN EABLE
- † Senator ALAN McDONNELL
- ‡ Senator Lt.-Col. WILLIAM KINSEY BOLTON,  
C.B.E., V.D.
- ‡ Senator RICHARD BIZACOTT.
- ‡ Senator JOHN DUNLOP MILLEN.

### House of Representatives.

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

\* Resigned 29th July, 1920.—† Retired 30th June, 1920.—‡ Appointed 29th July, 1920.—§ Appointed 1st July, 1920.

The Deputy Commissioners can select their own staffs, and have the power to appoint or dismiss officers subject to confirmation by the Commissioner, but no new positions may be created or increments granted without the approval of the Commissioner. Under the Deputy Commissioner the principal officers are:—

The Chief Clerk, who is responsible to the Deputy for the administration of the office. He is Chairman of the Board of Control, which makes its recommendation on each application for submission to the Deputy Commissioner, and Chairman of the Tender Board.

The Accountant, who is in charge of the accounts work and the insurance scheme, and controls the stores. He is a member of the Board of Control and of the Tender Board.

The Legal Officer, who advises the Deputy generally on all matters of law appertaining to the work of the Commission in the State, and deals with titles, securities, and other legal documents. He is the third member of the Board of Control.

The Architect, who is responsible for the design of the houses, and for the supervision of the constructional work in the State. The latter responsibility has been placed on this officer only since the Committee commenced its investigations.

The Senior Inspector, who has charge of the Inspectors. He has to supervise construction and see that the plans and specifications are carried out correctly.

Where a considerable amount of work is carried on in the country, District Works Officers are appointed. In New South Wales such officers are stationed at Newcastle, Goulburn, Orange, and Tamworth.

In New South Wales a surveyor is now attached to the staff. Originally the survey work was carried out by the Commonwealth Surveyor-General's officers, but the arrangement did not operate very satisfactorily. The Surveyor's duties are to advise the Deputy on all matters relating to the purchase of land. He carries out the negotiations and is responsible for surveys and for the development of the land.

#### ARRANGEMENT WITH THE COMMONWEALTH BANK.

Besides carrying out the usual financial work, the Commonwealth Bank has taken part in the building operations in all States. It is necessary in this first Report on State activities to outline the negotiations which led to the Bank participating in the scheme, and the nature of the arrangement.

When the Repatriation Bill was before Parliament in July, 1917, Senator E. D. Millon discussed the housing of the returning soldiers on several occasions with the Governor of the Bank. On 18th January, 1918, in response to a request from the Comptroller of Repatriation, the Governor of the Bank intimated that he was prepared to carry out the financing of a scheme for assisting returned soldiers to secure homes.

Shortly afterwards the Governor left for England, and during his absence the Minister discussed the question with the Deputy Governor of the Bank. It was considered then that the Commonwealth Bank had not the organization available to undertake the work. Towards the end of 1918 the State Savings Banks of New South Wales and Victoria were approached by the Minister with a view to obtaining their co-operation and assistance in the carrying out of the scheme, provision for which had been made in section 50 of the War Service Homes Act. After numerous consultations agreements were eventually approved, and copies were sent by the Commonwealth Crown Solicitor to the solicitors of the State Savings Banks for completion, and for the approval of the Governor in Council in each State.

The proposal was at this stage when the Governor of the Commonwealth Bank, having returned to Australia, became aware of the position, and announced that he was prepared immediately to undertake the functions which it was proposed to intrust to the State Savings Banks, and which he had discussed with Senator Millon previously. The State Savings Banks were thereupon advised that the Government felt obliged to carry on operations through its own institution, and negotiations with the State Savings Banks lapsed.

A memorandum of arrangement between the War Service Homes Commissioner and the Governor of the Commonwealth Bank was then drawn up on the lines proposed for the State Savings Banks, with the exception that no Board meeting fees were charged to the scheme. The

agreement was signed on 27th June, 1910, and provided that the Commonwealth Bank, as agent for the Commissioner throughout the Commonwealth, should—

- (a) purchase vacant land;
- (b) purchase land and dwelling-houses;
- (c) erect dwelling-houses;
- (d) sell land and dwelling-houses;
- (e) grant leases of land or land and dwelling-houses;
- (f) advance moneys; and
- (g) effect insurances.

The Deputy Commissioner in each State reimbursed the capital expenditure of the Bank daily, and each half-year the administrative expenses incurred by the Bank were re-paid. The administrative expenses included the salaries of Bank officials dealing solely with War Service Homes matters. The Bank made no claim for the services of its general staff, nor were any fees charged for the inspection and valuation of houses purchased. It was understood that the Bank would build the isolated houses, whilst the Commissioner organized his supplies and proceeded with the erection of houses in groups.

It was also agreed that as the Commissioner intended to arrange for materials in large quantities, he would supply the Bank's contractors with their requirements. It was stated to the Committee by the Bank's representative that in no instance were these contractors supplied, nor was any assistance given by the Commissioner.

In order to carry out the work of erecting houses, the Governor of the Bank arranged for Messrs. J. and H. G. Kirkpatrick, who had been the architects to the Bank since its inception, to prepare the plans and specifications, and to supervise the building operations, on the basis of a commission of 1 per cent. for the plans and specifications and 2½ per cent. for supervision.

Messrs. Kirkpatrick established offices in each capital city, with staffs requisite to carry out the work. About 100 different plans and designs were prepared to suit the varying conditions of the States. Within the financial limit of the scheme the plans were modified wherever necessary to meet the wishes of the applicants, and this occurred in about 90 per cent. of the cases. The houses were erected by contract, and the work supervised by Messrs. Kirkpatrick's officers until completed. Mr. H. G. Kirkpatrick stated in evidence that every house had to be reported upon at least twice a week, but that in many instances three or four inspections per week were made. When the Commonwealth Bank was advised that a house was completed, the applicant was invited to express his satisfaction with his house. If he declined Mr. H. G. Kirkpatrick himself personally inquired into the matter, and the final certificate was not issued by him until the applicant was satisfied. Each contract had a maintenance clause under which the contractor was bound to maintain the house for a period of three months free of charge to the applicant. In the case of country houses, Messrs. Kirkpatrick appointed a local architect to supervise the work and shared the commission for supervision with him.

Criticism has been directed against the rate of commission being paid by the Bank to the architects. It was maintained by one witness that the charge was excessive and unjustified. As against this, the President of the Royal Victorian Institute of Architects stated in evidence that the council of his Institute, after acquainting themselves with the nature of the work which had to be carried out under the agreement, were of opinion that if the work had been satisfactorily performed it was not overpaid.

The arrangement was in operation until April, 1920, when it was terminated by the Commissioner, and a new agreement entered into, dated 30th April, 1920, whereby the operations of the Bank were limited to—

- (a) selling land and dwelling houses;
- (b) collecting moneys;
- (c) effecting insurances.

Work has been carried on under this arrangement which, however, has not received the approval of the Governor-General in Council.

#### PROCEDURE WITH APPLICATIONS.

On receipt of an application by a Deputy Commissioner, the first action was to ascertain by reference to the Defence Department whether the applicant was an eligible person within the meaning of the War Service Homes Act. Whilst the original arrangement with the Commonwealth Bank was in operation, all applications were then forwarded by the Deputy Commissioner, with

a certificate of eligibility, to the Bank for further action. Generally speaking, the applications came under one of the following headings:—

- (a) To erect a dwelling-house on land owned by applicant.
- (b) To purchase land and erect a dwelling-house thereon.
- (c) To purchase a dwelling-house together with the land on which it is erected.
- (d) To complete a partially-erected dwelling-house owned by the applicant.
- (e) To enlarge a dwelling-house owned by the applicant.
- (f) To discharge any mortgage, charge, or encumbrance already existing on an applicant's property.
- (g) To acquire land and erect a home thereon.
- (h) To acquire land and build a house for sale under rent purchase system.
- (i) To acquire land and house for sale under rent purchase system.
- (j) To purchase or erect a hospital, sanatorium, or nursing home.

It was laid down that applications should be dealt with, as far as practicable, in the following order of priority:—

- (a) The widow of a soldier, munition worker, or war worker (preference being given according to the number of children).
- (b) Widowed mother of deceased unmarried soldier, munition worker, or war worker; or mother of a deceased unmarried soldier, munition worker, or war worker where her husband is so incapacitated as to be unable to contribute materially to her support.
- (c) Married soldier, munition worker, or war worker, or a widow with children.
- (d) Soldier, munition worker, or war worker, with dependants for whom it is necessary to maintain a home.
- (e) Soldier, munition worker, or war worker about to be married.
- (f) Nurses applying for a hospital, sanatorium, or nursing home.

Under sub-sections (c), (d), and (e), eligible persons who had lost a limb, or who were maimed as the result of active service, were given priority.

Applications in respect of "group" houses were to be held by the Commonwealth Bank until notification was received from the Deputy Commissioner that houses were available, when the Bank would proceed to allot them. As a matter of fact, in only two States had the Deputy Commissioners any houses ready for allotment by the Bank before the arrangement was terminated, when all applications were returned to the Deputies.

#### ACQUISITION OF LAND.

The Act gives the Commissioner extensive powers in connexion with the acquisition of land required for War Service Homes purposes. Where the expenditure exceeds the sum of £5,000, however, the proposal has to be submitted for the approval of the Minister. As already stated, Deputy Commissioners were empowered to enter into contracts for the purchase of land where the sum involved was less than £2,000.

A Director of Lands is attached to the Commission. This officer is the responsible head at Central Administration for land acquisition, surveys, designing of lay-out schemes, and the development of areas when purchased. The services of the Commonwealth Surveyor-General are also available of by the Commissioner in handling land purchases.

Briefly, the procedure followed by the Commissioner in acquiring land is as follows:—

The Deputy Commissioner, after visiting areas brought under notice by his lands officer, reports to the Commissioner together with the reports and valuation of the Surveyor-General's local officer, and where necessary with valuations by sworn valuers. In cases where heavy expenditure is involved the Director of Lands inspects the areas himself. After approval has been given to the purchase, the papers are referred to the Surveyor-General for completion. In New South Wales the purchases of land up to 30th April, 1921, for the purposes of the Commissioner, totalled 833 acres 2 roods 29 perches, for which £243,853 was paid; 295 individual allotments were also bought at a cost of £27,456.

In October, 1919, the Commissioner appointed Mr. W. J. Earle, who was then Deputy Commissioner for Tasmania, as "Supervising Engineer on the Central Administration staff," and instructed him to proceed to New South Wales, where he was directed "to carry out a vigorous building policy, as New South Wales will require 3,400 dwelling-houses to be erected before the end of the financial year." He was to:

- (1) purchase sufficient land for the erection of 5,000 houses;
- (2) immediately commence a vigorous building policy;
- (3) report upon the organization and administration of the New South Wales office.

#### NEWCASTLE.

Following upon this officer's activities in New South Wales, serious complaints were made regarding certain lands purchased in the Newcastle district. The Public Accounts Committee received several communications urging inquiry, and as soon as practicable took the matter up. Inspections were made of various areas acquired in that district. The complaints dealt particularly with the unavailability of some of the land for residential purposes. It was also alleged that excessive prices had been paid.

The following statement gives certain particulars regarding the areas acquired for War Service Homes purposes in the Newcastle district, with the exception of individual allotments purchased for applicants:—

Name of Estate.	Situated at.	Vendor.	Area.	Price.	No. of Lots.	Average Price per Lot.	Date of Purchase.	Date of Commencement of Building.	No. of Houses Incomplete.	No. of Houses Occupied.	No. of Homes Occupied.
Heale's King's cross.	Warralah Adamstown	J. H. Roe Long, H. H. and others	6 1/2 3/4 8,500	15 0 30 2,750	94	£ 26 0 0	17 11 10	4 4 0	41	4	1
Mercer's	Adamstown	Mercer's	8 0 3/4 4,000	49	81 10 0	17 11 10	18 5 20	10	5	4	
Mayfield	Mayfield	Australian Agricultural Coy.	7 0 20 2,700	40	67 10 0	17 11 10	19 2 20	17	3	3	
Plant's	Mayfield	Australian Agricultural Coy.	107 8 0 30,471	500	83 0 0	11 19 10					
Municipal War Service	Warralah	John Burke, Jun. and Coyper	16 1 30 6,208	80	65 0 0	7 10 20					
Colony Street	Mayfield	W. C. Graham	7 0 3 2,750	25	70 0 0	16 9 20					

It will be seen from this return that around Newcastle alone there are large areas of land which have so far lain idle in the Commissioner's hands. The total purchase price of areas upon which not a single building has yet been commenced exceeds £38,000.

**Roe's Estate** was found to be a flat, low-lying area, subject to flooding after heavy rain. Notwithstanding its convenient situation, this land had remained unused for building purposes until the time of purchase by the Commissioner—an obvious indication, in a rapidly expanding city like Newcastle, that it was not regarded locally as desirable building land. This estate was first brought under the notice of the Commissioner in a report submitted by Mr. W. J. Earle, dated 17th November, 1919, who wrote: "The land is excellent for building purposes, being level and well drained. . . . The lots have a healthy situation, being high, and in a popular residential area." Mr. Earle recommended acquisition at a price not exceeding £8,100. This report was indorsed "I concur" by Mr. J. T. H. Goodwin, the Commonwealth Surveyor-General, and was recommended and forwarded for consideration and approval of the Minister "by Lt. Col. J. Walker, then Commissioner for War Service Homes. The purchase was approved by the Minister (Senator E. D. Millon). The land was thereupon acquired, subject to the usual Crown grant reservations only. No rights to mine thereunder were reserved to the vendors or their predecessors in title. An area of approximately half an acre was, however, subject to be mined under, but so that the surface of the land and any erections thereon should not be in any way interfered with, or entered upon, or disturbed in the searching for or obtaining minerals. Prior to the sale to the Commissioner, the land had been subdivided into allotments and the roads made. Mr. James Roe, representing the vendors, informed the Committee that, with the exception of an adjoining seven blocks of land, the area included in the transaction had been purchased twelve months previously for £1,850, and that at this time of the sale the land had cost about £2,000, including survey fees, commission, and other charges. He considered that when the land was drained it would be quite suitable for building purposes. He had sold a considerable quantity of land in that locality, and even where roads had not been made, had received higher prices than those paid by the Commissioner.

The Commonwealth Surveyor-General explained to the Committee that he regarded the approval of the plan of subdivision by the local municipal council as sufficient evidence of the suitability of the land for residential purposes. He had been informed by Mr. Earle that there was a demand by returned soldiers for homes in this particular locality, and as he did not consider that an excessive price was being paid, he concurred in the recommendation to purchase. He

submitted to the Committee a plan showing a natural fall to the land, and claimed that it was possible to drain it satisfactorily. The local municipal engineer, in reporting to his Council on the work proposed to be carried out to deal with storm water in this locality, wrote: "When those works are accomplished, the drainage of the streets will be sufficiently provided for, but I am not so hopeful concerning the drainage of the allotments; but every effort will be made to so grade the water tables to permit, as far as possible, of the individual owners draining their allotments into this water table without having to incur great expense in filling in their land." The Municipal Engineer is at present conferring with the District Works Officer of the War Service Homes Commission on this question of the drainage.

The Town Clerk of Waratah, while admitting that other residences have been erected in the immediate locality, said that the Commonwealth had absolutely the worst land, and that it was, in his opinion, suitable only for industrial purposes.

The land has been divided into 94 lots, and 65 houses were in course of construction at the time of the Committee's visit. Four houses have since been completed, one of which is occupied. It is only fair to the present Deputy Commissioner to point out that this land was purchased and building operations begun before he assumed office in New South Wales. He considered that the question of suitability of the site had been definitely decided before the erection of houses commenced, and as the sum of £15,000 had already been expended, he accepted the situation, and directed his attention to the possibility of successfully draining the land. He was of opinion that the area could be made sanitary and healthy by proper drainage.

In December, 1919, the Chief Inspector of Works paid a visit to this area, and reported as follows:—

"This land should never have been built on, for when I visited the group on the 10th instant there were 9 inches of water on the whole of this land, and I could not get nearer than 100 feet."

**King's-road Estate**, Adamstown, is a flat low-lying area, but the water does not lodge on this land to the same extent as on Roe's Estate. Before the property was purchased by the War Service Homes Commission, the subdivisional plan had been approved by the local Council, and the easements required had been obtained. The Surveyor-General states that the land can be satisfactorily drained.

In November, 1919, the Surveyor-General recommended the purchase of the property at 30s. per foot, and, after receiving the Commissioner's approval, the contract of sale was prepared providing for the purchase of an unencumbered estate in fee simple. A search by the Deputy Crown Solicitor, Sydney, however, disclosed that the Caledonian Coal Company Limited had the right to mine under the land. Endeavours were made to negotiate with the Company for a depth of 150 feet below the surface, but without success. This land was acquired under the Lands Acquisition Act, and upon the publication of the notification of acquisition in the *Gazette*, the Company's rights were converted into a claim for compensation, and the Caledonian Collieries Limited, to which the Caledonian Coal Company Limited had transferred its interests, has lodged a claim for £10,000. Notwithstanding the fact that the Surveyor-General advised the Deputy Commissioner and the Deputy Crown Solicitor for New South Wales that the contract for sale did not appear to carry the conditions it purported to do, the purchase money was paid over. The claim for compensation has not yet been settled. The estate is divided into 98 lots; 36 houses are in course of erection. Twenty houses have been completed, and are occupied.

**Merowether Estate** is comparatively high land. The area was inspected by Mr. Earle, and then by the Surveyor-General, and its purchase at 35s. per foot recommended. Owing to the solicitors for the estate declining to sign the required contract of sale, or to consent to the land being acquired to a depth not exceeding 150 feet, negotiations lapsed. They were resumed later by the Deputy Commissioner for New South Wales, and, although actual acquisition has not yet taken place, the agreement provides for reservation to the vendors of mining rights up to 50 feet of the surface. Twenty-four houses were in course of construction on this estate at the time of the Committee's visit. Five houses have since been completed, four of which are occupied.

**Mayfield Estate** is high land and well situated, but is about three-quarters of a mile from the nearest tramway or railway station. In this case the acquisition includes the surface of the land and 150 feet below. Three houses have been completed on this area, and are occupied; seventeen others are in course of erection.

**Platt's Estate** comprises an area of 107 acres, situated just beyond the Mayfield Estate, extending from the Maitland-road and sloping rather abruptly in places to the Hunter River. This land was first reported upon by Mr. Earle, and the negotiations related to the purchase of a larger area than that eventually acquired. The Commonwealth Surveyor-General examined the site and rejected 40 acres, which he considered too rough for War Service Homes purposes. He eventually secured the area of 107 acres at what he considered a reasonable price; and the land was acquired subject to Crown Grant reservations only. Owing to the configuration of the area, opinions differ as to the percentage of land on this estate suitable for War Service Homes purposes. The Director of Lands stated that probably only half of the area would be suitable, whilst the Deputy Commissioner estimated the building land available at approximately 60 per cent. A plan of subdivision submitted to the Committee by the Surveyor-General showed only about 8 acres of land as unfit for subdivision, and that, after allowing for roads, parks, &c., 64 per cent. would be available for allotments. Although an area might be quite suitable for ordinary residential purposes, excessive cost of foundations or other considerations may render its use impossible for the erection of war service homes where the expenditure on each house is definitely limited.

Negotiations are at present in progress with the Abattoirs Board for the exchange of a portion of this estate for an area on the southern side of the Maitland-road. Platt's Estate has not yet been developed, and no buildings have been commenced.

**Maud, Vera, and Crobert streets.** The areas situated in these streets were acquired towards the end of 1920 by the present Deputy Commissioner, and appear to be much more suitable than the earlier purchases. In the case of Maud and Vera street lands, the right to mine underneath exists, but the Crobert-street area is not subject to this condition. The Maud and Crobert-street properties were personally inspected by the Director of Lands. The Town Clerk of Waratah, in referring to the Maud and Vera-street purchases, described them as "exceptionally fine."

Evidence was adduced that the Town Clerk at Lambton had submitted to the Deputy Commissioner a considerable number of blocks of land, which it was considered might have been made available for war service homes. The District Works Officer at Newcastle inspected the areas, and reported that much of the land was not suitable; and that although portions were suitable, it would be difficult to combine the allotments under the group system for building purposes. At that time the Deputy Commissioner was under instructions to restrict land purchases owing to financial considerations, and no further action was taken.

#### CESSNOCK.

Objection was taken by the local branch of the Returned Soldiers' League to the acquisition of the land near Cessnock, known as Ryder's Estate, firstly, owing to the price paid; secondly, on account of its location, the land being situated on the opposite side of the town from the collieries where the bulk of the men are employed; thirdly, because the applicants did not favour the group system, and considered each person should be permitted to select the block on which he desired to live.

It was stated that the original intention was to erect 120 houses on this estate, and to provide frontages of 41 ft. 9 in., but after the League protested, the area of each block was considerably increased.

#### ERECTION OF HOUSES.

The Deputy Commissioner commenced house-building operations on the group system in anticipation of requirements. For this work day labour was generally employed, although some contracts were let. When individual houses were undertaken, contracts were almost invariably entered into; whilst day labour was employed to finish uncompleted contracts handed over to the Deputy Commissioner by the Bank.

Mr. G. S. Keesing, Honorary Architect to the New South Wales branch of the Returned Sailors' and Soldiers' Imperial League of Australia, who appeared before the Committee to voice a number of complaints regarding construction, stated that he had found the houses built since the present Deputy Commissioner took charge in New South Wales to be of excellent construction; but the houses erected earlier were defective in many particulars, and great difficulty was being experienced by occupants in having these remedied.

#### COMMITTEE'S INSPECTIONS.

The Committee visited many houses erected in and around Sydney, Newcastle, Cessnock, and Goulburn. The houses inspected comprised those built by the Deputy Commissioner under the day labour system and by contract, and by the Commonwealth Bank by contract under the supervision of Messrs. J. and H. G. Kirkpatrick.

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### HUNTER'S HILL.

Amongst the homes inspected were two cottages erected in Pittwater-road, Hunter's Hill, by the Commonwealth Bank. Although supposed to have been completed last October, these houses have not been occupied, as the Hunter's Hill Council, although it approved of the site, will not grant permission for their occupation until the contractor enters into a bond to keep the houses in repair for a period of two years.

The complaints regarding these houses were—the departure from the specifications in respect to the foundations, the general finish of the houses, the use of a considerable quantity of secondhand timber in parts of the buildings where its use was detrimental, and their situation—the verandah of one house being only a few feet from an open drain.

When the condition of these houses was brought under the notice of the War Service Homes Commissioner, he directed that the houses should not be taken over until they had been certified to by one of his officers as being sound assets.

The Bank's architects recently inspected the properties, and being satisfied with them, issued their final certificate, but the Senior Inspector of the War Service Homes Commission has since reported that he was unable to recommend the Commissioner to take them over. The Deputy Commissioner states, however, that there are eligible persons, fully aware of the position of these houses, desirous of purchasing them.

### CESSNOCK.

The Committee visited a number of wooden houses around Cessnock, about which serious complaints had been made. Mr. G. S. Keesing presented on behalf of the occupants a comprehensive report concerning the buildings, and this was supplemented by further evidence obtained locally.

The materials and workmanship throughout were of poor quality. The timber appeared to be very inferior. It contained many shakes and flaws, and was badly infested with borers. A local merchant, who supplied the bulk of the timber, stated in evidence that acting on orders he received from the contractor, about 50 per cent. of the timber was not first class.

These houses were commenced under a contract entered into by the late Deputy Commissioner for New South Wales with a local builder, Mr. J. Lawson, to erect twenty wooden houses at prices ranging from £422 10s. to £562 10s. The tender was accepted before plans and specifications were prepared. When these documents were forwarded to the contractor, he complained that they contained items which he had not allowed for in his tender, but stated that he was quite prepared to carry out his work in accordance with instructions. Permission was given him to sublet portions of the work. The supervision of the work came under the District Works Officer stationed at Newcastle, who had under him an Inspector in charge of all country work in the district.

Shortly after his appointment the present Deputy Commissioner visited Cessnock, and on inspecting the houses found that the material and workmanship were not up to requirements. He instructed the District Works Officer to insist on a higher standard. Further visits were paid by the Deputy Commissioner, and the Chief Inspector of Works also inspected the houses, but it was found impossible to obtain satisfactory work and material from the contractor. On 29th January, 1921, the District Works Officer was informed by the Deputy Commissioner that the contract had been cancelled, and he was instructed to immediately take over the work and proceed to complete it in accordance with the plans and specifications. The sum of £2,800 was in hand for that purpose. At the time of the Committee's visit this work was being executed. The officers of the War Service Homes Commission who were responsible for the lax supervision of the work are not now in the employ of the Commission. The District Works Officer at Newcastle has resigned, and the Inspector's services have been dispensed with. None of the occupants of these houses is paying any rent, or making any payments whatever to the Commissioner.

Complaints in respect of two houses built by the Commonwealth Bank in this district were also brought under notice. The supervision was in the hands of Mr. Pender, an architect in Maitland, who acted on behalf of Messrs. J. and H. G. Kirkpatrick.

The Committee visited one house in Caledonia-street which the applicant had refused to take over. No fence had been supplied, and the gates were lying in the washhouse. The paint could be rubbed off the verandah posts with the hand. The inside timber was badly infested with borers. Since the Committee's visit Mr. Kirkpatrick stated he had given instructions for the house to be repainted and the infested timber removed. The papers in respect of this house have now been handed to the Deputy Commissioner, who has inquired from the applicant whether he will consent to the cancellation of the contract of sale.

The occupant of the second house, situated in James-street, complained that inferior and unseasoned timber had been used in the construction of his home. He stated that the carter's dockets for the first five loads of timber delivered for his house clearly indicated that second-class timber was supplied. The local architect, to whom he gave the dockets, condemned the timber and advised its removal, but very little had been taken away, and the balance was used in the house.

### GOULBURN.

In consequence of complaints from the occupants of War Service Homes in Goulburn, received through the Returned Sailors and Soldiers' Imperial League of Australia, the Committee visited that town and inspected the houses erected and in course of erection there.

#### *Houses Erected by the Commonwealth Bank.*

The gravest complaints related to houses being erected under the Commonwealth Bank arrangement, by a contractor who controlled one of the local brickworks, and whose son had been appointed by Messrs. J. and H. G. Kirkpatrick as their architect in Goulburn.

With the exception of one house in John-street, all the homes complained of are in one group in Sloane-street, South Goulburn, conveniently situated to the railway works, where most of the applicants are employed. These houses, 23 in number, are built at the foot of a steep hill, and until proper provision is made to carry off the storm water, the land will be subject to flooding during heavy rain. The houses are all brick structures with iron roofs. The complaints may be stated generally as poor material, bad workmanship, gross departure from the specifications, and excessive time taken to complete.

Members of the Committee inspected these houses. It was quite obvious that the workmanship and materials throughout the whole of the houses from foundations to roofs, and even in the fences and outhouses, were of the poorest description. The bricks used throughout were of a most inferior quality, being of a soft crumbling nature, and often of irregular shape. The occupants stated that the walls remained damp for days after heavy rain owing to the porous nature of the bricks. Roofing iron of 20 gauge had been nailed on, instead of 24 gauge screwed on as specified, and the flashings around the chimneys were of iron, although sheet lead was specified. Serious departure from the specifications in roof timbers and other carpentry work, both as to quality and size of timber, was noted. The joinery and glazing were rough and untrade-manlike.

The Committee observed in many houses prominent cracks in the plaster over doors and windows, and in one of the unfinished cottages where the plasterers had not quite reached the tops of the doors and windows the arches specified to be over such openings had been omitted. The contractor who was present, on being challenged, stated that was the first house in which this had been done, the occupant being anxious to obtain early possession. The listeners received the explanation somewhat doubtfully.

In order to fortify itself with an independent professional opinion concerning these cottages, the Committee arranged that Mr. G. J. Oakeshott, Works Director for New South Wales, should make an inspection of these cottages, and inform the Committee of the result. His report more than substantiates the complaints, and is attached hereto as an appendix.

Concerning the extremely doubtful procedure of employing a son as architect to supervise his father's work as contractor, Mr. Kirkpatrick explained that on his visiting Goulburn in connexion with War Service Homes he met Mr. Vincent Cody, who was then Secretary and Architect to the Goulburn Sub-Branch of the Returned Sailors and Soldiers' Imperial League of Australia, and appointed him his local representative, thinking that his interest in the scheme as a returned soldier would be of advantage. When tenders were called, the lowest contractor was Mr. J. Cody, the father of the architect, who, it was ascertained, had done some good work in the district, and was a man of financial standing. After consultation with the Governor of the Commonwealth Bank, it was considered that, in view of the son's association with the returned soldiers, the father would take additional interest in the contract.

The contracts for the houses in Sloane-street were entered into on 6th November, 1919, whilst the contract for the house in John-street was signed about 16th February, 1920. None of these houses is yet completed in accordance with the specifications. In addition to the annoyance and inconvenience caused to applicants by such a delay, financial considerations are involved, as the capital cost of the home includes the interest on progress payments. In the present cases the contracts have dragged out over eighteen months, and interest is debited against the applicant, who is in no way responsible for the delay.

On 30th April last the Acting War Service Homes Commissioner directed the attention of the Governor of the Commonwealth Bank to these houses, and on 17th May, after inspection, the contractor was given notice by Messrs. J. and H. G. Kirkpatrick that unless the work was completed within seven days from that date, the contract would be taken out of his hands and completed at his risk and expense. On 31st May action was taken accordingly, and Messrs Kirkpatrick put the work in the hands of another builder who took a staff of workmen from Sydney. The amount of the contracts totalled £15,966 18s., of which £12,827 17s. 8d. had been paid to the contractor, leaving a balance in hand of £3,139 0s. 4d.

Although the final certificate has not been issued for any of the houses, many of them are occupied, permission to enter having been granted either by the contractor or by the local architect. In one house visited the occupant was not a returned soldier, and the house had been let to him by the contractor.

#### Houses Erected by the War Service Homes Commission.

The houses erected in Kinghorne-street by the War Service Homes Commission by day labour were, generally speaking, satisfactory. Such complaints as were made about these houses related principally to defective joinery in a few instances, and to the absence of proper drainage. The houses are outside the sewerage area, and the open drains provided carry the water only a few feet from the houses. The Deputy Commissioner admitted that the local joinery was unsatisfactory, and had given orders to remedy the defects in regard to this and the other matters complained of.

The Committee also inspected groups of houses in course of erection in Kadwell-street and Charles street by day labour, and an individual house in Marsden-street being built by contract; in every instance the work appeared to be progressing satisfactorily.

#### CURTAINMENT OF ACTIVITIES.

Following upon communications that the financing of the scheme was not proceeding according to the original intention, the Committee obtained evidence from the Deputy Commissioner for New South Wales that until December, 1920, no advice had been received by him as to the amount of money available to meet War Service Homes expenditure in his State. He explained that each month he advised Central Administration of his requirements, and the amount necessary was made available. But on 6th December, 1920, he was informed that he would receive £900,000, and perhaps an additional £100,000, to carry on to the end of the financial year. At the same time he was instructed that the purchase of existing properties was to cease. The Deputy Commissioner found his actual commitments at that date amounted to £700,000. The building programme was not to be restricted, but the announcement that no further purchase of already erected houses would be sanctioned raised an outcry, and the Minister appointed a tribunal to report upon the matters arising out of the decision.

On 4th February, 1921, the Deputy Commissioner was advised that no further contracts were to be let, and that no more day-labour work was to be commenced. Since that date, therefore, the operations of the Commission have been greatly restricted, and only urgent claims such as wages and progress payments have been met.

#### OPERATIONS IN NEW SOUTH WALES.

The following table shows the position of the activities of the War Service Homes Scheme in New South Wales as at 31st May, 1921. The figures for the Commission and the Commonwealth Bank are set out separately:—

	Applications approved.		Number of houses.					Assisted to Complete.	Existing houses purchased.		Mortgages discharged.	
	No.	Amount.	Completed.		Under Construction.		No.		Amount.	No.	Amount.	
			Allotted.	Unallotted.	Allotted.	Unallotted.						
Commission	3,832	£ 2,019,304	000	252	165	547	1	1,022	£ 1,240,265	248	£ 144,790	
Commonwealth Bank	2,890	1,703,701	024	...	33	...	34	1,897	1,093,440	302	156,074	
Total	6,722	4,520,005	1,224	252	198	547	35	3,919	2,333,711	550	300,872	

#### FINDINGS AND RECOMMENDATIONS.

In the earlier stages of the War Service Homes scheme in New South Wales the purchase of land proceeded with undue haste and rashness. The sending of a special representative from head-quarters to act independently of the State officers in buying considerable areas was a mistake. As soon as the intention was known the price of land was much appreciated. Very poor judgment was also shown by the official in question in carrying out his work. Disinterested local advice and experience, always highly necessary and valuable in such matters, does not appear to have been sought.

Around Newcastle it is not easy to obtain land for building purposes which is not subject to mining rights underneath, but no land should have been acquired which carried the right to mine near the surface. In those cases where it is uncertain whether all the coal has yet been extracted, steps should be taken to obviate any operations which would imperil the houses. Any expense incurred in this direction should not be a charge against the householders.

Roe's Estate should not have been acquired. The report by Mr. W. J. Earle endorsed by the Commonwealth Surveyor-General was incorrect and misleading. A special effort should be made to effectively drain the area, and the cost of this should not be charged to the soldiers.

King's Road Estate should not have been bought. It is low lying, and not enough care was taken regarding the encumbrances. A claim for £10,000 compensation for the deprivation of alleged mining rights under this land has been lodged. Drainage deficiencies should be made good.

Mayfield, Platt's, Maud-street, Vera-street, and Crebert-street Estates are outlying areas, and are handicapped by being some distance from existing train and tram facilities. Unless there is some improvement in this regard, building should not be proceeded with ahead of actual requirements. This caution should be observed particularly in regard to Platt's Estate, the furthest out of them all.

The areas at Cessnock were badly selected to meet the convenience of the men employed at the collieries. The material and workmanship of the houses were very inferior. The contractor did not carry out his contract honestly, and the supervising officers were negligent and weak in dealing with him. Special efforts are being made by the Deputy Commissioner to bring these houses up to the specifications. The cost of this should not be charged against the householders. In view of doubt having been cast on the value of these houses even after improvements have been effected, a special survey should be made, and if the value is considered less than the amount originally contracted for, then the applicants' obligation should be reduced accordingly. These observations apply also to two houses built in this town under the Commonwealth Bank scheme by the same contractor, complaints concerning which were made to the Committee.

The Commonwealth Bank and its architects have on the whole carried out their undertaking satisfactorily in New South Wales, but the dividing up of the building activities between two organizations operating alongside one another had its drawbacks. The head of the Commission, though apparently favorable at the outset to the proposal, subsequently adopted a hostile attitude, and considerable friction was developed. One reason, and a very urgent one, for the Commonwealth Bank entering into this work was that its architects were in a position to commence building operations some time before the Commission had arrived at that stage of its development. A defect in the agreement between the Bank and the War Service Homes Commission is that no responsibility in connexion with the work is carried by the Bank or its architects.

The homes erected at Goulburn under the Commonwealth Bank have been deliberately and wilfully scamped by the contractor, with the connivance of the local supervising architect, his son. The direct supervision from Messrs. Kirkpatrick's head office appears to have been defective. Mr. H. G. Kirkpatrick, who inspected the houses in company with members of the Committee, has taken the work out of the contractor's hands and has sent a staff from Sydney to make good the defects. It is recommended that when this has been done the applicants be given the option of taking over their homes at the contract price.

A common cause of complaint in regard to houses erected by the Commissioner under the day-labour system was the length of time taken to ascertain what is termed the "capital cost." A definite sum is stated in the first instance, but to that is added at a later date such sum as may represent the final capital cost to the Commissioner of the dwelling house and land. Payment of any additional cost which has to be met by the applicant should be on the basis provided in the Act. At present such extra sum must be paid on demand. In some instances it would appear

that this addition is considerable, but the delay in assessing it and the uncertainty as to the ultimate liability of the applicant are the chief causes of complaint. The Commissioner should at once arrange his costing system to enable all charges to be ascertained and debited as soon as possible after the house has been handed over to the applicant.

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

*J. M. Fowler*  
 J. M. FOWLER,  
 Chairman.

Melbourne,  
 6th July, 1921.

## APPENDIX.

Department of Works and Railways,  
 Sydney, 20th May, 1921.

Memorandum to

The Chairman, Commonwealth Parliamentary Committee of Public Accounts,  
 Melbourne.

I have had handed to me by you a typewritten copy of letters from the owners of certain cottages being built at Goulburn for returned soldiers through the Commonwealth Bank, with a request to report upon these letters and upon the cottages generally.

The complaints raised by the men are, in the main, justifiable, for the cottages are not in any respect a credit to the builder, and certainly are not in accordance with the specification and plans handed to me.

Generally, the brickwork is very poor. The brick used is a red sand stock of very poor quality; in fact, in places, the aris can be rubbed off by the thumb. The quality of the brickwork is noticeably worse in the later unfinished cottages. The walls are not always plumb, and, as the bricks are uneven in size, the mortar joints are very varied, and often very coarse. The interior walls of the unfinished cottages are especially bad, and should not be tolerated even in a farm outhouse.

It is difficult to criticise the internal walls of the more finished cottages, as they are now plastered over, but the cracks and general craziness of the plaster, and the hollow sound given out when tapped, show defects in the brickwork behind, and certainly in the foundations. I tested these in several places by exposing the foundations, and found that in the external walls they consisted of two courses of brickwork in poor lime mortar, with an offset of about 2 inches, and below this was a 6-in. bed of concrete, with an offset of another 2 inches, making a total offset of 4 inches.

The specification demands that the concrete shall be 12 inches thick, with an offset of 4 inches more than the bottom course of footings, and the brick foundations are specified for external walls to be two courses of 18-in. work and two courses of 14-in. work, all in cement. As the external walls are 11-in. hollow brickwork, the offset of brickwork on each side should be 3½ inches, and with that of the concrete, viz., 4 inches, the total offset should be 7½ inches on each side.

The above applies to the external walls which I was able to test, and it is a fair inference to deduce that the internal walls differ as badly from the specifications.

The dampcourse, as far as I could ascertain, has been inserted, but is certainly not 3-ply in thickness as specified. What I saw seemed to be 1-ply.

As regards the roof, the variations from the specification in my possession are very marked. 24-gauge corrugated iron is specified, but only 26-gauge is used, and the iron is fixed by means of spring-head nails instead of galvanized crows and lead washers; flashings round chimney stacks are in sheet iron instead of 3-lb. sheet lead, and no flashings are fixed where verandah roofs abut against brick walls, although similar lead is specified.

In the carpenter's trade the scantlings of timbers are not as specified, e.g.:-

Purlins—Carried out, 2½ inches x 2 inches; specified, 5 inches x 2 inches.

Collar Ties—Carried out, 3-in. x 1-in. battens; specified, 4 inches x 2 inches.

Ridges—Carried out, 6 inches x 1 inch; specified, 7 inches x 1½ inch.

Verandah Posts—Carried out, 4½ inches x 4½ inches; specified, 5 inches x 5 inches.

Verandah Plates—Carried out, 6 inches x 2½ inches; specified, 8 inches x 2½ inches.

Floor Bearers—Carried out, 4 inches x 2 inches; specified, 4 inches x 3 inches.

The spacing of floor joists and roof rafters is specified as 18 inches from centre to centre, but in execution the spacing is 2 feet apart or more.

The timber, generally, is specified to be of the best quality, whereas old timber of inferior quality has frequently been used, showing bolt holes, splintered arisies, &c. Old packing-case wood has been used in the roof for the fastening of the ceilings. Cedar is not used for plugs in brickwork as specified. The floor boards are second quality, and often full of knots, and, in many instances, 6-in. instead of 4-in. as specified; and the junctions with cement thresholds, &c., are roughly finished. Short lengths have been used in cornices, &c., showing an excessive quantity of joints. The floors and ceilings are not finished in a workmanlike manner, both being out of level, the ceilings especially having a wavy and untrue surface.

The joinery work is rough and untradesmanlike, and often not according to specification.

The box frames are deficient in scantlings, e.g. the sashes are 1½ inch thick instead of 1½ inch, and are very roughly made; the sash bars are quite evidently out of square. The squares of glass often do not fit the rebate, and the putty is badly put in, and, not having been painted or sprigged, is loose, and in many cases the glass has actually fallen out.

Where projecting casement windows occur, they are put together so badly that daylight can be seen through joints in the joinery. Doors are roughly made, and have already shrunk badly, and are panelled cracked. They require adjusting and overhauling to make them open and close properly.

Door-jamb linings are not rebated as specified, but have batten nailed on to form rebate.

Mitreing (a great test for joinery) is throughout more or less faulty.

Borers are evident in many of the window frames and linings.

Flourish falls are omitted in some of the roofis.

The sewer communications are not yet carried out, although in some cases the owners are in possession, and in very few cases are water connexions made, so that baths, showers, lavatory basins, wash-tubs, coppers, and sinks cannot yet be used. From the water piping already fixed it does not appear that showers will be fixed to the baths, although same are specified.

The coppers are specified to be 14 gallons, but in only one case has this been done—Mr. Lewis' cottage. In all other cases the coppers are 10 gallons.



The dado in bathroom is specified to be 6 feet in height, in cement rendering. In Mr. Lewis' cottage it is 5 feet high, and in all the Moore-street cottages it is only 4 ft. 6 in. high.

Mr. Loyall complains of his front verandah wall not being according to specification. I understand that the contract plan of his cottage shows a half-shaped projection between the verandah posts. This has not been built, but in its place two wood rails—the top rail being fixed only 1 ft. 10 in. from the floor of verandah, which is 4 ft. 10 in. from the garden level below. This is unsafe, and should be rectified.

As regards the fencing, gates, &c., the difference between what is specified and what is carried out is so marked that perhaps some revised design has been agreed upon by the architect. But the front fence and the side fences returning as far as the cottage fronts are absolutely too frail, and will last no time. For instance, on side fence posts 3 1/2 inches x 2 1/2 inches are fixed 15 feet apart, and connected with two rails 3 1/2 inches x 1 1/2 inch, to which are nailed short battens set about 2 inches apart. The total height of fence is about 3 ft. 6 in.

The above report is to a great extent in general terms, and is as detailed as was possible in the time at my disposal, but each cottage was seen by me and several examined in close detail.

Generally it is thought that a certain allowance should be made for country work, where it is nearly impossible to obtain the same standard of finish that would be expected in the metropolis; but there can be no excuse for the great deviations from the specification, the faulty materials, and slovenly workmanship that exist in these cottages.

It is considered that the letters, of which copies were sent to me, are more than justified.

(Sgd.)

GEO. J. OAKESHOTT,

Works Director for N.S.W.