

1920-21.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

THIRD PROGRESS REPORT

FROM THE

MEMBERS OF THE COMMONWEALTH PARLIAMENTS JOINT COMMITTEE  
OF PUBLIC ACCOUNTS

UPON THE

WAR SERVICE HOMES COMMISSION  
(WESTERN AUSTRALIA).

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THIRD PROGRESS REPORT

MEMBERS OF THE COMMONWEALTH PARLIAMENTARY JOINT COMMITTEE OF PUBLIC ACCOUNTS.

(Third Committee.)

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

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

Senate.

- \* Senator THOMAS WILLIAM CRAWFORD.
- \* Senator the Honorable JOHN EARLE.
- † Senator ALLAN MCDUGALL.
- ‡ Senator Lt.-Col. WILLIAM KINSEY BOLTON,  
C.B.E., V.D.
- ‡ Senator RICHARD BUZACOTT.
- ‡ Senator JOHN DUNLOP MILLEN.

House of Representatives.

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

\* Resigned 28th July, 1920.—† Retired 30th June, 1920.—‡ Appointed 29th July, 1920.—§ Appointed 1st July, 1920.

(WESTERN AUSTRALIA)

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## THIRD PROGRESS REPORT.

### INTRODUCTORY.

Carrying on its investigation of the War Service Homes Scheme, the Joint Committee of Public Accounts took advantage of the recent short recess to visit the States of Western Australia and Queensland. Kalgoorlie was reached on 13th August, 1921, and a short stay was made there to enable members of the Goldfields Soldiers' Institute to lay their views before the Committee. Thence the Committee proceeded to Perth. It was not found necessary to hold sittings of the Committee at any other centres. The Chairman and Secretary returned eastward by water from Albany, at which place, and also at Katanning, on the Great Southern Railway, informal inquiries were made regarding the scheme.

It was found before leaving for Western Australia that Mr. Edward Smith, who had held the position of Deputy Commissioner in Western Australia from 15th September, 1920, until July of the present year, was now occupying a similar position in Victoria. This witness was therefore examined in Melbourne. In Perth the Committee examined the principal officers of the Commission, and inspected the local office, store depôt, and joinery factory. Evidence was given by the State Secretary of the Returned Sailors' and Soldiers' Imperial League of Australia, and others who had information or suggestions to offer regarding the working of the scheme in the West, and by a number of applicants for homes who considered they had legitimate grievances against the Commission.

### ACQUISITION OF LAND.

In Perth and suburbs land to the extent of 252 acres has been purchased, and in the country 30 acres, making a total of 282 acres. The amount paid for this land was £63,698. The bulk of the land has been bought in single allotments, most of the eligible suburban areas around Perth having been subdivided for building purposes long before the War Service Homes scheme was brought into existence. As a fairly brisk trade was being done in these allotments among the general public, the market values were well known. It was asserted in some quarters that unduly high prices had been paid by the Commission. In some instances this was brought about by the applicants themselves. They asked the Commission to acquire certain blocks for them, and after the purchase was made declined to proceed any further. The Deputy Commissioner admitted that for some of the blocks obtained in this way high prices had been paid, but later the practice was stopped. On the whole of the land transactions the average price paid worked out at less than £13 per block. No definite statement of bad buying reached the Committee, except as mentioned above, and no complaint of this nature has been made by any War Services Homes applicant. The Committee also made its own independent investigations, and came to the conclusion that, so far as Western Australia is concerned, the land purchases of the local representatives of the Commission were carried out creditably and to advantage. It is true that a considerable quantity of the land purchased is still lying unused. This is due to the instructions issued from headquarters which caused the buying of land far ahead of building operations, and then to the sudden and unexpected cessation of work when the money for the scheme was temporarily exhausted. But the bulk of the unused allotments in the possession of the Commission would probably, if judiciously placed on the market, be sold, if not at a profit, at least without loss.

### BUILDING OPERATIONS.

There was in Western Australia a very great rush of applications for War Service Homes at the commencement of the scheme. The Deputy Commissioner declared that the office was choked with applications it could not handle, that something like three thousand applications were received, and that the Commission could not hope to satisfy more than half that number within a reasonable time.

In the early days both labour and materials were scarce. The great majority of the homes were built of brick, only a few in the country being of weatherboard. Bricks were not procurable in sufficient quantities. The supplies of cement were also short. Timber, which was invariably jarrah, and the usual fittings—doors, window frames, &c.—were procurable at a price. After a time a purchase was made of a large quantity of timber which had been used for sheds in connexion

with the Wheat Pool scheme. It was claimed to be well seasoned, and a start was made with a joinery shop where this timber was worked up into house fittings, at what was said to be a saving of 25 per cent. on the prices previously charged to the Commission. Several depôts were formed at what were regarded as convenient centres for concentrating and distributing stores. For administrative reasons, these were subsequently reduced to one central establishment.

At the outset building operations were carried out under the contract system, but after a time the Commission had considerable difficulty in getting contractors to undertake the work. Several contractors lost heavily on their jobs owing to unexpected rises in prices of materials and labour. Mr. Charles Arnott, the contractor for the new General Post Office, Perth, who built twenty-one homes for the Commonwealth Bank portion of the scheme, stated in evidence that he lost over £200 on each of them.

The day labour system was inaugurated at the instance of the Central Administration. Deputy Commissioner Smith stated that the cheapest and best houses were being built by day labour. Generally speaking, both in regard to contract and day labour, materials and workmanship were very satisfactory. There were no very serious complaints in these regards.

The designs for the houses, issued from headquarters, were not popular in Western Australia. They did not provide enough verandah space. The "broken" outlines of walls and roofs added considerably to the cost. Plans were made by the local officers of the Commission which were estimated to save a considerable amount in construction, and yet give the same accommodation as those for which they were substituted.

The Committee found in several localities quantities of materials, such as sandbricks and stone, lying on allotments intended for War Service Homes, and which had been there for some time. It was explained that these materials had been delivered on the sites, as per contract, at a greater rate than the building capacity of the scheme, and the sudden stoppage of the operations had left them unused so far. The Deputy Commissioner considered it was better to leave them there pending instructions to resume building operations, than to incur the heavy expense of carting them to the depôt.

#### COMMONWEALTH BANK.

In December, 1918, the Acting Prime Minister drew the attention of the Premier of Western Australia to the proposed War Service Homes scheme, and suggested the possibility of utilizing the State organization for carrying out the work. In March, 1919, the Minister for Repatriation (Senator E. D. Millen) visited Western Australia and discussed the matter with the State authorities. A draft agreement was drawn up, but before it was finally approved the Commonwealth Bank undertook to carry out work in Western Australia for the War Service Homes Commission under terms and conditions similar to those arranged for the other States. Operations were commenced in Western Australia in October, 1919, and by March of the following year 341 applications had been received, and contracts had been signed for 229 of them. Later, under instructions from the Commissioner, a considerable number of applications was withdrawn by the Deputy from the Bank. As several contracts in connexion with the applications had already been signed this caused friction with the contractors. Some of the contractors who had taken a number of contracts refused, when certain of these were cancelled, to proceed with the balance. The Bank had the same difficulty as the Commissioner in the matter of supplies. Their contractors were often unable to get either bricks or timber. In one order for bricks, the manufacturers would not undertake to deliver in less than a year.

The work done by the Commonwealth Bank was on the whole very satisfactory. In some cases the applicants had been in a position to put money of their own into the project, and the result was manifest in homes of a very fine character.

#### INDIVIDUAL COMPLAINTS.

No War Service Homes have been erected on the Western Australian goldfields, it having been decided by the Commission that there were sufficient houses already available at reasonable prices. The average price of the houses bought in Kalgoorlie was less than £200. The most expensive house purchased there cost £400.

The chief complaint was regarding the time occupied in getting the business through for the applicants, a delay of six or nine months having occurred in several instances.

Strong exception was taken by the President of the Soldiers' Institute, Kalgoorlie, to the refusal of the benefits of the War Service Homes scheme to soldiers drawing the maximum pension. This witness stated that a former Deputy Commissioner had intimated at a Soldiers' Conference held at Perth in December last that this was the position. Two invalid soldiers supported this evidence. One of them stated that the Commission had refused to finance three houses for which in succession he had applied. For over two years he had been trying to get a home, and each application had been turned down. He was in ill-health as a result of his war service, and was of opinion that his application had been rejected because he had been discharged from the A.I.F. as "permanently unfit." The other witness, a sufferer from chronic pleurisy and bronchitis, said he had been told by an official of the local Repatriation Committee that it was not worth while putting in an application because it would not be considered.

It was also complained by the President of the Soldiers' Institute, Kalgoorlie, that single men applying for a home were asked to give an undertaking that they would be married within a certain time. The witness pointed out that sometimes men remained single to shoulder family responsibilities. He stated his own position by way of illustration. He had a mother, two brothers, and two sisters to support; it had been his intention to apply for a home, and he considered it very unfair that he was disqualified.

Another witness complained that he had been threatened with ejection, within a week, from his home on account of having fallen behind with his payments. He had explained by letter the facts of his case to the War Service Homes authorities in Perth. He had had a run of bad luck. First of all there was a strike; after that he was ill. He lost six months' work between the two. Soon after resuming work another strike occurred; through that he lost six weeks' employment. His wife had been ill also. He had paid instalments regularly for twelve months, but was now four months behind. He had paid two instalments since getting back to work. The Committee thought this case so hard, and the treatment of the man so harsh, that special inquiries were made about it in Perth. It was explained that when a soldier is one month in arrears, letter "E" is sent to him. In two months letter "F" is sent; in three months letter "G"; and twenty-one days after that final notice is given of seven days' grace before ejection. This man had not replied to these letters. It was obvious to the Committee, when he was under examination, that having written and done his best in his own way to explain his position, he did not apprehend the cumulative gravity of the correspondence he had ignored. However, on the suggestion of the Committee, action against him was being "deferred pending further instructions."

In Perth the State Secretary of the Western Australian Branch of the Returned Sailors' and Soldiers' Imperial League of Australia suggested that greater discretionary power should be given to the State Deputy. Urgent matters were delayed for months through having to be referred to Melbourne. He recommended that the State Repatriation Committee should be constituted a Board of Advice to assist the Deputy in matters of administration.

Complaint was made that houses were frequently costing more than the figure quoted to the applicants; also, that interest was being charged from the commencement of operations, though these had been held up in some cases for two years after a part of the materials for the house had been deposited on the allotment.

The witness also complained that soldiers in selling their houses, as permitted in certain cases, got nothing for improvements they themselves had made on the property.

The Instructor to the Vocational Trainees' Bricklaying Class, Department of Repatriation, asked that four trainees should be employed on War Service Homes to every four ordinary workmen, viz.: one joiner, one bricklayer, and two labourers. All the trainees to be paid the journeyman's full rate of wages, the Repatriation Department to take the work at a schedule rate, and pay the Commission the difference between the wage paid and the value of the services rendered. Under the present system the trainees are paid only sustenance money, at the rate of about £2 per week for single men, and £3 for married men. The proposed change would give the trainees an opportunity of becoming more efficient, but under existing conditions they were heavily handicapped in reaching efficiency. The scheme had been put before the Union and accepted.

A witness, holding a position in the State railway service, related an unfortunate experience to the Committee. In June, 1919, he applied for a home, and his application was approved. The building of the house was handed over to the Commonwealth Bank, which included it in a number undertaken by a contractor. After building a certain number of houses, and finding he was losing rather heavily, partly as a result of the withdrawal of houses from his contract, the contractor declined to proceed, and now claims that he was released from the contract by the architect for

the Commonwealth Bank. Appealing to the Commissioner to be provided with a home as stipulated, the witness, after some trouble, was informed that as it was the bank officials who had got him into the muddle, it was their business to get him out. The Commissioner declined to take action on his behalf. The witness had waited two years, and had paid survey fees, &c., of £3 3s. and also a first instalment of £1 on the house that has not been built. He had also recently received a demand for rates and arrears totalling £9 8s. 7d. for the block on which his house should have been erected. He had paid £100 in rent since first applying for a home, and he regarded this amount as a dead loss.

The witness quoted his son's experience as somewhat similar, except that after two years efforts he had got a house which the original applicant had forfeited. He was, however, charged £850 for it, though he was of opinion that it was no better than, and in some respects inferior, to, the house he had expected to have erected for him at a cost of £700.

A few complaints were made to the Committee regarding defective materials and construction, but none were of a serious nature. The Acting Deputy Commissioner expressed his readiness to deal with these matters in a fair and equitable way, though pointing out also that the limit of time during which builders were responsible for defects was three months, and that this was much exceeded in some of the cases brought under the notice of the Committee.

The Committee found also, though no evidence was tendered, that complaints had been made by local authorities about defective drainage arrangements in some localities. The Acting Deputy Commissioner said that he did not see the necessity or advantage, where the soil was sandy and absorbent, of sinking a pit in each allotment, as suggested, for drainage purposes, in localities which the sewerage system had not reached.

#### COST OF HOUSES.

Many of the houses in Western Australia had exceeded not only the amount stated to the applicant, but also the maximum allowed by the Act.

In the earlier stages of the operations the costing of houses had been carried out in a most haphazard and careless way. It was admitted by responsible witnesses that material had been taken from one job to another without any record being made of the transfer, and that labour costs had been excessive. Materials obviously used in the erection of a house had been omitted altogether from the construction cards. In the case of a brick house, for example, no bricks had been charged up. Both labour and materials had been entered up almost at random. Construction often proceeded without proper care being taken to keep the cost down to the figure specified to the applicant.

When Mr. E. Smith took up the position of Deputy Commissioner in September, 1920, he found that many of the houses which had exceeded the statutory limit were not worth, on the market, what they had cost; whilst others appeared to be worth more than the cost shown in the office records. He thereupon obtained the approval of Central Administration to sell the houses at a valuation to eligible persons, and where the sum of £800 was exceeded, the excess was to be capitalized. This valuation was carried out by the Architect and Senior Inspector and checked by the Deputy Commissioner himself, who had had 20 years' experience in the building trade in Western Australia and was also a qualified public accountant. In some cases the valuation thus arrived at was less than the cost and in others it was more, but it was maintained that in every instance the valuation was fair, and that all houses were well worth the revised amount charged to the applicants.

A schedule submitted to the Committee by the Acting Deputy Commissioner in Western Australia showed that 91 houses had been sold at prices exceeding the capital cost by various amounts—from £1 up to over £200—totalling in the aggregate approximately £2,500; whilst 96 houses had been sold at prices from £1 up to nearly £300 less than the capital cost—the total so written off being more than £6,000.

In May, 1921, the Deputy Commissioner submitted to Central Administration the question of the disposal of the amounts which had been added to the cost as shown on the construction cards, but no reply was received until the end of October. It was then decided to place these amounts to the credit of the applicants. Mr. Smith was of opinion that, as certain losses were unavoidable in connexion with a scheme of this magnitude, a contingency fund should be created by adding 1 per cent. to the cost of all houses built in the future. He contended that the applicants who received cheap houses under good administration and supervision should be prepared to contribute to a fund which would assist a man who had been unfortunate in having his house erected under less favorable conditions.

## PRESENT POSITION.

The later stages of the work of the administration of the War Service Homes scheme in Western Australia appear to have been satisfactory. Ability has been shown in meeting and overcoming the confusion and incapacity which characterized the earlier operations.

## OPERATIONS IN WESTERN AUSTRALIA.

The following table shows the position of the activities of the War Service Homes scheme in Western Australia, as at 30th September, 1921. The figures for the Commission and the Commonwealth Bank are set out separately :—

|                   | Applications Approved. |           | Number of Houses. |             |                     |             |                       | Existing Houses Purchased. |           | Mortgages Discharged. |          |
|-------------------|------------------------|-----------|-------------------|-------------|---------------------|-------------|-----------------------|----------------------------|-----------|-----------------------|----------|
|                   |                        |           | Completed.        |             | Under Construction. |             | Assisted to Complete. | No.                        | Amount.   | No.                   | Amount.  |
|                   | No.                    | Amount.   | Allotted.         | Unallotted. | Allotted.           | Unallotted. |                       |                            |           |                       |          |
| Commission ..     | 895                    | £ 567,413 | 346               | 16          | 5                   | Nil         | 3                     | 486                        | £ 271,397 | 77                    | £ 30,166 |
| Commonwealth Bank | 724                    | 377,302   | 159               | Nil         | Nil                 | Nil         | 34                    | 505                        | 248,123   | 26                    | 16,744   |
| Total ..          | 1,619                  | 944,715   | 505               | 16          | 5                   | Nil         | 37                    | 991                        | 519,520   | 103                   | 46,910   |

## RECOMMENDATIONS.

The Committee considers it unfortunate that returned men, such as those met with at Kalgoorlie, should have been misled concerning the benefits to which they were entitled under the War Service Homes Act. Parliament has expressly provided that War Service Homes should be made available for incapacitated men and for single men with dependants, yet evidently, through lack of co-operation between the War Service Homes authorities and the Repatriation Committee, the men met with so much discouragement that they refrained from making formal application to be provided with homes.

It appears to the Committee that Deputy Commissioners might with advantage be vested with greater discretionary power to deal sympathetically with those cases of genuine hardship where an occupant of a war service home, through causes entirely beyond his control, such as unemployment, or illness, falls into arrears. More pains should be taken to deal with each case on its merits, rather than by the automatic issuing of threatening notices at stated intervals culminating perhaps in an ejection order. Parliament recognised that cases of hardship would arise, and special provision was made in section 45 of the Act for the extension of the period of repayment. The low percentage of arrears is an indication that the great majority of the occupants fully recognise their responsibilities.

Immediate steps should be taken to clearly define the position of the uncompleted contracts for the erection of war service homes entered into by the Commonwealth Bank. In two instances, at least, the land was purchased two years ago in anticipation of immediate building operations. The applicants have therefore had to pay, in addition to the survey fees, and the first instalment of a house not yet commenced, interest and rates on the land, as well as rent whilst waiting for their war service homes. This condition of affairs should be ended at once by placing in the proper quarter the responsibility for the immediate construction of these houses.

It seems to the Committee a reasonable claim that a man should not be prevented, in the event of his being compelled to move to another locality, from obtaining the benefit of any profit from the sale of his house. It is necessary to prevent trafficking in these homes, but, in approved cases where a sale has been justified, it does not appear equitable that a man should be deprived of the additional value which may have accrued to the property.

Bad administration, defective supervision, and unreliable costing records, particularly in the earlier stages of the Commission's operations in Western Australia, were responsible not only for many houses costing far more than their actual worth, but also for houses being shown on the costing cards at much less than their real value. In fact, one responsible witness, with experience in Western Australia and Victoria, stated emphatically that he "would not swear to the cost of a single war service home." It is not equitable that the soldier should have to pay for these blunders, but it is only just and business-like that he should pay a fair and reasonable price for the home provided for him. A valuation, as at the time of the erection of the house, should therefore be obtained from an impartial source, and the valuation thus arrived at should be the amount the soldier should be called upon to pay.

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

As only a small proportion of the total number of applications for houses has yet been met, it is highly advisable that the work should be recommenced and carried out, with as much expedition as possible, particularly in view of the long period of waiting which many of the applicants have already experienced.

Melbourne, 4th November, 1921.

J. M. FOWLER,  
Chairman.