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(For Papers having special reference to either House, see Vol. I. of Senate or of House of Representatives, as the case may be.)

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ROYAL COMMISSION ON POSTAL SERVICES.

MINUTES OF EVIDENCE.

PARLIAMENT HOUSE, MELBOURNE,
WEDNESDAY, 15TH JULY, 1908.

Members present:

Mr. J. HUME COOK, Chairman;

Senator de Largie,
Senator Mulcahy,
Dr. Salmon,

Mr. Storrer,
Mr. Webster,
Mr. Wilks.

Robert Townley Scott, Secretary of the Postmaster-General's Department, sworn and examined.

1. *By the Chairman.*—What is your official position in the Postal Department?—Secretary to the Postmaster-General's Department.

2. Were you the first occupant of that office?—Yes.

3. Then upon you devolved the duty of organizing and initiating what may be called the Federal system?—Yes.

4. Would you kindly describe the main outlines of your scheme?—The scheme adopted was that recommended by the Conference of Permanent Heads of the six States Departments in 1900-1, as set forth in pages 5 and 6 of their report and referred to at length on pages 15, 16, 17, and 18 of the general statement prepared by me, at the request of the Chairman, for the Commission.

5. Have the broad principles of that scheme suffered any material alteration since you first laid them out?—No, except that the powers recommended by the Conference to be delegated to the Deputy Postmasters-General have been largely increased and extended.

6. Assuming that you had to begin over again, would you follow the same course, or do you now affirm the necessity of a new plan of working?—Under the circumstances and conditions I would follow the same course.

7. You know the subject matter into which the Commission is to make inquiry, and you are prepared, I understand, to make a general statement covering the whole case?—Yes.

8. You will be prepared to answer questions bearing upon the matters dealt with at the close of your remarks?—Yes.

9. Will you make the statement now?—Yes.

MANAGEMENT.

This is a matter of great and vital importance to the whole Commonwealth, and one that needs to be viewed from many aspects—one that must necessarily lead to diverse opinions, interested and otherwise. I must confess that, notwithstanding considerable experience, and some study of the subject, not confined to local circumstances or recent developments, I have long since come to the conclusion that, although there are obvious remedies for the troubles that have only come to the surface of late, there is only one real and complete solution for the deeper seated and more important difficulties which are very apparent to the close observer. That, I think, is the removal of the Department from political control, and placing it under the management of Commissioners, as in the case of the State Railways.

In the legislation necessary for this purpose, the rights of the officers and the privileges of the public could, of course, be adequately secured, without impairing the legitimate control and effective supervision of the governing body, by whatever name it might be called.

In suggesting so complete and radical a change of management, it is necessary that good and valid reasons therefor should be given, and some of those that occur to me are as follow:—

1. It may be said of this Department, as was said of the Victorian Railways when it was proposed to place them under the control of Commissioners, that while it was all very well while the Post Office was comparatively small, and confined to one State, that it should be managed by a Minister, now that it has grown into a gigantic system, the work imposed upon the Minister is far more than his functions enable him to perform. In words almost identical, Mr. Gillies referred to the Victorian Railways when the revenue derived from them was under two millions, and the expenditure about one million. With how much greater force can such language be applied to a service covering the whole Commonwealth, and with a rapidly expanding revenue which has now reached to nearly three and a half millions per annum, and an equal or even greater expenditure?

2. Another difficulty arising from Ministerial management is the continual change of Ministers. During the brief existence of the Commonwealth—a little more than seven years—this Department has had seven Ministerial heads. Referring to this matter in connexion with the Railways, and when moving the first reading of the Bill for removing them from immediate political control, Mr. Gillies said:—

"The very circumstances of a Minister's position, and the difficulties he is surrounded by, make it impossible for him properly to discharge the functions of his office. A member of Parliament may hold the position of Minister for six, twelve, or eighteen months, and just as he is beginning to learn something of the business, probably some political complications arise, and he has to give place to some one else. The new man takes office, and suddenly finds himself thrown into the midst of a gigantic business of which he has had no previous experience. He is expected to deal with a large variety of difficult and important questions, involving an expenditure of ultimately tens of thousands of pounds, although he has had no training for the work."

It would be interesting and instructive to quote at even greater length from remarks which, although made *apropos* of the Victorian Railways, might, with still greater force, have been made in relation to the Post-office.

It is, however, sufficient to say that all the arguments used on that occasion, and which appealed so powerfully to the Victorian Parliament, might, with even greater force, be applied to this Department.

3. It cannot, I think, be denied that freedom from political interference would be of great advantage to the Department as a large business concern, and one not necessary for the purposes of government.

It would obviously be improper for me, occupying for a time the position of permanent head of a political Department, to allude at length to this aspect of the question. I may, perhaps, be permitted to say that the speech of Mr. Gillies already referred to, so far as it relates to this view of political interference in what is essentially, as the Railways, a business, and not in the same sense as others, a political Department of the Government, is worthy of attention.

Another great advantage that would accrue from the removal from political control would be a diminution, if not an entire cessation, of the agitation in Parliament on behalf of the officers of the Department which has lately been so apparent, an agitation, that, if continued, must be subversive of proper discipline, and in every way detrimental to the best interests of both the officers and the Department.

Whatever excuse there has been in Great Britain for the incessant agitation which has been in existence there for so many years, there is much less here, and what justification there may have been of late, owing to a want of money to afford adequate relief to a comparatively few officers who have had to work longer and probably harder than has been usual, but not so hard nor so long as many employed outside the Public Service, does not in my opinion justify an appeal to political influence.

I do not purpose to pursue this matter at any great length, but quote from a recently published work by Hugo Meyer (which should be read by every one interested in post office management), entitled *The British State Telegraphs. A study of the problem of a large body of Civil Servants in a Democracy*, a speech in the House of Commons by Mr. Austen Chamberlain, as Chancellor of the Exchequer, with respect to the agitation in Parliament on behalf of the Post-office servants. He said:—

"The question at issue was not one between the two political parties. It was above parties. It was whether there was to be good economical government in the country at all, or whether the Civil Servants in the employment of the Crown could make such use of their votes, as citizens, for the purely selfish purpose of forcing the public to pay more for their services, and so increase the expenditure of a great Department of the State. He did not know how long they could go on in the position they had now reached, under which pressure was brought on honorable members of all parties by their constituents. He was certain that if any scheme could be devised . . . so that they might take this question altogether out of the region of political life—and not merely out of party life, but out of parliamentary life—it would be a great advantage. It would tend to preserve the Civil Service free from that political influence and independent from the changing fortunes of party which had been their great boast and security in the past."

5. In connexion with the question of management, much has been said as to decentralization in the Department and the benefits to be derived from it, but there can be no approach to even reasonable decentralization while the Department is subject to political control.

Decentralization necessarily involves a division of responsibility, but in the region of politics where can the responsibility of the political head be said to end, and that of the permanent head or chief officer in the State begin? In other words, what act can be performed by any principal official that shall not, under a political system, be subject to question, revision, or cancellation by the Minister acting under political influence or pressure?

The greatest force acting against the full exercise of delegated powers by the chief officers in the States is the influence exercised in Melbourne by members of the Commonwealth Parliament. I do not say or insinuate that improper influence is used, but it is much more easy in practice to obtain concessions from a Minister who holds office by the suffrages of members of Parliament than from those who could disregard politics, and deal with the matter in its business aspect.

The fact cannot be overlooked that in the political life of the Commonwealth, almost the only Department that has anything to give is that of the Postmaster-General, while in the States there is a much greater scope for the activities of members in the interests of their constituents, hence the attention that is now always concentrated upon this Department.

Under a political method of management, there is a constant desire to bring every matter, however small, under the immediate and personal notice of the Minister, and, in many cases, to compel him to personally reply to communications on official subjects that are certainly not of any great public importance. While such a feeling exists in influential quarters, there can be little real decentralization. This feeling is not confined to Australia; it exists also in Great Britain, and has the same effect, as shown by a speech made by Mr. Austen Chamberlain when representing the Postmaster-General in the House of Commons. He said, referring to the Post Office:—

"In a great administration like this, there must be decentralization, and how difficult it is to decentralize, either in the Post Office or the Army, when working under constant examination by question and answer in this House, no honorable member who has not had experience of official life can easily realize. But there must be decentralization, because every petty little matter cannot be dealt with by the Postmaster-General or the permanent secretary to the Post Office. Their attention should be reserved in the main for large questions, and I think it is deplorable that so much of their time should be occupied, as under present circumstances it necessarily is occupied, with matters of very small detail, because these matters of detail are asked by honorable members, and because we do not feel an honorable member will accept an answer from any one but the highest authority. I think

a third of the time—I am putting it at a very low estimate—of the highest officials in the Post Office is occupied in answering questions raised by members of this House, and in providing me with information in order that I may be in a position to answer inquiries addressed to me concerning matters which in any private business would be dealt with by the officer on the spot, without appeal or consideration unless grievous cause was shown."

6. That political control does not conduce to economy may, I think, be stated with little fear of contradiction, and again I quote from British experience rather than from my own knowledge, as it shows that similar circumstances produce similar results.

Sir George H. Murray, Permanent Secretary to the Post Office, was called as a witness before a Select Committee in 1902 on National Expenditure, because in the official posts he had held, particularly as private secretary to the then late Prime Minister, Mr. Gladstone, he had had frequent opportunities for observation, not only of the reasons for expenditure, but of the control exercised over it by Parliament. He said:—

"But I think the whole attitude of the House itself towards public expenditure generally has undergone a very material change in the present generation. . . . Of course, the House to this day, in the abstract and theory, is very strongly in favour of economy, but I am bound to say that in practice, members, both in their corporate capacity, and still more in their individual capacity, are more disposed to use their influence with the Executive Government in order to increase expenditure than to reduce it. . . . That is the policy of the House—to spend more money than it did, to criticise expenditure less closely than it did, and to urge the Executive Government to increase expenditure instead of the reverse."

FINANCE.

1. The whole question as to finance in connexion with the Postmaster-General's Department must, of course, be one of policy. The Department is not a taxing Administration, but one which provides certain services for the public in return for specific payments. The extent to which it should be made self-supporting, or to which it should be supported out of general taxation, is for the Government to determine.

In my opinion, it is desirable to conserve revenue as much as possible, in fact, that profits should be earned in the large centres and spent in extending the facilities of the Department in outside and sparsely populated districts.

2. Some of the difficulties which now exist under this head are enumerated hereunder:—

"The insufficient provision for the proper maintenance and working of the Department, which obtained in most of the States when it was under State control, has, unfortunately, prevailed since its transfer to the Commonwealth, but not until recently to the extent of bringing it into desrepute. In the earlier days of the Commonwealth, there was a general demand for the most economical management; every proposal to spend money, however necessary, was met by an almost universal cry as to Federal extravagance. Added to this, there was an insistent demand on the part of the States for the return of the largest possible amount of the revenue collected by the Commonwealth. Under such circumstances, money was not forthcoming for more than unavoidable expenditure, and not sufficient to make up for the economies of the States, or to maintain the lines in proper order.

"A conference of the Electrical Engineers of the States held in 1901 brought up a report showing the large sum necessary to place the telephone systems handed over to the Commonwealth into good order, and to bring those in the State capitals up to date. It was, however, soon made very clear to the Department that, unless money could be borrowed, these necessary works could not be undertaken, as it could not be made available out of revenue. This principle has continued until now, and, as a consequence, the telephone systems are, with few exceptions, little better, so far as construction is concerned, than when they were taken over.

"The decided disadvantage accruing to the Department from being compelled to charge each year's new works to the revenue for that year has been, and is, to a great extent, responsible for the backward condition of the Department, and its present difficulty in meeting the urgent demands of the public in connexion with telegraph and telephone requirements, which have recently increased so largely, and almost suddenly, in consequence of the great reductions in the rates; and the increased and increasing prosperity of the community.

"The unavoidable consequence of the parsimony which has been exercised towards this Department has been that, instead of the annual demands being met by an annual expenditure, those demands have been carried forward from year to year until they are now not only very large, but also very insistent, showing clearly that

the burden has not been avoided, but only postponed, and that a more timely provision would have resulted in a real economy, because lines neglected rapidly deteriorate and compel not only a much larger proportionate expense, but the neglect leads to continual complaint, due to frequent interruptions to communication, which a judicious expenditure would have prevented."

3. The stringently economical attitude of the Treasury towards the Department, particularly in connexion with the Estimates for the financial year just completed, has precluded the employment of a properly trained staff, and has compelled the Department, at a much greater expense, to employ very largely untrained, and consequently inefficient men, to the detriment of the public service, as well as the discredit of the Department.

When the Public Service Commissioner had classified and regraded the whole of the Public Service of the Commonwealth, including, of course, this Department, he stated in his report of June, 1904, that there was not only a sufficient number of officers in every class and grade, but that there was a number—159—of excess officers employed by the Postmaster-General. Under such circumstances, always providing that the Commissioner was right in his conclusion, very few additional officers were required in 1905-6. However, in the following financial year, 1906-7, it became very apparent to the Department and to the Postmaster-General that the work had even then outgrown considerably the available staff. This was shown by the number of temporary employes, and also by the overtime worked by the permanent officers. Consequently in that year, by the order of the Minister, all the chief officers in the State branches were instructed to provide in the draft Estimates to be submitted, for a sufficient number of permanent officers, and also for all necessary works and lines.

The draft Estimates were, however, very considerably reduced by the Treasurer, both as to officers and works, notwithstanding the statements as to the necessity for the provision in both directions. In consequence of this, the difficulties of the previous year have been considerably increased, and public feeling has apparently been aroused.

4. The Department has, unfortunately, been discredited in the public estimation, and it is now too late to remove the unfortunate impression that has been created. All that can be done is to suggest a course of action which may prevent any similarly unfortunate experience in the future. I therefore propose that all the chief officers of this Department shall be instructed to prepare their draft Estimates with great care, and with a due regard to both efficiency and economy; that when the Estimates are so prepared, they shall meet at the Central Office with all the necessary information and explanations in support of their requirements as set forth, and discuss them with the Minister or permanent head, or both, advantage to be taken of the presence of the chief officers to hold an annual conference, and to bring under notice all matters which they severally or jointly deem it necessary or desirable to make representations upon as affecting the Department.

The draft Estimates, when approved by the Postmaster-General, to be sent to the Treasurer, with a request that, after consideration, the Treasurer will be good enough to bring them before a special Cabinet for full consideration of Ministers, in order that the Postmaster-General may be afforded an opportunity of explaining, and if necessary, defending them. It appears to be advisable that any material reductions should be made upon full Cabinet authority, having regard to the serious consequences that may possibly follow upon such reductions as may render it impossible for the Department to meet public requirements.

It is also suggested that while the approval of the Public Service Commissioner is necessary for any addition to the number of officers, he shall be informed when or before the Estimates are sent to the Treasurer as to the number of additional officers asked for and the reasons therefor.

5. A most important matter is how the future requirements of the Department as to new works and lines are to be provided for. It is quite evident that it will be impossible, in view of the large and urgent necessities in this respect, to continue to provide for them out of the revenue of the year in which they are constructed. Indeed, if it were possible to do so, it is questionable whether, as a matter of finance, it would be advisable to follow this course.

It does seem a somewhat extraordinary procedure to charge the whole cost of buildings of lines, which have a life of many years, to the year's revenue, instead of to capital account, and thus spread the cost over a specified number of years, while providing as a first charge on the Estimates of each year a sufficient sum to cover interest and to repay the fixed instalment so as to extinguish the debt within the specified period. In this connexion, I beg to again draw attention to the methods of the Imperial Post Office in providing for its large and continuous works by means of terminable annuities, and this course is followed, notwithstanding that it has a surplus revenue

of about five millions per annum. If the money necessary could be provided from any surplus revenue of the Commonwealth and lent to the Postmaster-General's Department, it would be probably the best course. The money in Great Britain is lent by the Commissioners for the National Debt, but if what is required could not be advantageously lent by the Commonwealth, or by the State Savings Banks, it could easily be obtained in the open market.

Not only would such a scheme relieve the immediate necessities of the Department, but it would also enable its works to be continuously prosecuted without having to await the passing of the Estimates, and thus avoid very serious delays and inconvenience.

As no system of borrowing to meet the necessities of the Department is possible without legislation, in view of the urgency of the matter, it should, I think, be decided to so frame the Estimates for new works as to show the larger works in detail with the total estimated cost, for the purpose of enabling Parliament to vote the whole of the sums required, with the understanding that the unexpended balances, instead of lapsing at the end of the financial year, shall be transferred to a Trust Fund, and be held available for the continuous prosecution of the works, or the provision of the necessary material, pending, if necessary, a further vote to recoup the Trust Fund.

ORGANIZATION, INCLUDING DISCIPLINE.

The scheme of organization adopted on the transfer of the Department to the Commonwealth was that recommended by the Conference of Permanent Heads of the six State Departments in 1900-1, and set forth at pages 5 and 6 of their report in the following words:—

Designation and Duties of Principal Officers.

The Minister (Postmaster-General of the Commonwealth), who, subject to the Governor in Council, would have the supreme control of the Department.

We advise that a Principal Deputy Postmaster-General be appointed, who, subject to the Minister, should be charged with the administration, chief control, and supervision of the Post and Telegraph Service of the Commonwealth generally.

His principal duty would be to deal with all matters affecting Inter-State relations so as to secure uniformity; all matters concerning the relation of the Post and Telegraph Service of the Commonwealth with the Post and Telegraph Administrations of other countries, as well as arrangements respecting Ocean Mail Contracts, Submarine Cables connecting Australia with other countries, &c.

He should be assisted by a competent secretary and an adequate staff of clerks.

STATE DEPARTMENTS.

Deputy Postmasters-General.

We advise that the head of the Post and Telegraph Service in each State be designated "Deputy Postmaster-General and Superintendent of Telegraphs."

Without attaching undue importance to the matter of title, we respectfully submit that it should indicate and accord with the position, duties, and responsibilities of the principal officer in each State, representing the Postmaster-General of the Commonwealth.

It is considered that in so large a territory as that comprised in the Commonwealth, consisting of States which have hitherto exercised supreme and independent control, it would be undesirable to over-centralize the administration; hence it is necessary that the heads of State Departments should have much greater powers than are exercised by the present permanent heads under the immediate control and direction of their respective Ministers. To some extent these powers are indicated in the Draft Bill and the regulations thereunder.

We are of opinion that the Deputy Postmasters-General should be entrusted with the management of the Department in their respective States; that they should be authorized (subject to the approval of the Postmaster-General being first obtained) to call for and accept tenders within their respective States for all the necessary inland mail contracts, and for all other services and supplies. It is, however, in our opinion, necessary that they should have power to expend any sum not exceeding £50 in routine and emergent matters, provision for which has been made in the Estimates voted by Parliament; all expenditure above this sum (except in the case of voted or approved salaries or wages, or payments due under any approved contracts) to be referred to the Postmaster-General for approval and authority for payment.

Each Deputy Postmaster-General should, we think, have effective control of the departmental staff in his State, with power to transfer officers from place to place within the State, and to suspend from duty for misconduct, and inflict fines not exceeding £5; but officers aggrieved

should have the right of appeal to the Minister—such appeals to be in all cases sent through the Deputy Postmaster-General of the State.

He should be authorized to appoint and dismiss non-official postmasters, telegraph messengers, and other officials whose appointment does not vest in the Governor-General, and whose salary does not exceed £50 per annum; and also to employ such temporary assistance as may from time to time be found necessary, at the usual rates of payment.

We suggest the annual Estimates for each State be voted separately, but on some uniform system. The advantages that would accrue from this are obvious. It would also tend to keep expenditure within the limits of the Parliamentary Votes, and enable the Deputy Postmasters-General to regulate such expenditure.

We further advise that the Deputy Postmasters-General have power to grant ordinary and sick leave of absence, in accordance with the Regulations for the Commonwealth Service generally.

Each Department might be divided into branches, as follow:—

Administrative Branch, with a secretary and staff of inspectors, clerks, typewriters, and messengers.

Mail Branch, with a superintendent of mails, who should supervise the Mail Branch and its officials, including parcel-post, registration, and inquiry officers, &c., &c.

Accountant, assisted by the necessary clerks.

Cashier, assisted by the necessary clerks.

Controller of Money Order Branch, assisted by the necessary clerks.

Telegraph Branch, with a telegraph manager, who should supervise the transmission of telegraphic business within the State; the testing of lines and removal of faults; assisted by district managers, officers in charge, supervisors, operators, messengers, and line repairers.

Telephone Branch, with a telephone manager, who should supervise the traffic and staff at all telephone exchanges, and supervise the testing of lines and removal of faults, assisted by the necessary matrons, monitors, and attendants.

Engineering Branch, with an electrical engineer, who should supervise the construction and maintenance of telegraph and telephone lines and instruments, assisted by assistant engineers, mechanics, fitters (telegraph and telephone), overseers, clerks, and labourers. The electrical engineer should advise on all technical matters, both telegraph and telephone.

Stores Branch, with a storekeeper, with necessary clerks and assistants, who should receive and issue, and keep a record of all departmental stores.

And such other branches as may be necessary to meet the different circumstances of the respective States.

In accordance with the recommendation, provision was made in the *Post and Telegraph Act* 1901 for a delegation of powers by the Postmaster-General to the Deputy Postmasters-General, and their position was defined in section 7 of the Act.

It will, however, be observed that the powers that have been delegated far exceed those recommended.

Little fault can, I think, be found with the organization of the Department, except that inspection is not adequately provided for. The system in operation before Federation of allowing all the inspectors to reside in the State capitals has been altered, and they are now compelled to reside in the district to which they have been assigned. It is necessary to provide for more inspectors if this important branch is to be efficient, and this can, in my opinion, be best accomplished by employing in each of the large districts assistant inspectors, as well as the clerks who have recently been appointed. Some difficulty has been experienced in finding officers capable of filling these important positions of inspectors, as the number of senior officers who are both willing and suitable is very limited; but by affording assistance as suggested, capable men can be found in the lower ranks of the service to take the junior positions and qualify for the higher by training and experience.

Decentralization has already been dealt with under the head of "Management," but it enters so largely into any method of organization that it may be again referred to, if only to say that under a federal system central control must be maintained. The central and chief authority, whether Minister or Commissioners, cannot delegate authority or transfer responsibility except to a limited degree, and with the power of revocation.

Any organization, if it is to be effective, must be to a very large degree self-contained and self-controlled. The following, in my opinion, will account to a very great

extent, if not altogether, for faults of organization and in discipline, arising from causes beyond the control of the Postmaster-General or his officers:—

1. The fact that under the Public Service Act responsibility and power were divorced, for while the whole responsibility for administration has devolved upon the Postmaster-General and his principal officers, the whole of the power has been handed over to the Public Service Commissioner and his inspectors. It is unnecessary to enlarge further as to this aspect of the case; the facts are too well known and the provisions of the Act speak for themselves, while in some respects the Regulations go even further than the Act in the direction of vesting all power in the Commissioner.

2. The administration of the Public Service Act has, in my opinion, been extremely autocratic; the advice, views, and recommendations of the responsible officers of the Department have been set aside without any consultation or explanation, in some cases to such an extent that chief officers have declined to make further recommendations to be thus set aside, believing that this treatment of their recommendations had a tendency to lower them in the eyes of their subordinates, and to interfere with proper discipline. Great exception has also been taken by some of the chief officers to the action of Public Service inspectors in obtaining statements and reports from their subordinate officers without any reference to them, a course which necessarily belittles the chief officer, and interferes with his control.

3. The refusals of the Commissioner to provide officers when requested to do so by the administrative officers of the Department through the central office, or to give increments upon their recommendation, has necessarily had a bad effect on the staff. No argument is necessary to show that when responsible officers who are charged with the important duty of State management, are deprived of all power or influence in the matter of rewards, their effective control is seriously diminished. It does appear most extraordinary that when additional assistance in increased staff is asked for by a Postmaster, and that after inquiry and report by an inspector of the Department, the application being indorsed and supported by the chief officer, the permanent head, and even by the Minister, the Commissioner is able to postpone or refuse to recommend the appointment of the additional officer merely upon the report of his inspector, who certainly is not in so good a position as the chief officer to know the actual requirements of the Department in this respect.

Whatever difference of opinion may exist as to the cause, it cannot, I think, be disputed that the staff of the Postmaster-General's Department is not either so sufficient, efficient, or contented, as when it came under the provisions of the Public Service Act. The insufficiency, inefficiency, and discontent, I think, have been largely caused by the failure to provide an adequate number of permanent officers, and the attempt necessarily made to meet this deficiency by the employment of temporary hands, who are, of course, untrained, and who, under the provisions of that Act, have to be dispensed with just as they are becoming useful, and their places again filled by other untrained persons.

4. Notwithstanding the now admitted demand for additional officers, it must be some time before the efficiency of the Department in this respect can be restored, as the provisions of the Public Service Act admit only of the appointment of boys to the staff, in the Clerical Division, and it must take time to train the large number of additional boys required to the point of efficiency, and to afford them the necessary experience.

5. An additional difficulty in connexion with the staff is caused by the extraneous duties that the officers are required to perform for other Departments of both Commonwealth and State. These comprise—

- (a) Electoral work varying in volume and degree according to the local requirements of that service, and in many instances occupying not only a large proportion of the time of the postmaster, who receives a special payment, but also a not inconsiderable portion of the time of his subordinate officers, who receive no additional remuneration.
- (b) Customs work involving in most cases the absence of the postmaster from his office, and the work for which he is primarily employed and paid.
- (c) Meteorological work, for which it is proposed that a small special payment shall be given, not, however, in any way commensurate with the duties required, which, if faithfully performed, compel an attendance at least twice a day, including all Sundays and holidays.
- (d) Work for the Department of Home Affairs in paying claims in all States against that Department.

(e) Work varying in each State for State Departments, such as Sub-Treasury work, payment of old-age pensions, sale of duty-stamps, &c., in Victoria, for which no payment has yet been made either to the officers or to this Department. In other States, registration of births, &c., as well as other work, for which no payments have, in most cases, been made.

It must be evident that these additional duties cannot be performed without serious inconvenience to a Department so short-handed, or, in any case, without considerable additional expense. Not only is this the cause of increased expenditure, for which no compensation is received by the Department, but, in many instances, especially in connexion with electoral work, the postmaster is withdrawn from his proper duties just at the time when increased diligence and supervision are needed in connexion with his postal and similar work for which he is employed and paid. The fact that temporary and untrained assistance is, in some instances, provided by the Department controlling electoral work, does not compensate either this Department or its officers. The only reason that can be given for the employment of our officers for such multifarious and extraneous duties, utterly foreign to their experience and training, is that the work of other Departments may be performed inexpensively, so far as those Departments are concerned, but in a way very costly, both in money and efficiency, to the Department of the Postmaster-General.

If work quite outside the scope of the Department must be undertaken by its officers, certainly a rule should be made that no work shall be done which would compel an officer to absent himself from his office on any pretext, and that absolutely fair compensation shall be made to this Department, and not to its officers, thus avoiding dual control and interference, and that officers compelled to attend for such purposes outside official hours, shall, in all instances, be paid overtime at the rates determined by the regulations. Preferably, however, that they be relieved of such duties, and allowed to devote the whole of their time and attention to the rapidly increasing work for which they are appointed, trained, and paid.

While dealing with the subject of staff, I desire to say that, in my opinion, the staff of this Department in Australia has been, and is, organized on entirely wrong lines, that is, on lines not suited to a business as contrasted with a purely Government Department.

There are, in my opinion, only two branches of this Department which can be staffed on principles generally, and no doubt properly, applied to the Clerical Division of the Public Service. I mean what may be termed the Secretarial Branch and the Accounts Branch, and these are confined to the Central Office, and the Chief Office in each State.

For the executive work of this Department, I venture to say, as the result of long experience and observation, that highly-educated officers are not necessary. Any intelligent youth who has passed creditably through the curriculum of the State School is sufficiently educated for this work. What is needed is a large number of intelligent and fairly-educated officers, who shall constitute the rank and file of the Department, admitted to the service by an easy but competitive examination, and proceeding, subject to the usual conditions, by increments first of £20 per annum, to say, £140 per annum, further promotion to be subject to an examination, non-competitive, and limited to the work expected of them, and entitling them to attain, eventually, without further examination, to a salary of £200 per annum—all positions carrying higher salaries to be gained by competitive examinations by officers in this class.

Provision should, I think, be made for admitting General Division Officers to the Clerical Division by an easy examination, non-competitive, but providing for a minimum number of marks, those passing to be eligible for promotion without loss of salary in the order of merit. This advantage might also, I think, be extended to those who have served well and faithfully for a specified period in semi-official offices.

It would certainly be a great advantage to the Department if trained officers who have graduated in the General Division could be promoted into the lower grade of the Clerical Division. They would be much more valuable to the Department just now than boys of tender age fresh from school and without any experience.

Provision should also be made at the chief offices for schools of telegraphy and telephony, and every youth entering, or prior to entering, the executive class, should be compelled to qualify in these subjects, and his promotion or retention in the service should depend upon his proficiency within a given period in the work in which he is employed, or may be called upon to undertake.

In the interest of both organization and discipline, the control taken from the Department and its officers by the Public Service Act and Regulations must be largely

restored; unless this be done, management will resolve itself into a farce.

In order that discipline may be better maintained, it is, I think, necessary to give the chief officers in the States power to inflict summary fines, not in any case exceeding one pound (£1), after officers have been informed of the charges against them, and have had the opportunity of explaining. This is a power I am very reluctant to recommend, as from previous experience I am well aware of the widely differing views taken by chief officers in such cases, some erring to the extreme of leniency, often misplaced, while others regard trivial faults with great severity; but notwithstanding this, effective action must be taken to restore discipline, which, it may be feared, has become somewhat relaxed.

EXTENSIONS IN COUNTRY DISTRICTS, AND PARTICULARLY IN THE REMOTE AND SPARSELY POPULATED PARTS OF THE COMMONWEALTH.

This matter must be governed by the money placed at the disposal of the Department. While sufficient cannot be obtained to provide works of national importance and of a reproductive character, the execution of minor works that are not of that character much necessarily remain in abeyance.

In my opinion, the guarantee system, which has been in operation in Great Britain since 1873, affords the best method of dealing with telegraph and telephone works in country districts where an adequate return cannot be anticipated, and it is certainly reasonable that guarantees should be asked for here in connexion with unproductive works, when they are required in Great Britain, where the Department produces an annual surplus of about five millions. In some States the guarantee method is applied to railway construction, and a special rate is levied by the local governing body to cover any deficiency.

In the Commonwealth those who desire the construction of works the productiveness of which is open to question are not, however, confined to a system of guarantee. They can, under the existing regulations, construct and maintain such works themselves, and retain two-thirds of the receipts at the suburban rate.

The two methods afford, I think, reasonable facilities for the provision of non-paying lines.

With respect to non-remunerative mail services, the case is somewhat different, except that they must also be governed by the money provided.

Thus, while the Victorian mail services for the triennial period commencing on the 1st instant will cost the Department between two and three thousand pounds per annum more than the same services have cost during the preceding period, the Treasury have advised that the gross amount on the Estimates for 1908-9 must not exceed the sums provided on the Estimates and Additional Estimates for 1907-8. Consequently, after in some instances reducing the frequency of comparatively unimportant services, about £2,400 per annum must be saved from some other items of expenditure to pay the increased cost of these services.

The principle that has been adopted generally with respect to non-paying mail services has been that, with respect to new services, the whole of the estimated or actual revenue derived from the service has been granted towards its cost, while with established services which have either increased materially in cost, or in connexion with which the revenue has decreased, it has been usual, where the circumstances warranted such a course, to contribute half the deficiency, provided that those interested arranged for the remaining moiety.

It should, I think, be remembered that the Commonwealth Department cannot view unproductive works or services in precisely the same aspect in which they were viewed by the State Departments. When the Department was under State control, it was reasonable to deal, perhaps, more liberally in some instances with such matters, because the State Governments derived revenue from other sources following the development of the country which was assisted by new works and services of this Department, while the Commonwealth can look only at the direct returns from the expenditure it sanctions.

COMPLAINTS IN RELATION TO THE SERVICES.

I beg to state briefly that, until I am aware of the complaints against the service placed before the Commission by persons who accept responsibility for their statements, it is scarcely possible to deal with them. After the complaints (if any) have been made, I hope to have an opportunity of making a statement before the Commission respecting them.

10. Speaking in general terms, your statement seems to imply that the management of the Postal services, as at present constituted, resolves itself into two broad divisions. First, those which the Department encourages because of their sound business

character and the profits expected to arise therefrom; and, secondly, those which the Department is forced to assume because of the political pressure behind them. Is that a correct interpretation of your case?—I think it is, to some extent. The Department is sometimes compelled to construct works which are paying works, and some which are non-paying.

11. In order to get rid of "political pressure" and, incidentally, of course, of the non-paying services, you suggest commissioner management?—Not altogether for that purpose. Under the management of commissioners the control would not be subject to outside influences. The commissioners would have similar powers to those of the Railways. If the Government decided to construct a non-paying service then a special vote would be required. For instance, the railways carry brown coal at a loss, and are recouped. Similarly with the Post Office, the commissioners would require, in the case of non-paying services, a special vote to make up the loss.

12. Should commissioner management be deemed unsuitable, have you any alternative to suggest?—Without provision being made we cannot lay down a policy or carry out works of national importance. In the evidence given before the Cabinet Subcommittee the Deputy Postmaster-General, New South Wales, stated that one of the works of pressing importance was the construction of a new telegraph line from Sydney to the Queensland border. He pointed out that a number of telegrams from the States of Victoria and South Australia were delayed in Sydney, and said that under any business management that line would have been constructed two years ago.

13. But in the event of commissioner management being deemed unsuitable, have you any alternative suggestion?—No, except that Parliament should provide for a more liberal policy being pursued. Provision must be made. It is useless to lay down a policy without being able to carry it out.

14. As an argument in favour of commissioner management you say that the Department has had seven Ministers since you have assumed office; have not all the other Departments as many, or nearly as many, and do you, therefore, favour the appointment of a Commissioner, or Commissioners, for each of the Commonwealth Departments?—I say a Commissionership is not necessary in other Departments; they are machinery Departments for the purpose of Government.

15. If commissioners were appointed to your Department, how would you allot their work, would they jointly manage the services or would each man be expected to familiarize himself with, and be prepared to advise the others upon, a particular division under his especial direction?—I should say by all together; in the same way as the four Assistant Postmasters-General in the United States of America, who take up different branches of work and act together, without deputies. The system there is very highly centralized, and the service has to meet the wants of 85,000,000 people. The work allotted to a letter carrier cannot be altered without the consent of the Assistant Postmaster-General at Washington.

16. In matters of policy and high principle, would the Commissioners be subject to, and act under the authority of Parliament?—They would act under the authority of an Act of Parliament.

17. You do not propose to lease the Postal services to the highest bidder, making the commissioners the representatives or agents of Parliament?—Certainly not.

18. You believe that the public ownership of the Department is in the public interest, and that in matters of policy Parliament should, therefore, be supreme?—In matters of policy, Parliament must be supreme, because Parliament has to find the money.

19. If the Parliament is to remain in ultimate control, and in any case to dictate the policy to be pursued, what advantage would commissioners possess over a Minister?—The same advantages as the Railway Commissioners possess over the system of ministerial control that preceded the appointment of commissioners.

20. Could you say definitely what those advantages are?—I cannot say not having been a Railway Commissioner, except that they are free from political interference.

21. Not being politicians, would they not rather be less fitted to interpret the will and policy of Parliament than a man in close touch (as a Minister would be) with those whose mandate he is to carry out?—From my point of view, I think that the Minister is in too close touch with the political management of the Department. Nothing can be done in any part of the Commonwealth by the Deputy Postmasters-General without being brought under the review of the Minister or some member of Parliament.

22. Do you know of any country in the world where the Postal services are managed by commissioners?—No.

23. Is it not a fact that the re-organized American system is controlled by a political Postmaster-General?—Yes, and always has been.

24. Is it not also true that instead of Commissioners, their great services are managed in the main by a secretary and four "Department managers," or, as they are there called, "assistants," each an expert in his own line, and each responsible for the particular branch under his direction?—The Department is managed by a Postmaster-General and four Assistant Postmasters-General, and the attorney to the Department and other officers.

25. Looking at our own service; do they not naturally fall into four divisions, (1), Postal, (2) Telegraphic, (3) Telephonic, and (4) Miscellaneous, including the Money Order and Parcels' Post Branch?—Yes, the four main divisions are postal, including all its ramifications and parcels' post, telegraphic, and telephonic services, and the money order business.

26. Assuming that each of these four divisions was under the direction of a manager-expert (much upon the lines of the more successful business establishments), and that upon occasion they all consulted together with the Postmaster-General, and the Permanent Secretary, do you not think that method (an adaptation of the American) a distinct improvement upon the present system, and well worthy of trial?—I do not see that there is any very great improvement. I take it that the requirements of the Department would be met so far as telephones and telegraphs are affected by the appointment of a single control over the telegraphic and telephonic systems, which are very much akin to each other. To a very great extent the same poles carry the wires of the two systems. I do not think that the telegraphic and telephonic systems can be separated with advantage.

27. You have suggested commissioner management, but do you think that a manager-expert should be appointed to control each of these branches, however many there may be, in addition to the permanent secretary?—I think it a very good plan to have every branch under the management of an expert whatever form of organization is adopted.

28. Did you not state to the Cabinet Committee that the post of Chief Electrical Engineer was only

recently created, and that for a number of years there was no such officer to advise on matters of prime importance connected with the telegraphs and telephones?—I did.

29. Are you satisfied that by the creation of this office the central staff has done much to overcome the difficulties previously experienced?—Yes.

30. Is not the creation of that office, and the satisfaction you feel therein, good evidence of the successful nature of the manager-expert system?—Yes; I believe in having a competent expert over every branch of the Department.

31. Have you any system of inspection or direction from the Central Office in order to secure uniformity in working and in management?—No; that would be inconsistent with decentralization. The Post Office must be either subject to the authority of the Deputy Postmaster-General or the Central Office. There should be no clashing.

32. Would not such a system be of advantage in establishing economical methods of carrying out the detail work of the several branches?—I do not think that it would. It would bring the Central Office into constant collision with the State officers.

33. Do you not think it would be effective in ascertaining whether each employé was fully occupied, and on duties commensurate with his salary?—It would be just as well to ascertain that.

34. Have you read Mr. Bright's report on the General Post Office, Melbourne?—Yes.

35. Does it not disclose the necessity for some such inspection or supervision?—It discloses the advantages of a change of the head.

36. You are aware that by the abolition of certain officers as proposed by him, and a re-arrangement of duties, something over £1,600 a year can be saved?—Yes. If commissioners were managing the Department those commissioners, in my opinion, would travel and exercise supervision over every Deputy Postmaster-General and his staff.

37. Do you not think that a similar inspection by a competent officer might be the means of discovering a similar state of affairs in other large branches of the Postal Department?—Very possibly.

38. Turning now to finance; your remarks about "freedom from political control being an advantage to the Department as a large business concern" would seem to indicate that in your judgment the Postal Department should be treated merely as a trading institution, and its operations confined to paying propositions. Is that correct?—Not altogether. I have said that profits should be earned in the large centres and spent in extending facilities in the country.

39. Would you make that rule universal in its application, or would you permit the Department to act, in country districts especially, without an absolute regard to the profit-making nature of the work to be performed?—No; certainly not of universal application.

40. Is it not a fact that in both town and country there are a great number of non-paying services?—I do not think there are in large centres.

41. When I say town and country, I mean town and country districts?—In the smaller towns there probably are.

42. Can you give the Commission an idea of the nature of these "non-paying services"—two or three concrete illustrations will suffice?—There are abundant illustrations. Take the case in Victoria, or any other State, where mail services have been cheaply given and the business has not grown and the cost has gone up. A large sum of money is lost on these services.

43. Have you got a concrete example in your mind?—I can recall a few services in Western Australia that cost us about £1,500 a year, and

where we received less than £100 in revenue. They were mail services. Such instances might be multiplied.

44. Are you in a position to state the sum total of the yearly loss upon these services?—I cannot.

45. Are they sufficiently distinguishable from the general business of the Department to enable you to frame a list of them together with a statement showing the net loss in each case?—Not at present. The information is being obtained, and will be supplied as soon as completed.

46. You are not prepared to say that these services are devoid of any public advantage?—I am prepared to say that the advantage is very small, where the revenue is only £100 a year.

47. Your chief complaint seems to be that the Department should not be saddled with a loss, either as to conditions or services, which is not of its making, but arises out of what you call "political interference"?—I do not confine political interference to non-paying services.

48. Suppose, in this connexion, you were free from political pressure, you individually would not institute these services?—I would not institute such services if they were likely to cause any very great loss. If £5 were lost on 1,000 services it would mean a loss of £5,000.

49. Supposing Parliament, for political or other reasons, deemed it expedient to retain these non-payable conditions and services, but, in order that the Department should suffer no loss, voted each year a sum sufficient to cover the deficiencies; would that be a satisfactory way out of the difficulty?—Certainly, if the Department made a loss.

50. In the course of your evidence before the Cabinet Committee, you said that the Postal Department, as transferred by the States to the Commonwealth, "had been suffering from a want of sufficient money to properly maintain existing works and lines, consequently they were handed over in a very unsatisfactory condition. Not only was this the case, but in some instances, as in the case of the Melbourne telephone system, they are absolutely obsolete?—Yes.

51. Then in large part, the Postal Department, as a Federal concern, received a most unfortunate send-off from the States?—Of course it did.

52. How soon after your acceptance of office did you recognise the State-starved condition of the Department?—I brought under the notice of Sir George Turner the report of the Electrical Engineers of 1901.

53. Did you report to the Minister, and, generally, what steps did you take to put matters right?—I informed both the Treasurer and the Minister.

54. Do you allege that the Department is still short of money, and that, therefore, necessary works cannot be undertaken?—Undoubtedly; it always has been short of money.

55. Whom do you blame for that state of affairs?—I blame the Government generally, but not any individual member of the Government.

56. What protests have you lodged, and with whom, and what answers have you received?—I did not lodge any special protest, except that I told the Minister of the day that the Estimates were cut down to a serious extent, and that we could not go beyond the provision made for the Department, and that the burden was only being carried on from year to year.

57. Is there any evidence in black and white?—I cannot recall any.

58. Could you supply a list of the proposed undertakings, which have been held back for lack of funds?—We are supplying that list now with regard to this year's Estimates.

59. Can you tell us how much money they would cost?—I cannot tell. I believe the public works have been cut down one-half. I could send it to you.

60. If funds were made available, how long would it take the Department to prepare for their carrying out?—It would take some years. It is a matter of not only funds being available, but the ability to procure trained officers.

61. Can you give us an idea how long?—A good deal could be done within three years if money were available.

62. What length of time would contractors and others require to complete them ready for use?—It depends upon the magnitude of the work. The switchboard for Melbourne would probably take twelve months to construct.

63. I am thinking of these works in the main. Can you give me an approximate idea of the time it would take?—I do not think the whole of these works could be taken over within five or six years.

64. In order to avoid delays, which are attendant upon waiting the passage of the Estimates, and with a view to securing the use of larger sums than the yearly revenues appear to be able to supply, you suggest a system of terminable annuities, such as is in force in Great Britain?—Yes.

65. Would you kindly outline the guiding principles of that system, and explain how you propose to adapt it to Australian conditions?—Of course, we have not the means of borrowing that they have in England from the National Debt Commissioners. The telephone systems in the larger centres of Great Britain will not be transferred to the Government for some years, yet the Department of Great Britain borrowed £7,000,000 on one occasion, and £8,000,000 on another—a total of £15,000,000 altogether—for telephone works.

66. Would you apply that principle to the Commonwealth?—I would borrow for a period within the life of the work. If the life of the work to be carried out were, say, fifteen years, I would borrow the money for twelve years. I would prefer that the money be obtained from the States Savings Banks, and if that was impracticable I would even go further, and recommend that a Post Office Savings Bank be established, and obtain the money from that source.

67. If the Department were not permitted to borrow from such an institution, do you see any advantage from a departmental point of view in its establishment?—I think it would be an advantage to the Commonwealth to have a Savings Bank under the control of the Government, because it has all the machinery available.

68. In your judgment, that would be public policy, quite apart from the postal services?—Yes.

69. Are you fully satisfied that the expenditure from the revenue system is entirely inadequate to meet the present demands upon the Department?—I take it that the Treasurer is going to provide large sums for defence and old-age pensions, and there will not be much left for the Postal Department.

70. What was the revenue of the Department for the financial year 1907-8?—The revenue, as nearly as can be arrived at, was £3,297,248.

71. Speaking approximately?—Those are the figures received from the Treasury Department.

72. Speaking approximately (you can supply exact details later), how much of that money has been spent in salaries, maintenance, and general expenses?—I cannot tell you the exact proportions. I believe the expenditure was £3,351,369.

73. Have you any means of ascertaining the amounts that have been spent under the three heads I have mentioned?—Yes, the amounts are

74. I want the amounts under the three heads only, salaries, maintenance, and general expenses?—The general expenses, from the Treasury point of view, would include the sums expended for this Department by the Home Affairs Department, and our share of the cost of the Audit and similar offices.

75. They are part of your managing expenses?—They are, from the Treasury point of view. The Treasury debits us with them.

76. Do you think that the Treasurer charges you too much?—I do not think so. I have not gone into it.

77. In connexion with the figures given for expenses, I presume they include the expenditure on new works?—Yes.

78. Assuming Parliament had made good the loss upon the non-paying services, how much would that have left for new works and renewals?—That would be very difficult to arrive at. I regard the whole telegraphic service as non-paying. On account of the length of our lines, and the higher cost of working, they are more expensive than those of Great Britain, and we cannot get a profit.

79. Have you got any figures to back up that statement?—Only the evidence taken before the Select Committee of the House of Commons on the Post Office. I cannot give you any evidence with regard to our own service.

80. Is it not possible to supply me with the figures?—It is possible, although it means putting an additional amount of work on the State branches.

81. If your statement that the whole of the telegraphic service of the Commonwealth is unpayable we ought to know the extent of the loss?—I will endeavour to obtain it.

82. Is it not a fact that the business of the Department is very largely determined by the state of the affairs in the community generally—in other words, may not the “pressing demands” of to-day be succeeded by the slump of to-morrow?—It would depend on what brings about the slump. If the business of the Department has increased in an inland district, and that district becomes afterwards depopulated to a large extent by a drought the finances will suffer. Otherwise I do not think there is likely to be a slump.

83. Take for instance mining centres, or new “rushes,” is it not a fact that work is done and money expended which is practically lost?—Yes, but, of course, caution has to be exercised in dealing with mining communities. Take for instance the line to Tarcoola. That gold-field did not prove successful, and the Government lost heavily on the telegraph line constructed to that place—some £15,000 or £16,000.

84. Knowing that to be the case, can you suggest a method which will avoid the payment of an interest Bill during the “lean year” period?—I would suggest the system followed in Great Britain, where a large number of officers who are employed in public departments are placed in the unestablished branch (non-permanent officers), who are paid by the week or day, and when their services are no longer required they are paid off.

85. I am referring to your proposal to borrow money. Can you suggest any other method than borrowing?—I know of no other method.

86. Would a Works Trust Fund, based upon the following conditions enable the Department to carry out its public works without recourse to borrowing:—

1. That a schedule of proposed works for the next five years be submitted to, and approved by, Parliament.

2. That in connexion with the schedule, the

£400,000, and as much more as the circumstances of the general revenue will allow, or as may be deemed expedient.

3. That all sums voted shall be taken to be as on account only.
4. That any moneys not expended at the end of the financial year shall not lapse, but remain in the Works Trust Fund for future use?

That would be a great advantage, but I do not think we could overtake the work in arrear by a vote of £400,000 a year. In 1907 we spent £343,871 on new works and buildings.

87. What sum do you think would be sufficient?—A sum of £2,000,000 would need to be spent within the next three years, but a trouble would be experienced in getting trained men to carry out the work.

88. Would that £700,000 a year include current work?—Yes.

89. How much would it take excluding current work?—It is difficult to say. I do not know what the current work would be five years ahead.

90. You have said £400,000 is not sufficient, but that £700,000 will do. How much a year does it require for the works held back?—I cannot tell you.

91. You have said that a number of works have been held back owing to lack of funds, and you say it would take about five years to complete those works?—Yes, that is in connexion with the current works of each year. I would say £400,000 a year for arrears of works, and £300,000 for current work. That is a very rough approximation.

92. Then a vote of £400,000 by Parliament would be sufficient to overtake arrears?—Very probably.

93. How are the estimates of the Department framed—do the State deputies in the first place advise the Central Office of their requirements?—Yes, they make up their estimates and give the reason therefor.

94. What checking or scrutiny do these initial estimates receive at the Central Office?—They are compared with the estimates of the previous year, and all statements are taken into consideration, and if the Central Office can see its way to reduce the amount it will do so. And also by a general knowledge of the business done at the branch post-offices. As to works, they are stated in the order of urgency, and the reasons are given for asking for the amounts.

95. What is your system with regard to departmental stocks and stores?—They are held by the storekeeper, and a requisition is made for supplies. Tenders are invited, and if the Deputy Postmaster-General approves the tenders are accepted.

96. I do not mean for supplies for works only, but general supplies for the year, such as stationery for instance?—We do not attempt to check a requisition for stationery, except by comparing it with the amount asked for in the previous twelve months. We rely on a general knowledge as to the growth or decrease of business.

97. Does the storekeeper keep a stock book or books?—Yes. There is a special officer of the Audit Office to inspect and examine stocks and stores.

98. Does the Central Office keep an account of the stores?—None whatever, except the appropriation for each State.

99. The Central Office exercises no control, then?—Only over the appropriations for the stocks.

100. How often do you take stock?—Every year.

101. Are the stock books then submitted to the Central Office?—No. A report is made by the officer and storekeeper. Reports are made to the

Central Office showing the condition of the stock, and the authority of the Minister obtained to take on a surplus, or write off shortages.

102. What is done with obsolete or defective goods or plant?—They are sold by public auction.

103. Can you say what checks are exercised to prevent waste or extravagance?—They are submitted to a departmental board.

104. Is not the Central Office represented on that Board?—No. It could not be represented. It could not have an officer representing Brisbane on one side and Perth on the other.

105. Is there any suggestion you can make for the improvement of present methods?—To my mind the insufficiency of money is the cause of all the trouble. With regard to stocks, three months have to be allowed for tendering, and probably six months for supplies, so that really nine months elapse before supplies are obtained. Of course a good deal depends upon the character of the stock, and a good deal upon the state of the market. From a business point of view, taking copper for example, it should be purchased when the price is low. On the Melbourne to Sydney line the Department spent £11,000 more than it could be built for now with copper at its present price.

106. Business men generally get advice on such matters. Have you no person or persons on the Central Staff, or the staffs of the States, who advise you in these matters?—We can tell from the publications, which deal with the subject, what the fluctuations in the market are, but not the probability of a rise or fall.

107. I want to know if you can suggest any method of improving the system?—Any suggestions would be governed entirely by money considerations—we are living from hand to mouth.

108. Would a Trust Fund help to make economies in the working of the Department?—It would help materially, if it did not lapse at the end of the financial year.

109. You have asserted that political management has been the means of instituting conditions and services of a non-payable character. Knowing this to be the case, what steps have you taken to counteract that influence, and to organize the financial side of the services?—None. If the Government make up their mind to build a non-payable line, like Tarcoola for instance, the officers of the Department can do nothing.

110. As Permanent Secretary, and in some sense responsible for the success of the Department, have you lodged any protest with the Minister, or let Parliament know the nature of that proposition?—I was told that the Government had made up its mind to build the line, and it was useless for me to say anything.

111. Did you make any protest in writing?—I lodged no protest against the action of the Government in writing.

112. Were you called upon to make a report, or other similar service, beforehand?—We followed the usual course, and gave the departmental reports. We did not recommend the construction of the line.

113. Did you indorse that report?—Yes. That was a singular case. In the case of the telephone line to Sydney, if I had absolute control I would not have built the line at the price. On one occasion Ministers were angry with me for causing the postponement of its construction on account of the rising market for copper.

114. When any new work is proposed, is the permanent head asked for a report as to its character?—Always.

115. Do you put these reports in writing?—Yes; they are submitted to the Minister either for or against.

116. They never get beyond the Minister according to your statement?—The matter is sometimes submitted to the Cabinet, and the Minister tells me that the Cabinet has decided that the line shall be built.

117. Have you any suggestions to make as to the procedure being made more public, or submitted to Parliament?—Certainly not; I would not mention it to anybody.

118. Other than by the appointment of an accountant, and a clerk or two under him, what have you done to lift postal finance out of the chaotic condition into which it seems to have fallen?—I do not think it has fallen into a chaotic condition.

119. You have just said that you are absolutely at the mercy of the Government?—Yes.

120. Considering that the revenue of the Department is now £3,500,000 a year, and the expenditure as much more, do you not think that something more than mere accountancy is required in dealing with the financial problems which must necessarily arise in so gigantic a business?—These financial problems cannot be settled by the Department—they must be settled by the Treasury.

121. Do you not think a postal finance branch is quite as necessary as, say, the correspondence branch?—I do not think it is.

122. Would it not be a distinct advantage, not only in the work of your own Department, but in dealing with the Treasury also, to have the advice and assistance of a branch specially charged with the study of finance in all its bearings upon and in connexion with the whole range of postal services?—I do not think so.

123. You think it is a matter wholly for the Treasurer?—Yes.

124. How would you then organize your Department on the business lines previously suggested, unless you keep a grip of the finance of that Department?—That would be a different thing—there would be a grip on the Department.

125. Touching upon the organization of the Department; you appear to be content with the present Central Office system, and State deputies, provided those deputies have some further powers delegated to them. Is that correct?—In the direction of decentralization I only propose to add to the powers of deputies by giving them greater powers of management.

126. Speaking generally, and in a broad way, what are the matters which might be decentralized?—I do not think we can go further than we have done in the direction of decentralization.

127. Do you know of any large business anywhere which finds decentralization an efficient or economical policy?—No.

128. Is it not a fact that centralization and specialization are the two greatest factors in making for efficiency on the one hand and economy on the other?—I think they are. If I were organizing an altogether new Department, I would certainly advocate centralization. In having to start with the several State Departments a great number of things had to be considered.

129. Apart from the work which letters and queries of members of Parliament involve, what real trouble or inconvenience does this Central Office suffer by the lack of decentralization?—I do not think it suffers anything. I think the business is, in some aspects, better dealt with by centralization.

130. You do not complain because members of Parliament put their queries to the Central Office?—No. What I complain of is that they cry out for centralization on the one hand, and on the other prevent it by their actions.

131. If, as part of the organization of the Department, an Intelligence Office were established, to which members of Parliament and others might apply for information, would that not meet the necessities of the situation?—No; it would not. I think under the present system that action would lead to centralization.

132. Assuming that the political method of management were retained, and that the queries of members of Parliament were submitted to an Intelligence Department, would such a Department not be of some assistance?—I do not think it would.

133. You have referred to the time taken up and the ill-effects of the revision and cancellation of the decisions of officers by the Minister at the instance of members of Parliament?—In one State the Department called for tenders for material made of earthenware, to carry underground cables, in the State in which the goods were made. The goods were rejected, and appeal was made to the Minister.

134. Can you suggest a way of getting over those difficulties?—I can suggest nothing but decentralization.

135. Is there any cause for thinking that a great many of the cases which come up for review owing to the incapacity or weakness of the officers who first deal with them?—I do not know that there are.

136. Is it not a fact that many of the principal officers show a disinclination to accept responsibilities such as they might reasonably be expected to incur?—Not so much now. In some cases they asked for a great deal more authority than was given to them.

137. You think the service has improved in this respect of accepting responsibilities?—I think it is improving now that the chief officers in the States are getting a better grip of the policy of the Department, and now that more responsibility is being placed upon them.

138. Would you suggest the removal of the Minister's power of review in this connexion?—Certainly not. I think the Minister should have every right to review under political control.

139. Do you suggest that these review cases might go to a Board or Committee?—Certainly not.

140. When speaking of the administration of the Public Service Act in relation to the work of the Postal Department, you made the allegation that "the advice, views and recommendations of the responsible officers of the Department had been set aside without consultation or explanation." In how many instances has this occurred?—Two cases occur to me now. A great many more have happened. I refer to the manager of the telegraph branch in Melbourne, when the Deputy's recommendation was set aside without any reference to him. It is impossible to hold a Deputy Postmaster-General responsible for his office if higher positions are filled by men for whose appointment he is not responsible. The Commissioner and his inspectors have no responsibility beyond appointment, and no responsibility for the results of that appointment.

141. Can you furnish a list of the cases in each State?—It would take some time to look them up. I have never known a Public Service Commissioner in a State to set aside the recommendation of the permanent head or chief officer without giving the officer an opportunity of going up and explaining his case. I think you might have a list of the cases.

142. You also said that "Chief officers have declined to make further recommendations to be thus set aside." Who are the officers that have so declined?—One officer told me distinctly that his recommendations were always set aside.

143. Are there any others?—Mr. Bright, of Queensland, complains that his recommendations have been set aside by the Commissioner.

144. Can we have a list?—I do not think lists can be obtained.

145. Is it not a fact that Public Service Inspectors consult and confer with the Deputies on every one of the matters such as those to which they refer?—Not that I am aware of. In the case of Mr. Outtrim, about the appointment of a telegraph manager, no consultation or conference was held.

146. Are you certain that the Public Service Inspector did not confer with Mr. Outtrim?—Mr. Outtrim told me that he did not.

147. Is it not a fact that many of the principal officers of the Department wish to get rid of the Public Service Commissioner, and revert back to the patronage they formerly enjoyed?—I think not. They wish to get control of their office and appointments.

148. Are you prepared to say that no instructions, verbal or otherwise, have been given to the Deputies to set aside the advice of the Public Service Inspectors, and insist upon their own recommendations?—No, I am not. So far as my knowledge goes they have not.

149. Any action they take is on their own volition?—Yes.

150. How many times has the Commissioner refused to provide officers or increments "when requested to do so by the administrative officers of the Department"?—I cannot say how many. There are glaring cases in Toowoomba, where the Commissioner refuses to provide the necessary staff. A long wrangle took place about the appointment of a letter carrier in South Australia, which the Commissioner refused to provide.

151. Can you supply the Commission with the percentages of the officers granted and refused?—I do not think we could. A very large percentage. I include the percentage refused in connexion with the last Estimates, when the Public Service Commissioner advised Sir William Lyne to exercise great caution in appointing additional officers, because he believed there was going to be a drought, and the officers would not be required.

152. Your statement seems to imply a good deal of friction between the Postal Department and the Public Service Commissioner. I want to know whether you can supply the percentage of cases granted, and the percentage refused?—I will try and supply you with the information.

153. With regard to increments: Is it not true that in quite a number of instances, administrative officers, rather than discriminate and give themselves trouble, have recommended an increase of salary to the whole of a given number of officers?—I cannot say whether that is or is not true.

154. Are you prepared to say that the Outtrim case to which you have just referred caused trouble; was not that a recommendation for an increment?—I mentioned the Outtrim case in respect to the appointment of officers. I did not say anything with regard to increments. In the case of Queensland, ten officers were recommended, but the Commissioner only gave two—one to the senior and one to the junior of the ten.

155. It has been asserted to me that a whole brigade of the service has been recommended for an increment by a principal officer, in order to avoid discrimination. Are you prepared to say that has not been done?—I am not prepared to say that.

156. If it had been done, would you blame the officer recommending the increment?—I think he should consult the officer who made the recommendation.

157. Your administrative officers are responsible for the management of the Department, and the Commissioner and his officers are responsible for the *personnel*?—No, they are not at all responsible for

the *personnel* of the Department. In the case of the manager of the telegraphs in Melbourne, who is unfit for the position, the Commissioner cannot be brought to book.

158. Parliament can bring him to book?—But how can it get to Parliament? I say that those who have the management should have a large voice in the appointment of the principal officers. In my opinion the Commissioner should confer with the officer of this Department who is interested, and if they cannot arrive at an agreement the matter should be decided by the Government.

159. I understand that that is the present system?—They do not confer. The Commissioner does not confer with anybody.

160. If he did you would be satisfied?—I think it would be much more satisfactory and to the advantage of the officers.

161. You say there has been a failure to provide an adequate number of officers. Who failed to provide them, and how many of the number asked for were refused?—I remember that the Postal Department asked for 1,000 men, but the Treasurer would not grant supplies for more than 600.

162. It was not the Commissioner, then?—The Commissioner advised Sir William Lyne to be very careful in making additional appointments, because he thought there was going to be a drought.

163. Did you not say, at an earlier stage, that in 1904, when the classification took place, there were 159 officers in excess?—Yes, according to the Commissioner's statement, if that statement is correct, I do not deny or confirm the statement.

164. Having absorbed those, were you still short?—Yes.

165. When was that—was it after the reductions in telegraph and telephone rates in 1906?—After the reduction in telephone rates.

166. Were the demands of the deputies cut down in any way by your own office?—Yes. The Treasurer always made a further reduction and a very considerable one.

167. Were the funds available to pay the men had the number you asked for been obtained?—The funds were not available.

168. You mean by that that the revenue of your own Department was not sufficient to pay these extra men that you had asked for?—I do not say that. I say that the revenue of our Department has nothing to do with the provision made by the Treasurer.

169. You asked for a certain number of additional officers, and you said you did not get them because funds were not made available. Was the revenue of the Postal Department sufficient to pay these additional salaries?—Not if new works are included.

170. Can you tell me how many new permanent hands were appointed last year?—Not from memory. A number were struck off the Estimates-in-Chief, who had to be provided for on the Additional Estimates.

171. How many were appointed last year?—About 1,000.

172. Can you recollect how many were appointed for the five years before that?—I can get the number appointed last year, as well as for the previous five years.

173. I want to know what percentage of last year's appointees are employed upon telegraphic and telephonic work?—I could not give you that without asking the State branches.

174. Do you think it wise to add to the permanent hands engaged upon construction work?—I think a certain number of permanent hands should be employed upon construction work.

175. If the present high pressure ceased, or if a fall back occurred in the business world, how

would you employ these men?—I do not apprehend such a fall back. If it did occur it would affect the number of men at present employed. As I said before, I would recommend disestablishing these men and placing them on a temporary basis.

176. In the light of the British experience, do you think it wise to put a definite limit to the staff in this connexion?—I think it would be wise to put a definite limit in regard to the permanent requirements of the Department in this direction.

177. Would you take on permanent hands in accordance with the deputies' demands?—I would not in this connexion.

178. You think, then, in regard to the construction branch, that there would be a very careful, but constant employment of permanent hands?—Yes. Under the existing system I do not see any danger of too many men being put on. It is a great drawback that these men cannot be employed according to the Act on a temporary basis for more than nine months.

179. What suggestion do you make to improve that state of things?—I suggest that temporary men be employed for the period during which their services are necessary.

180. That is to say, during the life of any given work?—Not on a particular work, but during the period they were required. The establishment of a new work might absorb them on the completion of a previous work. It would not do to have temporary men employed for a limited period and then to be dispensed with.

181. Turning to another matter. Do you favour the establishment of a superannuation fund for the employees of the Department?—Yes.

182. If such a fund were established, should it be subsidized by Parliament, or wholly contributed by the officials themselves?—I think by Parliament, and that a guarantee fund should exist in connexion with the superannuation scheme. All fines should go to that fund.

183. In your judgment, is the constant agitation for increased emolument due in any way to the fact that in the vast majority of cases no pension or retiring allowance is provided for?—I am not prepared to say that, but I think it is an inducement to good men to remain in the service when there is a superannuation fund.

184. Would the existence of such a fund tend in any way to reduce the clamour for increased salaries, and the general discontent which is alleged?—I am not sure that it would. I think the clamour would still go on.

185. Dealing with the question of inefficiency, what basis have you for the statement that the Public Service Act admits "only of the appointment of boys to the staff in the clerical division"?—Because the salary commences at £40 a year. You cannot get men at that salary.

186. Are you aware that numbers of men in the general division have qualified for, and been passed into, the clerical division at various times since the Act was passed?—Not a great number. I suggest that the entry from the general division to the clerical division should be made more easy than it is at present.

187. Could the Commission get the number who have qualified for the clerical division from the Public Service Commissioner?—Yes.

188. Is it not a fact that all or nearly all new telegraphists have come from the general division?—I take it that a considerable number would come from the general division. I do not know where else they could be obtained.

189. What becomes of your complaint as to lack of experienced men, and the necessity for "training boys up to the point of efficiency"?—The

complaint is that a large number of general division officers are employed as telegraphists, instead of being under the clerical division before they are passed in.

190. Your complaint is that there is no opening in the clerical division except for boys. What about these telegraphists?—I am not aware that a great many have passed from the general division. The greater number are still employed in the clerical division.

191. Coming now to the question of extraneous duties that officers are required to perform for other departments, can you supply the following information:—

1. The total number of officers affected in each case.
2. The actual time they are engaged in those extra duties.
3. The loss or cost to the Department which the fulfilment of these duties involve.

Can you do that?—If possible I will undertake to get it for the Commission.

192. When you say that the staff is organized on entirely wrong lines—what do you mean exactly?—I mean that the staff should be organized on such lines that a man might expect to go on mechanically, subject to certain examinations, to the maximum class of the lowest division. I am of opinion that the rank and file of the Department does not require to be highly educated.

193. Are you prepared to assert that in connexion with the staff of the General Post Office in each State, there are a number of men whose salaries are out of all proportion to the value of the work they perform?—I do not know how many, but there are a number.

194. If you were asked to run the General Post Office in Melbourne or Sydney as a business venture, would you think it necessary to keep the staff of clerks which are now engaged, or to pay them the salaries they now receive?—I am not prepared to answer that question off-hand.

195. In connexion with the country offices, do you say that there are men who get salaries out of proportion to the value of the work they do?—I think probably there are. I think the service ought to be differently organized. A maximum should be fixed at a certain salary, unless he qualifies for a higher position.

196. By examination?—Yes. Why should post masters be appointed where telegraphic work has to be done when they have no knowledge of that subject?

197. Does the Public Service Act provide for that?—No. A postmaster need have very little knowledge of telegraphy.

198. You suggest that these positions should only be obtainable by the passing of examinations?—Yes.

199. Do a large number of the men employed in the Postal Department do better, and get higher salaries than they could earn outside?—I think they do.

200. Can you suggest a method whereby these establishments may be put upon a more business-like basis?—The only suggestion I have to make is that the services should be differently organized, so that men should be paid liberal salaries according to the value of their services, and that promotions to the higher positions—above a salary of £200—should be gained by competition between men of the lower grades.

201. Could you give us an idea of the economies that might be effected by the adoption of your proposal?—No, I could not.

202. In connexion with the extension of the postal services into country districts, do you consider the present system of guarantee, or the retention of two thirds of the receipts, of vital consequence?—I think it necessary to retain both systems, because it is often said that the cost of a line in a country district is excessive, and that the line could be constructed cheaper than it can by the Department. For instance, the Department has to pay a high price for poles, whereas these country people can get the poles off their own properties, besides they have labour at their disposal, and can construct a line very cheaply.

203. Even if Parliament elected to make good the deficiencies upon the mail services, would you advocate the application of the same principle all round?—I would not advocate the application of the principle to matters such as this. The telegraph and telephone system should be upon an entirely different basis to the mail services.

204. For that reason, you think the retention of both systems is essential to the working of the Department?—I think so.

205. You have heard the fear expressed that certain evidence would not be available unless the officers of the Department were assured of immunity from punishment or interference in any way upon their electing to give evidence before the Commission. Have you personally any ground for such a fear?—I have no ground at all. I do not think that on any occasion will any officer be persecuted or interfered with in any way by reason of his giving evidence before the Commission.

206. Do you know of any case where anything of such a nature has been done?—No. I see no reason why the Department should do anything of the kind.

PARLIAMENT HOUSE, MELBOURNE,
THURSDAY, 16TH JULY, 1908.

Members present:

Mr. J. HUME COOK, Chairman;

Senator de Largie,
Senator Mulcahy,
Dr. Salmon,

Mr. Storrer,
Mr. Webster,
Mr. Wilks.

Robert Townley Scott further examined.

207. *By Mr. Wilks.*—Does the statement you read yesterday to the Commission differ materially from that made by you before the Cabinet Committee?—Not very materially; there are some additions and omissions.

208. Are the omissions of a serious character?—No.

209. Is it a modification of your original views?—No, not in any way. I have quoted at length the scheme of organization put forth by the Conference of Permanent Heads. The same matter has been put under the different heads to be inquired into by the Commission.

210. As to complaints, you have not yet made a statement?—No. When they come before the Commission I shall try to reply to them, or give evidence in regard to them.

211. I am referring to the complaints promised at the inquiry of the Cabinet Committee. You tabulate complaints in order to see whether they are serious or otherwise?—I know nothing more than the Cabinet Committee got.

212. You have not received a return from the various Deputy Postmasters-General in regard to complaints?—No.

213. Your scheme is the result of many years' experience?—Yes, in Australia and a study of systems outside Australia.

214. In your statement you quote Hugo Meyer a good deal?—Not to the extent I might have quoted him.

215. You made some extracts from his work?—One or two.

216. You are conversant with his two works?—I am not conversant with that on telephones, but in a general sense am pretty well acquainted with them. They are written from a purely American stand-point, private control as against State ownership.

217. The Commonwealth system is under State control, and is it not a waste of time for the Commission to discuss that aspect of the question?—Except so far as it refers to the general work of the Department.

218. He points out that there have been several Commissions and Select Committees appointed to inquire into the working of the Postal Department in Great Britain?—Yes, such as the Tweedmouth Committee. They have been inquiring for the last twelve years.

219. Is there evidence of political interference in Great Britain?—Undoubtedly. There must be under political management; it is inevitable.

220. You complain that political influence is being exercised in the management of the Postal Department in Australia?—Yes.

221. Have we anything equal to the political influence exercised in Great Britain?—In some directions we have not; in other directions more.

222. In what way is the political influence exercised here less than in Great Britain?—I do not think we have anything to approach the action of the English officers in circularizing candidates at the general elections that unless they were prepared to meet the views of the officers they would vote against them. Officials here have never gone so far as the English officials did in addressing Lord Stanley.

223. Lord Stanley was Postmaster-General?—He had been Postmaster-General.

224. Have the officials here exercised their political power to advance their own class interests?—I think they have. This Commission is a direct outcome of the exercise of that power.

225. How do you make out that this Commission is the direct outcome of the political influence of postal officials?—Because members have voiced the opinions of a section of the officers of the Department—a minority.

226. That is a serious statement?—It is my personal opinion.

227. Have you any reason for supporting that opinion beyond your own personal knowledge?—Only from observation and from reading *Hansard*.

228. You have no information from any of the heads of your Department that an official was supplying information to any member of Parliament for the purpose of this inquiry?—Not for this inquiry. But we have information of members of the service having supplied information to members of Parliament. Some time ago it was proposed that an official should be charged under the regulations for having given such information.

229. Then I understand there has been duplicity on the part of subordinates—they have supplied information outside the Department to newspapers and members of Parliament?—I think so, both to newspapers and public men, for the purpose of bringing about an inquiry.

230. Do you think such action detrimental to the effective working of the Department?—I think it is subversive of all discipline, and detrimental to the service, and also to the public interest.

231. You are a strict disciplinarian?—Within certain reasonable limits.

232. What do you mean by that statement?—For instance, when I proposed to give powers to the Deputy Postmasters-General to inflict fines, I did not propose that the amount should exceed £1. The power to fine up to £10 is given by the Public Service Act. I think a very reasonable limit, without appeal.

233. The trend of your evidence of yesterday and to-day is that you think there is a want of discipline throughout the general postal services of Australia?—I think there is in a special section of the officers. I believe a majority of the officers are loyal to the Department.

234. Is that confined to subordinates only?—I could not say.

235. Have you experience of want of loyalty or discipline between the Central Office and subordinate officers, say, between the Central Office and the Deputy Postmasters-General of the States?—No. There was some friction at the commencement of the Federation, but latterly it has to a great extent disappeared. The deputies cling to their own ideas, and the Central Office has some difficulty in enforcing the views of the Minister.

236. You are permanent Secretary to the Department, and act as Deputy Postmaster-General to the whole of the service?—Yes.

237. And the Deputy Postmasters-General are merely your assistants?—To a certain extent.

238. You say that in the early stages of the Federal system there was some friction?—Yes, necessarily.

239. Was it of a serious character?—Not very serious.

240. Not sufficient to militate against the effective working of the service?—In one State a Deputy Postmaster-General made strong recommendations about the building of a new telegraph line. Inquiries were made by the Central Office, the line was considered necessary, and instructions were given to have it built. Some two years afterwards the lines went down on account of bad weather, and the Deputy was asked why the business had not been transferred to the new line. His reply was that business had declined, and he had exercised his discretion, and did not build the line.

241. In that case a want of discipline caused an injury to the general public?—In that case the public interests were injured.

242. Have the results been costly to the Department owing to the instructions of the Central Office not being carried out?—No.

243. There has been friction between the administrative staffs only?—Yes.

244. I suppose a good deal of it is the result of personal jealousy?—I do not think it is the result of jealousy, so much as the desire to continue the old administration.

245. In the early days of Federal control you had to contend against an anti-Federal spirit?—Yes.

246. You are about to retire, and the Commission can take your views as being without bias and as you regard a large and important Department?—I am entirely disinterested.

247. You are able now, freely, to give your views based upon experience for the benefit of the Department and the public?—That is my opinion.

248. Your ideas of discipline are also carried out in the Central Office?—Yes.

249. You were a member of the Conference of Permanent Heads in 1900?—Yes.

250. You signed the report as Under-Secretary, and Superintendent of Telegraphs in Queensland?—Yes. Under-Secretary means the permanent head of the Department in Queensland.

251. I find on page 5 of the report of the permanent heads in 1900, in regard to organization, "We advise that a Principal Deputy Postmaster-General be appointed, who, subject to the Minister, should be charged with the administration, chief control, and supervision of the Post and Telegraph Service of the Commonwealth generally." I presume those are the powers carried out by the Secretary to the Postmaster-General's Department?—Yes.

252. You have not exceeded those powers?—In no sense.

253. You have really carried out the work of supervisor?—Yes.

254. And, further, the report says, "He should be assisted by a competent Secretary and an adequate staff of clerks." Have you had that staff?—I have not. I have been working with an undermanned staff for years.

255. Seriously undermanned?—At the beginning I think it was seriously undermanned.

256. What assistance were you short of?—Clerical officers and Chief Electrical Engineer.

257. How long have you been properly equipped?—I do not say that the equipment is sufficient now. A number of men have to work overtime.

258. What is the cause of the men working overtime?—Because of the amount of work thrown upon the Central Staff. The correspondence passes through the Central Office.

259. What class of correspondence do you mean?—The correspondence with the Deputies, members of Parliament, and people who have grievances and those who wait upon the Minister or who write to him, and deputations that wait upon the Minister in regard to matters really within the control of the Deputies.

260. Then I understand that extraneous correspondence is forced on the Central Office?—I think so.

261. Is that evidence that the Deputy Postmasters-General desire to escape doing their own work in the various States?—I think so, but I do not think that it exists now to any extent.

262. What State was it most marked in?—I could not say that it existed in one State more than another.

263. Your own impression is that they still endeavour to escape responsibility?—I do not say that they do so now.

264. Then your statement that the Central Office has to do extra correspondence that should be done by the deputies does not hold good now that they do their work?—They are doing their work in matters where the deputies have full power to act.

265. Then what is the cause of this extra correspondence that you speak of?—One great cause is the necessity of dealing at the Central Office with replies from the deputies.

266. You think that one solution of the difficulty would be to allow the Deputy Postmasters-General to give a decisive reply, and not deal with the Central Office at all?—I think so, within the limits prescribed to them under their delegated powers.

267. That the political head should not be brought so much in contact with the working of the various State Departments?—Quite so.

268. He should be in the office to deal with the policy of the Department?—Yes. For instance, deputations wait upon the Minister in Victoria upon trifling matters, but a deputation from Queensland

or Western Australia cannot very well wait upon the Minister, and I say why do they not go to the deputy, as in other States?

269. Do you think the public would get what they wanted if deputations waited upon the permanent officials?—I have no doubt they would if the permanent officials gave them what they asked for.

270. You would desire the political head, or Postmaster-General, to inherit the system, and refuse any alteration from the delegated powers?—As far as reasonable.

271. You believe the Postmaster-General should be the best administrator the Cabinet could obtain?—Undoubtedly; he should be the most important administrator after the Prime Minister.

272. A Postmaster-General known for his administrative powers would be a great gain to the country?—I think so; if he were a man of considerable strength of character.

273. Your objections to the present system, as summarised from your statements yesterday, are, interference by the Public Service Commissioner, change of political heads, exercise of political influence by members of Parliament, and shortage of money?—Yes, but not altogether due to the interference of the Public Service Commissioner, but the restrictions of the Public Service Act. I consider that the Commissioner has been given power, and the Postmaster-General responsibility without power.

274. You consider they have been divorced?—Yes. I say power and responsibility should go together.

275. You say that the Public Service Act and regulations should be amended?—Yes.

276. Frequent change of political heads—what do you mean by that?—A new Minister is anxious to excel the previous Minister, and work in the public interest, but he has to gain experience, and cannot come to the Department fully equipped. It takes him some time to gain a knowledge of the working of the Department.

277. Could not that difficulty be got over by the Minister not going into details of administration, as they apparently do?—That would relieve the situation to some extent.

278. A strong man would come in with a policy, and not worry about details of administration?—He would follow the views of the Cabinet, but would not deal with the details forced upon the Minister now.

279. Has your work from the institution of the Commonwealth been confined to the Central Office?—Yes.

280. You have not been making periodical visits of inspection?—No; except to New South Wales and Queensland.

281. You have been tied down too much to the clerical portion of the work?—I take it that the secretary must be at head-quarters.

282. You said, in regard to the organization, in the 1900 report of the permanent heads, that the Postmaster-General should have chief control and supervision. How can you have supervision of the various services and the working of them?—Only from the reports submitted—the same way as the deputies exercise supervision. They do not go from branch to branch, but simply sit at the table and deal with matters brought before them.

283. Do you not think it would be to the advantage of the working of the administration if you had periodical visits of inquiry into the general working and supervision?—I do not think it would be of great benefit. It would take considerable time to go into the matter thoroughly, and if not done thoroughly, it is better not touched.

284. Then you suggest the appointment of Commissioners to manage the Department. Would they not make visits of inspection?—I think with the exception only of the Chief Commissioner they should travel extensively.

285. Would it not be to the advantage of the Commonwealth if they were released from the work of the Central Office, and thus enabled to go round?—I think that it would.

286. The term "Commissioner" would then really mean an "inspector"?—The head of the Board of Commissioners or Chief Commissioner should be at head-quarters to deal with matters that cropped up, and bring the views of other Commissioners, who have travelled, before the Board.

287. You referred to subordinate officers of your Department approaching members of Parliament. Are you not aware that some of the highest officials, by presenting tentative schemes, are, in a manner, anticipating the conclusions of this Commission?—Not that I am aware of.

288. Some two months ago we had no pressing forward of tentative schemes, in which the extension of telephonic, telegraphic, or postal matters was advocated. They suddenly burst upon us while the Commission is sitting?—I do not know of anything of that kind being done while the Commission is sitting.

289. I will give you a case in point (I do not say it is wrong). Mr. Hesketh says that the telephones can be put in order with the expenditure of a certain sum of money, and in your tabulated statement you mention that £2,000,000 would be required?—I did not say it would be required.

290. You questioned it before the Cabinet Committee, and yesterday you practically indorsed the expenditure of that £2,000,000?—I explained to the Cabinet Committee the reason why I questioned that expenditure was because I did not think the Cabinet Committee would be able to get a sufficient number of trained men in the time.

291. In answer to Senator Best's question, "Mr. Hesketh says you will require £2,000,000 or £3,000,000 during the next two or three years." You said:—

I do not agree with the estimate, but assuming it to be correct, I would borrow for, say, a term of fifteen years for works with a life of, say, twenty years. . . . Is not that so?—I added if the Department could obtain a sufficient number of trained men. That is the point I made to the Cabinet Committee.

292. In your opinion, the Post and Telegraph Department has been discredited in public estimation?—Recently it has.

293. Do you think so still?—I think it has to a certain extent. I think the withholding of money has, in some instances, caused friction.

294. Your complaint is that the Treasurer has not been generous enough?—Yes.

295. At the Conference of Permanent Heads in 1900, how did you discover the state of the services?—So far as my knowledge went, they were not in good condition at that period.

296. What was wrong?—The lines were not properly maintained. The telephone system in some of the States was obsolete. The Department was living from hand to mouth. What discredited the Department most of all, was the necessity for employing a large number of untrained men.

297. At that period the services were not in proper working order. Was that condition common to all the States?—I think it was common to most of the States. South Australia possessed the best maintained lines.

298. Were the lines in an obsolete condition in New South Wales at that period?—I think they were not maintained as they should have been.

299. What was the cause of that?—Want of money.

300. The State Parliament had voted large sums of money for lines, and they had the advantage of loans?—I know of no money, except for free postage and free telegrams. Loan moneys cannot be spent on management, but only on new works.

301. What about obsolete works?—I will give a case in point—the line between Sydney and the Queensland border. We cannot fix an additional wire on that line except at a cost of £5,000 for re-poling.

302. I was referring to the time when Federation was accomplished, and when a very large sum of money was expended on the switchboard in Sydney. Was the Postal Department in Sydney fully up-to-date with their work?—I do not think it was.

303. And the same officials continued in power after Federation?—So far as my information goes the official responsible for that is now dead.

304. Is the discredited condition of the postal services of Australia a heritage from pre-Federation days, or has it come into existence since Federation?—It was in existence before Federation. Since Federation, the Department has not had sufficient money to materially improve the system.

305. Then the concern is really in the condition in which it was handed over?—To some extent.

306. Then you have had no chance of reforming the system?—We found, for instance, soon after Federation, that the New South Wales line was falling into disrepair, and when we made inquiries we were informed that the officer who supervised the construction of the line was a temporary man, and his services had been dispensed with.

307. I suppose you are aware that at the time I am speaking of there was a charge made that cliquism existed throughout the various States and various offices?—I have no particulars about it.

308. You have heard that in the New South Wales Postal Service there were the men who backed up Walker, and the men who backed up Lambton, and that they consisted of two rival cliques?—That is not within my knowledge.

309. Were you free from cliquism in Queensland at that time?—Certainly.

310. You have no evidence of it elsewhere?—I have heard of allegations being made.

311. Have you reasonable grounds for believing that they existed?—I could not say to my knowledge that they existed.

312. Do you think cliquism exists to-day?—I am not aware of it. I have heard of objections to "orange" and "green," and that sort of thing.

313. I do not mean it in that sense. I mean that some men followed Walker, the head of the telegraph system, and some Lambton, who was head of the Postal Service. That is, the head of the telegraph system was fighting against the head of the Postal Service?—I have heard that such a state of affairs existed, but I am not competent to express an opinion.

314. Then now there is no opposition between the experts in the Department?—I am not prepared to say.

315. There is no working with the various heads for promotion?—Not that I am aware of.

316. You said in your evidence yesterday that in the early days of Federation there was a great cry for economy, and that had the effect of starving your service?—Yes, undoubtedly.

317. The cry for economy is not as strong to-day as it was then?—No. At that period a messenger could not be appointed without a cry of Federal extravagance. It was thought that the more money that was spent by the Commonwealth, the less would be returned to the States.

318. Surely you do not think that the public cavil at the expenditure of money, so long as there is a sufficient return?—I do not think the public cavil.

319. Do you think the responsible press would cavil so long as a good return was obtained?—Not unless the anti-Federal feeling dominated the press.

320. Do you mean that the press of the States wanted more money spent in their particular States than was spent in others?—I think they took all sorts of proceedings to discredit Federal administration. Everything is magnified by the public press of some States.

321. Coming now to the money voted for the Department on the Estimates. I understand it was not sufficient, and was detrimental to the existence of a properly trained staff?—Yes. The Treasury was always cutting down the staff, and never gave us the money asked for. In 1906-7 business first commenced to boom in the Department.

322. What do you mean by "boom"?—The revenue on the whole increased, as well as the business.

323. When you asked for money you asked for more than you expected to get?—We asked for more than we expected to get, but never more than we thought we ought to get.

324. You thought it would be cut down?—Yes.

325. When you prepared your estimates you allowed a margin for that?—No, I did not.

326. Not as a keen man of business?—No. I have to justify my estimates to the Treasurer. I would not go to the Treasurer with estimates that I could not justify.

327. The Department is compelled to largely employ inefficient and untrained men to the detriment of the service?—Yes.

328. Is that because of the Public Service Act and Regulations?—The primary reason is, because we could not get trained men, and therefore had to employ untrained men, who were necessarily inefficient.

329. Did you protest against that?—I did to the Minister.

330. How did you get along with the Public Service Commissioner in regard to it?—He advised Sir William Lyne, in regard to our estimates of 1907-8, to be very careful about appointing men. He did not support our application for additional staff.

331. Why did he say "be careful"?—Because he thought there was an impending drought, and allowed for an expected slump.

332. Did he take a similar view earlier than that?—I do not know that he did.

333. The only trouble in regard to untrained men dates from 1906-7?—Yes.

334. Could you suggest a way of getting over that difficulty?—I would suggest that when the deputies have gone thoroughly into the matter, and are satisfied that a number of additional officers are required, and the Central Office was convinced that additional officers should be appointed, the Public Service Commissioner should not have power to set that decision aside without reference to some other authority.

335. You are practically suggesting that the Postal Department should have a staff Committee?—Something of that kind. I have no objection to the Public Service Commissioner holding examinations, but I think that the officer employed as manager should have some say in the disposal of the staff. I think it is an absurdity that one man cannot be transferred from one room to another without consulting the Public Service Commissioner. I think a chief officer in Sydney, or Melbourne, should have power to transfer officers within reasonable limits.

336. The whole system of the Public Service Act involves considerable expense?—Yes.

337. It is troublesome and vexatious to the Department?—I think so.

338. If you had a staff Committee there would be no necessity for the Public Service Commissioner, so far as your Department is concerned?—No, except for the holding of examinations. I do not propose that the staff should be handed over to the Department under existing conditions. Under Commission management I think they should have sole control of the staff.

339. On a matter of finance, you said in discussing administration, that the Department was one which provided certain services in return for specific payments. Would you kindly explain that?—I take it that no charge made on the Department should be considered a tax, such as the payment of postage, telephone rentals, or payment for the transmission of telegrams. They cannot be regarded as a tax, but are services rendered.

340. Should extensions of the service be made self-supporting?—I think, as far as possible, they should.

341. Can you suggest a method by which they can be made more self-supporting?—I think the telephone rates and rentals have been cut down below a paying rate for an absolutely good service.

342. On the other hand, has not the lowering of the rates had the effect of increasing the revenue from these services?—If they do not pay, the greater the business the greater the loss. I do not wish to be misunderstood. Two years ago the system was undermanned, and the lines were also obsolete. They might be made to pay at low rates if a heavy liability were not incurred in order to rehabilitate them. The new switch board for Melbourne will cost about £44,000.

343. Even so, that is a justifiable expenditure if it recoups itself by the service it renders to the public?—If it recoups itself, but I doubt whether it will.

344. Two years ago, I take it, the telegraphic and telephonic systems were working with obsolete machinery. I infer that it has been improved since then?—Yes, but I do not know that the losses have diminished.

345. Why not?—By reason of the reduction of the rates, and the large number of persons employed.

346. If the telephone system were improved, you have reason to believe it could be made more profitable?—It could be made more profitable from the point of view of efficiency, but not in a monetary sense.

347. You recognise that the efficiency of the Postal Department must not be impaired for the sake of making a profit?—Yes.

348. It exists for convenience as well as to produce a revenue?—For convenience within certain limits. If the Department suffered a heavy loss relief has to be sought from the Treasury to make good the general loss.

349. Then the paying services rendered in the more populated centres should pay for those run at a loss in the more sparsely populated districts?—That is my opinion—expend the profits made in large centres in the outlying districts.

350. Do you think it fair to draw a comparison between the conditions in Great Britain and Australia—a country of small distances and dense population, and a country of long distances and sparse population?—I do not think so. I know of no country where the conditions are the same as they are in Australia, with its magnificent distances and sparse population.

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351. Assuming that the Postal Department in Australia is a more extensive concern than that of any other part of the world, that is a disadvantage?—That is a great difficulty in itself.

352. These distances which you term “magnificent” are not magnificent in regard to the working of the Department?—No. I would refer you to the report of the Deputy Postmaster-General of Western Australia on the mail services of the north-west coast. He says—

It will be observed that the cost of the steamship services and the inland mail services from the various ports in the north-west districts, as well as the Departmental cost of maintaining offices, &c., is £13,861 per annum in excess of the revenue derived therefrom, and therefore the question arises whether the Commonwealth Government would not be fully justified in asking the State Government to contribute a portion of the subsidy to be paid for the steamship service, and if this view is accepted it might be deemed advisable to approach the State Government on the subject.

353. That introduces the question of a subsidy. Similar conditions exist in other parts of Australia?—Yes.

354. Do you think that private firms should be subsidized?—Only to a very limited extent.

355. Have you got any return as to the amounts of the subsidies paid to private individuals for mail services?—I do not think we have. They are very infinitesimal.

356. Do I understand that the telegraphic and telephonic systems are unpayable, and a drag on the Department?—I could not say without inquiry. In my opinion the telegraphic system is not paying, taking into consideration the long lines that have to be built, as by lowering the rate we have increased the facilities.

357. Has not the lowering of the rates increased the number of people who send telegrams?—Yes, but it does not pay the Department.

358. Then the telegraph and telephone systems are non-payable?—I do not think the telephones are non-payable. Sometimes a very considerable profit is made on lines run on the condenser system.

359. Generally speaking, the telephone system is a payable one?—Yes, with regard to the trunk lines and condenser system.

360. What is to prevent the Department still further reducing the telephone rates?—I think that would be a mistaken policy. Take a case in point. One can speak by telephone over a distance for 2d. for three minutes, which would cost 1s. by telegram.

361. Then you want to crush the telephones and work the telegraph instead?—No, I do not.

362. *By Mr. Salmon.*—Is the cost the same?—The cost is less, because the operating expenses are lower for the telephones. At the same time, it adversely affects the revenue from the telegraph lines.

363. *By Mr. Wilks.*—Coming back to finance and the want of money. You suggest the establishment of a Post Office Savings Bank, failing a system of terminable annuities?—Failing the terminable annuities system I propose to borrow from the people through the Savings Bank.

364. You want to borrow?—Yes.

365. The difficulty is in raising the money?—I see no difficulty. If the States Savings Banks would not lend the money the Department could fall back on the Commonwealth Savings Bank.

366. Would not that be the inauguration of a National Bank?—No, not necessarily.

367. Would not that be the tendency?—The establishment of Savings Banks did not have that tendency in the States.

368. If one were established by the Commonwealth involving large sums of money, would not it be an incentive to establish a National Bank?—Not necessarily, in my opinion.

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369. Is the Postal Money Order Department a profitable concern?—I think, on the whole, it is.

370. It is increasingly profitable?—Yes.

371. Are you aware of an agreement between Great Britain and Germany with regard to a money order system?—I have heard of the agreement, but I have not a copy.

372. It is a recent agreement, and I wanted to know whether your officers kept up to date. Coming back to the matter of employment. Is there any discontent in your Department?—There is no great discontent that I am aware of.

373. You are accustomed to handle large bodies of men. The service is about 12,000 strong?—More than that, including exempt officers.

374. Under any system, could you conceive of absolute contentment in such a large Department?—Not absolute contentment.

375. Under a Public Service or Staff Committee, you would still have these grievances?—There will always be some grievances.

376. You referred to members of Parliament ventilating the grievances of officers. You think it uncalled for?—To a certain extent.

377. Do you think the effect would be to undermine the discipline of your Department?—I think so.

378. Were not those grievances more of a class character than of an individual character?—I do not think so.

379. For the benefit of this Commission, and also for the public, I wish to know whether politicians have been ventilating individual grievances or class grievances?—Individual grievances very often.

380. Coming back to Meyer's book, which you think so much of, have you any concrete instances, such as he gives, in regard to the ventilation of grievances in the House of Commons?—I have not come across any cases in my experience. Men like Mr. Austen Chamberlain and Lord Stanley were influenced by the ventilation of individual grievances. The case in Great Britain is very much the case here.

381. Did the unions or associations representing the sorters exercise any influence?—I think the organizations only represent a minority.

382. Then they are the agitators in the service?—I should say so.

383. Do you think that these associations or organizations serve a useful purpose?—I am not aware that they have ever assisted the postal officials.

384. Not in improved conditions of working?—I do not know that they have. My stand-point is that associations of officers should have no greater privileges or greater powers than individual officers. Complaints from associations or individuals should carry just the same weight.

385. Do you think that they do?—I do not know that they do. No one can shut his eyes to the fact that the voting power of the officers in the Department is very great, taking into consideration that there are 12,000.

386. Could not that be said of other services?—No; because there are so few officers in the other Departments.

387. Do you think that the Deputy Postmasters-General should have the power of granting awards for increments of salary and promotions?—I think they should carry great weight in that respect.

388. Then the danger of favoritism would exist under that system?—No more than it does now. I do not see why the Deputy Postmaster-General should not be as good as the Public Service Commissioner. I would have three officers on the Board, exclusive of the officer primarily concerned. I think, if

you deprive the manager of the power to give punishment and rewards, you deprive him of the power to exercise discipline.

389. Do you think that the Deputy Postmaster-General, with all the information at his command, is the best person to decide in regard to rewards to officers?—I think so.

390. Have the Deputy Postmasters-General expressed to you their feelings in regard to this power being taken away from them?—They have.

391. In writing?—I do not know whether they have done so in writing. I will see if it is on record.

392. You regard the Public Service Act as at fault in only allowing boys to enter the clerical division?—The Public Service Act provides for the entrance of boys only to the clerical staff. That could be obviated by instituting an examination from the general division to the clerical division.

393. Your Department would be better worked, and the public better served, if the men could go from the general division to the clerical division without going through the competitive examination?—Yes.

394. That is to say, examination is a most unsuitable way to test an applicant's ability?—Except in the Secretarial or Accounts Branch, where a man should be well up in English composition and grammar and accounts. I think, if you have an educated fool and an uneducated fool, the one is as bad as the other.

395. Another complaint you make is the performance of extraneous work by the Department. Do you consider that a great disadvantage?—I think so. I think it is most unfair that the Department should be saddled with the work of the Meteorological Department and the Electoral Department. It involves a large amount of work, which is not paid for. I think that work should be taken away from the Postal Department. Special officers should be appointed who are specially trained to carry such work out.

396. Do you know of a postmaster, while performing electoral work, who has had to neglect his postal business?—Yes, such cases are on record.

397. If the postmaster can give the time it is evidence of the overmanning of the office?—Yes, unless he does his work at night in his own time. The work performed for the Electoral Department has a detrimental effect on the proper working of the Postal Department.

398. You think that the Postal Department should be relieved of the work of the Meteorological Department and the Electoral Department?—Yes, I think we have quite enough to do.

399. And the paying of old-age pensions?—Yes, we do not want any dual control.

400. The same thing would occur as in the case of the Electoral Department, and, in a thickly populated district, most of the postmaster's time would be taken up checking and paying vouchers, and his services would be lost to the Postal Department?—Yes, for the time. I think that postal officials should be confined to the work of their own Department. If not, then I think the Department is entitled to payment for the services of its officers.

401. Take a sparsely populated district where the postmaster's time is not fully occupied, it would not pay to have a special officer to do the work required for other Departments?—In such a case I think the Department should be paid.

402. In regard to the reform of the service; can you suggest any system that would effect a considerable economy and also preserve the efficiency of the service?—I cannot.

403. Have you ever given the matter consideration?—Yes, it has been given consideration.

404. How far did you get with the development of a scheme?—The organization of the Department should be carried out, which would give a better service and effect an economy.

405. You look to a more perfect system of organization to effect these economies?—Yes, that is the only direction in which a saving can be effected.

406. That brings me to organization. You said yesterday that you considered that only two branches could be staffed by special men?—Yes, that of the Secretary and the Accountant.

407. With regard to the working of the Secretarial and Accountancy Branch, is there any over-manning?—I do not know of any, except, perhaps, because of the useless work caused by officers who like to write long letters, and thereby waste their own time and the time of others in reading them.

408. A business department would not stand that sort of thing?—No.

409. In regard to the payment of salaries, are the officers sufficiently well paid for the work they perform?—I think so.

410. If you had two boys starting in life, you could not recommend them to do better than join the Postal Service?—If a boy learns a trade the chances are that he will not be able to earn more than £4 a week regularly, deducting broken time, and time lost through sickness. Compared with men outside the service I think the postal officers are well paid.

411. What about the higher officials in the Department?—I do not think any of them are over-paid, if a similar comparison is made, and considering their responsibility.

412. Did not some of them shirk responsibility?—Some time ago an attempt was made to throw the responsibility on to the Central Office.

413. Have you any suggestion to make to compel them to take the responsibility?—I have told some Deputy Postmasters-General that they have done their work in a very perfunctory manner. I thought they were not exercising proper supervision.

414. Yesterday you said that a third of the time of your staff was occupied in obtaining returns called for by members of Parliament?—I did not say that. I quoted from a speech of Mr. Austen Chamberlain.

415. You have had that experience here?—Not to that extent.

416. Do members of Parliament give you much clerical work?—They give us a good deal of work, especially when nine or ten questions have to be answered in Parliament in the morning. I do not complain; it is necessary under political control. I recognise that it is inevitable.

417. Have you any suggestion to make with regard to the reorganization of the method of conducting correspondence with the officials of your own Department?—All we can do is to write to the Deputy Postmasters-General, and ask them to see that reports are not unduly long. I may mention one inspector particularly in New South Wales who writes very long reports, and which contained a great deal more information than we required.

418. What is his position?—He is acting inspector, I think, and a very good man in other respects.

419. Is it because he is new to the work that he spends so much time over his reports. He wants to be too thorough?—Probably that is so.

420. In giving your reasons for the desirability of officers passing from the general division to the clerical division, do the same reasons hold good in regard to the professional division?—I think entrance to the professional division should always be by examination.

421. Suppose you had a man in the clerical branch who had an aptitude for electrical engineering. Would you provide facilities?—Yes, by examination. I think any man in the clerical division

should be allowed to qualify for the professional division, provided they possess technical knowledge.

422. You are of opinion that the Public Service Act and Regulations of pre-Federal days should be restored?—Not to that extent. I think they should be restored to a large extent.

423. Do you think there was less dissatisfaction in the service at the commencement of the Federation?—I know of no dissatisfaction then unless there was good ground for it. If complete control was restored to the Department, I think it would be beneficial in every way—to the service and the public.

424. Mr. Bright says, in his report to the Postmaster-General on the Melbourne General Post Office, that the men in the Telegraph Branch are insufficient to cope with the work?—That is a legitimate grievance.

425. Is that state of affairs common to the whole Commonwealth?—I could not say. I do not think it is. There may be other places where there are an insufficient number of telegraphists. They are regulated to work six hours continuous work.

426. Is not the tension too great?—The telegraphists work longer in Great Britain.

427. The hours of employment generally in Australia are shorter than in Great Britain?—The conditions are different, I know, but there is no other place but Australia where telegraphists work only six hours. I think the hours are sufficient where the work is continuous, but they are not too long.

428. Do you not think that the state of affairs disclosed in Mr. Bright's report is a distinct public grievance?—Yes.

429. Were you not aware of that before?—No.

430. Then if the Deputy Postmaster-General has not brought it under your notice, he has escaped responsibility?—Yes.

431. Do you not think it a serious position in regard to an important branch like that of the telegraphs?—Yes.

432. Mr. Bright also says that the Record Branch of the Department is most defective in the Melbourne General Post Office. Does not that affect your Department too?—Only in this way, that we might find a difficulty in obtaining records.

433. Does not that tend to clog the work in the Central Office?—It tends to inconvenience us, but not to any serious extent.

434. In a business Department, would not the keeping of complete records be one of the essentials to good management?—No business would have such an elaborate system of records as the Post Office, on account of the multitudinous papers that the Department has to deal with.

435. What is the necessity for that; could it not be simplified?—I do not think so. The records have to be classified and subdivided.

436. Have no instructions been given to simplify the scheme?—I think details should be left to local management. I think our records are too voluminous for the card scheme to be effective.

437. Now as to grievances, and the powers proposed to be given to deputies?—I consider that the management must control the staff, and that it must have power to make rewards and give punishment.

438. The powers given to the Public Service Commissioner and the inspectors interfere so much with the management that the results are a farce?—Not precisely in that sense.

439. What solution have you got for improving the management beyond what you have already stated?—I would give the management greater control over the staff.

440. If the Public Service Act remains in force, the results will be a farce?—They will, in that sense.

441. With respect to extensions to country districts. Can you say whether the Commonwealth is in as advantageous position as the States were before the inauguration of the Commonwealth?—No. The States might have given postal and telegraphic facilities to develop their territory, because they receive revenue indirectly, and the Commonwealth does not. The Commonwealth only gets the return from the services.

442. You estimate that you require about £3,000,000 for new works?—Yes; to put the services in good order and bring them up-to-date. We could spend £2,000,000 within the next three years on works we know of now, allowing small sums for fresh developments, based upon what we expect to be brought forward. The bulk would be required to replace obsolete systems, and put defective systems on a proper footing.

443. How about the difficulty of obtaining trained men—why cannot you get them?—Fitters, mechanics, and men of that kind cannot be obtained at a moment's notice, like labourers.

444. Then there is a market in Australia for mechanics?—Yes, for the mechanics we require. We are the only employers, except the electric companies, and their demands are very small.

445. Still the training required to make the kind of mechanician you speak of is not a very exhaustive one?—Not very, but by reason of insufficient training, there are a great number of inefficient fitters now.

446. How would you get over that difficulty?—By getting men, who show an aptitude for the work, from the junior ranks. A case occurred some little time ago. A lad submitted a machine made out of kerosene tin and pieces of wire, which appeared to possess great advantages. I desired to get employment for that lad, but failed. The Public Service Commissioner said he could not see his way to give him employment as a permanent character because the lad had not passed the necessary examination.

447. Would you put a lot into training straight-way?—Yes; I would put them into training at once. I think the Department will have to adopt that system. It cannot develop adequately without the assistance of trained men.

448. Have you any suggestions to make for improving the system from the point of view of giving better facilities to the public?—I have seen complaints in the press that sufficient notice was not given of ships leaving port at Newcastle. They did not know whether the loading of the ships would be completed, and did not give notice until the last moment, and the Act only empowered the Department to demand twenty-four hours' notice. Mr. Paxton moved in the matter.

449. He is chairman of the Chamber of Commerce in Sydney. Do you think he is a responsible citizen?—He struck me as being so. There was very little in the complaints.

450. Take the parcels post. Is that a profitable service?—It is a great convenience to the public, but I do not know that it is altogether profitable.

451. Would you suggest its further development?—No, I think it is sufficiently developed.

452. What do you think of the value payable parcels post?—I think it is a most profitable branch of the service.

453. Do you know of any means by which it could be made more popular?—I do not know that there is. I wanted to extend it to goods not sent through the Post Office—that is, the bill of lading would not be handed over until the charges were paid.

454. Are there any reforms which you can suggest that would effect a saving—outside of organization?—I would suggest a reform in regard to inspection. It should be more efficient. Next to the accountant, superintendent of mails, and manager of the telegraphs, the inspector is the most important officer in the Department.

455. What is your opinion of the class of men employed as inspectors?—There is a greater difficulty in getting efficient inspectors than any other class of officer. The inspectors are always travelling, and that does not suit very many men. If a postmaster is made an inspector he comes in with all the prejudices of his class.

456. Is it that there are not sufficient inducements?—I would suggest that each inspector have a clerk—a man getting up to £200. The clerk would be thus trained for the position of inspector, under the conditions suggested in my statement. In a large district the inspector should have an assistant inspector and a clerk.

457. You said that one of the difficulties of inducing senior officials to join the ranks of the inspectors was that they are very much away from home. Could you not get over that difficulty by making the districts smaller?—I do not propose to do that until we get inspectors.

458. Would you suggest an increase in salaries?—I think I would, and greater responsibilities.

459. You require men with organizing ability?—They should have organizing abilities. I will give you a case in point showing what I consider his duties. There is an important mining centre at Gympie, in Queensland. A postmaster had been recently transferred, and when he got there he put in an application for two additional assistants. Mr. Bright, who was the inspector, was sent up to inquire, I told Mr. Bright, "I want you to begin at the bottom of the staff, with the messengers. Ask each man what he does, and put it down, and I think when you get to the top there will be very little left for the postmaster to do." Mr. Bright asked the postmaster at the conclusion of his examination what he did, and he said, "I supervise." Mr. Bright said, "Well, if you do a little more work, there will probably be no necessity for additional assistants. You are not to supervise. You are the leading man on the staff, and not for ornamental purposes."

460. By Mr. Webster.—A sort of pacemaker?—Yes, a very good word to adopt. I thank you for it. Mr. Bright found that the postmaster could carry on without the additional assistants, and he did so.

461. By Mr. Wilks.—Do you think that an increase in salary would be a sufficient inducement to induce men to qualify for the position?—I do not think that it would. I think that applicants under any conditions would be few and far between. It requires special training, and we have not the trained men, and would therefore have to train them.

462. Do you not hold a masterly position, as you are about to retire from the service?—I do not presume on that. I would give the same evidence if I was not going to retire.

463. You are free from any outside incumbrance in that matter. You can simply give the best of your knowledge and experience for future guidance?—I am giving evidence according to my oath.

464. What I want to know is whether you are supplying us with only a rough sketch, the details to be filled in after subordinate officials have been examined?—The details will necessarily have to be filled in, and will depend on what the future policy may be.

465. I look to you, as permanent head of a big Department—the Postal business—to give the Commission something beyond a sketch; an idea of the reforms which should be required for the purpose of efficiency, economy, and better service to the public, relying on you, after we have examined subordinates, to reply more fully?—That is so.

466. That is, you have not given it all out yet?—I have put my ideas pretty fully. I find them quite long enough.

467. We have to build something on it, and must have something more than a rough sketch?—There will be the evidence of the deputies and other principal officers, and if the Commission asks me for further information I will be able to formulate an opinion.

468. So long as I understand that there is more to be obtained, I am satisfied. I have a very important matter, that is, the inspectors. We have got to the stage of the difficulty of obtaining the best material possible?—The best men.

469. The best men. You admit that there were difficulties in the road?—Yes.

470. You spoke to-day about the matter of inducement. Do you think an increase of salary would be sufficient?—I do not know that it would.

471. In what way would you get over the difficulty?—Only as I say, by training junior men to take senior positions—training them with the set purpose.

472. Well, you find from experience that senior officers refuse to apply for these positions?—I do not know that senior officers make ideal inspectors.

473. *By Senator Mulcahy.*—I think Mr. Scott's answer has two meanings. Do I understand you to mean juniors generally, or junior inspectors?—Men selected from the junior branches of the service to take up the position of inspectors. Clerks and assistants to the inspectors. Placing them in training for the senior positions.

474. *By Mr. Wilks.*—Do you think splitting up the districts we have got would be an inducement?—I do not know that it would. If you find a difficulty in getting men for the few districts we have at present, there would be a greater difficulty if you split them up.

475. Are the present inspectors able adequately to do the work of the large districts?—Not so promptly as it is desired they should be done.

476. Do you think there is any danger of rough inspection?—I do not think there is. Any danger may be removed by giving adequate assistance.

477. You would recommend the appointment of further inspectors?—Good clerks to assist the inspectors.

478. There are not enough at the present time?—Not in my opinion. The English and American Departments place great trust in efficient inspectors.

479. Matters referring to organization would be the most important positions you have got?—In the country it would be. The deputies should travel through the States.

480. That is, he should be travelling?—Not to be constantly travelling, but he should visit very important centres where great development is going on.

481. Are you aware that the deputies to-day are too much engaged in doing ordinary mechanical work and too little supervising?—I think they are.

482. That is a weak spot?—It is a weak spot.

483. The deputies should see that the policy is administered, but they are really performing work that a junior clerk should do?—I do not say that.

484. They have never intimated to you a desire not to do the work of junior officials?—No.

485. Never objected to do this?—Not objected to it.

486. Are you aware that they are doing work that junior officials perform?—Not that junior officials could perform. They are doing work that, perhaps, the Chief Clerk should perform.

487. That is junior to them?—Yes, junior to them. The term junior would be capable of another construction; that of a boy with a red coat. There was no junior official doing the work of a deputy. I am talking about the boy with a pencil.

488. I am talking about the deputy doing the work that an official in a smaller position could do?—The officer next to him?

489. Well, through doing the work of the officer next to him escaping his true work?—Not necessarily, but to some extent. The Chief Clerk would probably submit the more important papers to the deputy, and the deputy would deal with them.

490. The deputy has control of his officers?—He should control to a great extent. Of course, all matters of importance must be submitted to the deputy.

491. There is work which he might be relieved of by the officer?—If he is trained to it.

492. If he is relieved by that officer, he will be able to do more important work?—Yes.

493. Work really there to be performed?—Yes.

494. Now, I think you said in evidence yesterday about some officer, the only concrete case I remember—I think you said the manager of the telegraph office in Melbourne—was unsuited for the position?—In my opinion, unsuitable for the position of manager.

495. What is his name?—Mr. Blandford.

496. Why is he unsuitable?—Because he has not had the experience. My idea is that it is not necessary to have a highly technical officer as manager.

497. That is more for an expert?—More for an expert than the man exercising the management and controlling the staff.

498. That he lacks the power of organization?—I think he lacks the power of control.

499. Has that been evidenced by any weakness in the working of the Department?—There has been some evidence of weakness in that branch. I do not wish to refer to him. There was one case where a man was away from the office for ten days without the apparent knowledge of the manager, without any report being made, and without his knowing the man was away. Another case was when a request had been made that the Senate elections be promptly notified. I do not think the House of Representatives were sitting. The deputy gave instructions that the necessary action should be taken to have the results of these elections posted. He afterwards returned and found that apparently no action had been taken to carry out that instruction.

500. He simply has no power of control over them?—He seems to me lacking the power of control in regard to instructing the staff. If you will excuse me saying he is a good natured and too benevolent a man to control a large staff. He is one of those men who could not say a nasty thing, even if the occasion called for it. That is the opinion also of the Deputy Postmaster-General here, who told me he thought he was not fitted for the position of manager.

501. Where would you put him?—I would not suggest now to remove him from that position after being placed there. It was not his fault that he was placed there.

502. He is an efficient man, but not masterly enough?—Efficient, but not masterly enough.

503. Has the public suffered by that at all?—I take it that the public has suffered to some extent.

504. Delay in forwarding messages?—Evidence of weakness.

505. Even in the transmission of messages?—Not altogether that; but also in the receiving-room, complaints have been made that have led me to presume that the Telegraph Department was not under the same control as when his predecessor was in charge.

506. That is the most serious thing that can be said; that it is disorganized?—Except that in my opinion he has not got the capacity for controlling the staff.

507. Is there danger of it becoming worse if no proper control is exercised?—The danger would be there if the business goes on without the knowledge of anybody.

By Senator Mulcahy.—The square peg in a round hole.

508. *By Mr. Wilks.*—In the matter of finances. You complained yesterday about the preparing of the Estimates by the Treasurer?—Yes.

509. That is that the Treasurer is naturally conservative, while your Department has a very liberal policy?—Yes. Our liberal policy is demanded to meet our requirements.

510. You suggested that the preparation of the Estimates for the Department be brought by the various deputies to the Central Office?—Yes, necessarily. If a question arises, they have otherwise to be written to or wired to for further information.

511. That is, have a conference?—Have a conference, not only to confer about the Estimates, but for general purposes.

512. Then, you could do by explanation much which to-day the Central Office has to do by writing?—Not only that, but the deputies meeting together could confer with each other and find out the views of each, and know how things were being done in each particular State.

513. Have you had a conference of deputies since you have been in office?—Several.

514. Several at lengthy periods or at intervals?—No; we had a conference the other day, and a little more than twelve months ago.

515. Have you ever suggested the idea of the deputies coming down?—We had one in Mr. Sydney Smith's time, and Mr. Smith was very much disappointed with the result of that conference.

516. Why?—He did not consider that he got any information, or that it was any assistance to him.

517. Do you think he required much?—He expected more than he got.

518. What was your opinion?—At that time, I thought it was a thing that would be of important service in preparing the Estimates of the Central Office and other matters.

519. Matter of policy again?—Matter of policy again.

520. If you people knew the policy of the Government?—You cannot expect the Deputy to know the policy.

521. In matters of preparing the Estimates, you think it is essential.—I think it is essential.

522. The financial trouble you complain of has not been confined to one particular Treasurer?—We have been kept short of cash from the inception. We are not allowed to anticipate the passing of the Estimates. They have been passed in December, and it is six months before we can spend money at all. The Treasurer will say, "I gave you £25,000 last year, and you did not spend it." It has always to be borne in mind at least 75 per cent. goes in material.

523. As you are aware, the passing of the Estimates is within the province of Parliament, and if there is any mistake, it is the dilatoriness of Parliament in not dealing with the Estimates early?—

No; I will not say that. There ought to be a continuous policy, not allowing the money to lapse on 30th June, and then waiting until the money is re-voted. The first three months of this year we have got the supply, but it did not deal with new works.

524. In the interest of your Department, it would be desirable that the Estimates should be dealt with earlier in the year?—Yes; or the provision be made that the money does not lapse on 30th June, and we have to await the passing of the next Estimates. Take them as early as you will, it is 1st July before they are passed.

525. On the matter of telephone service. There has been enormous growth of recent years?—Enormous growth since Federation.

526. Have you any idea?—Not from memory.

527. Roughly speaking?—I think it shows an increase of more than ten-fold.

528. How does it stand now in proportion to the users of the public—the general population—one person in how many?—I cannot speak from memory. I do not know the percentage of the population.

529. Are you aware of the percentage?—We have it on record.

530. Are you aware that 1 per cent. in 105 are subscribers in the United Kingdom?—One in 105, and one in every 20 in the United States.

531. One in every twenty?—I rather doubt that. Out of eighty-five millions of people, 5 per cent. telephone subscribers?

532. That is the book you referred us to, and I find the quotation there?—I am inclined to doubt that.

533. Now the purchase of stores. Did you consider that at any conference?—No, I say there is no fault in the purchase of stores, except that the money is not available at the proper time.

534. All comes back to money again?—Yes, tenders are invited by the Deputy Postmaster-General and the Central Office for the purpose of stores. When the tenders are received they are referred to three officers who make recommendations, and these are approved by the electrical engineers.

535. The general stores which are purchased—are they carried out on a mercantile basis?—They are purchased by tender.

536. Are the class of men who decide these tenders mercantile trained men?—Ordinary Government officials.

537. Not shrewd business men?—They cannot make them. They are precluded by the Audit Act from making purchases without inviting tenders beyond £100.

538. That course was followed in regard to the copper, £11,000, which was lost in tender from Sydney?—Copper must be purchased whatever the price may be. I would suggest that when copper is low that we provide large stocks.

539. Then you anticipate that it will not be lower?—I anticipate a rise. That is the general anticipation. It is the anticipation of tenderers.

540. In regard to matters of improvement. What is your opinion of the penny postage system?—My opinion is that in Australia, with the facilities for carriage, the distance of carriage, the twopenny rate in Australia is a cheaper rate than the penny rate in Great Britain.

541. The imposition of a penny postage would be more expensive?—I think it would.

542. What, for some time?—For a considerable time. I do not think the reduction of any rate that is not prohibitive, leads to any increase of business.

543. Have you ever considered the sale in large cities—the facilities are not in the interests of the

general public as they ought to be?—I think they are in the interests of the general public.

544. Suppose a citizen wishes to dictate correspondence, or obtain information from a directory, there is no room appointed for that purpose?—Why should the Postal Department provide rooms for the public? They have free directories there.

545. In the Sydney office you will find postal directories there?—Yes, but I do not think it is incumbent on the post-office to supply such facilities.

546. If you had a proper room appointed in the Central Post-office people could write their letters and correspondence, for a small charge and obtain postage and stationery?—I do not think it is the function of the post-office.

547. The function of the post-office already competes in the carrying by taking parcels by value payable post. You compete that way?—Compete with carriers?

548. Yes?—Necessarily we must compete in some directions, but I do not think it is the function of the post-office to provide stationery even for a charge. These are necessities which can be catered for elsewhere.

549. It is for the general information of the public who use the post-office?—In my opinion it is not the function of the post-office.

550. It is not the function to supply information to the public?—I think we supply too much now. Shipping reports, weather reports, for which we are not paid.

551. In that matter of the penny postage scheme. Did you report against that to the Minister?—The Minister knows my views. I have not been asked for a report.

552. Your views have been always against it?—Always against it. So far as the recommendation is concerned I summarized it in my opening remarks.

553. There is only one solution for the deep-seated and more important difficulties, that is the removal of the Department from political control. Do you still adhere to that opinion?—I do.

554. You think that the only solid solution for the difficulty is—?—Remove it from political control.

555. How many Commissioners would you suggest?—I would suggest that a Chief Commissioner, who should have a general knowledge of the Department, without being responsible to any one particular man, another should be an expert in electrical matters, another expert in postal matters, one should deal with financial matters and accounts and one deal with the staff.

556. That is five?—Yes.

557. That would be a trained business man, two officials, one electrical and one postal, and the Chief Commissioner. What would be the Chief Commissioner's general characteristics?—To take the place of the secretary and always be at head-quarters.

558. Merely judicial?—Chairman of the Board, as in the case of the Railways Commissioners. To have a general knowledge, and his brother Commissioners to have a practical knowledge as in the case of the traffic on the Railways.

559. I suppose you know that in 1900 that suggestion was made at a meeting of the Permanent Heads, the establishment of Commissioners, three for each State. Were there many of the deputies in favour of that?—I do not know of any of them in favour of it. I never heard them say so.

560. It is embodied in the report?—It is in the appendix of the report. There is no recommendation.

561. Then your five would be for Australia?—Yes, for Australia.

562. Would they be travelling Commissioners?—The whole of the Commissioners, except, perhaps, the Chief, should travel.

563. That is, they should pay visits of supervision periodically, refer to the work to be done, and ask why it had not been done?—Yes.

564. The Chairman should not pay visits, but remain stationary?—I think he should be at head-quarters.

565. What do you think he should be paid? I would not like to express an opinion.

566. You think he should be the more highly paid official?—I think the departure is a matter of great importance, and it would pay the Government to get the best men and give a liberal salary.

567. Commissioners without money would not do much good?—No.

568. You must have money with these Commissioners?—I take it that the Commission would report to Parliament?

569. Then the more Commissioners you have could not improve matters unless they had the money bags at the back of them?—Unless they obtain the money by borrowing.

570. You simply say what you call "money aid" would be similar to, say, the New South Wales Railway Commissioners, who had £1,000,000 given them to start away with to put the rolling stock in order, and so on?—Yes.

571. You would suggest to us that £1,000,000 be given to the Commissioners to put the Postal Department in order?—I think so.

572. And throw out the obsolete machinery on to the scrap heap?—Yes, to some extent.

573. Some of the machinery which is too obsolete for Melbourne could be utilized for small country towns, where the conditions differ from those in large centres. Generally speaking, the whole machinery should be revolutionized—changed?—Yes; there are a lot of obsolete instruments in Victoria. In the early days, following the State practice, tenders were not invited for any specific number. Tenders were invited for a supply of instruments, leaving the specific number to be filled in during the year. One contractor had said, "I have ordered a large number of these from the manufacturer. You are not going to leave them on my hands." I said we could not help it, as we had no authority to order any more, and he must cancel his order. He showed me the telegram, and said the instruments were only used in Victoria, and he could not cancel the order.

574. That is your only solution of the difficulty, appointment of Commissioners, and arming them with plenty of cash?—They must necessarily have money, or they will not do any better than we are doing now.

575. Exactly. You admit the whole service requires remedying?—In some respects.

576. In most respects?—Many respects.

577. In regard to deputies. You believe in trusting them with large powers. Are they exercising the powers trusted in them to-day?—I think they are. For a considerable time they have been.

578. Did that cause trouble with the Central Office?—It would throw additional work on the Central Office.

579. Quadruple the work?—I would not say quadruple the work.

580. The matter of wireless telegraphy—have you given that consideration?—Yes.

581. What do you think about that?—I do not think it has yet reached a commercial stage.

582. Why?—It is not certain. It is subject to atmospheric disturbances, and expensive to maintain. There are the power stations, according to the distances over which you want to transmit messages. So far as I am aware no Department in the world has taken up wireless telegraphy as a commercial business.

583. You would not recommend the establishment of stations round the coasts?—Not for departmental purposes; it would not be a payable proposition.

584. For other purposes outside the Department?—I only look at a thing from a departmental aspect. It is not my function to look at any other.

585. For trade purposes?—I do not think anything for trade purposes. The shipping people will not pay for the ordinary messages.

586. *By Senator Mulcahy.*—Telegraph to the people the movements of their ships?—They are not likely to pay a great deal for wireless telegraphy. The commercial rate now is only 5s. in England.

587. *By Mr. Wilks.*—Your opinion is against wireless telegraphy?—I think there is nothing in it for the Department.

588. Looking at it from a commercial standpoint, are you aware of what Sir W. H. Preece stated in May, 1907?—I am not aware.

589. I suppose you are read up on that question?—I am not an expert.

590. You would have to keep in touch?—Yes.

591. Sir W. H. Preece said, when before the Select Committee on Wireless Telegraphy, "I have not the slightest doubt about it, the whole effect of the Marconi has been to check and really stop the growth of wireless telegraphy, both as a convenience to navigation and as a commercial undertaking"?—I have no doubt they tried to establish a monopoly.

592. He further stated, "Referring to the contract with Lloyds, fourteen years' contract, their signal stations refused to hold communication with vessels employing any wireless telegraphy system other than the Marconi system"?—Yes; they have abandoned that position now. Necessarily they were obliged to, after the Convention in Germany when all the Boards came to the conclusion not to recognise it.

593. That is one reason why it has been checked in its development?—Yes; there have been other developments since Marconi.

594. Your remarks in regard to the Public Service Commissioner are not prompted by any personal soreness?—Not at all.

595. The telegraph lines have been found insufficient for business requirements. Do you think that business has been increasing. That it is an advantage?—I think it is an advantage. I have, when expressing an opinion that the telegraph rates should be below a payable rate, done so from a policy point of view. The sacrifice of revenue should be in that direction considering the vast extent of the Commonwealth in point of time.

596. Do you think its facilities justify even working at a loss?—I think it does.

597. Is it a facility you would encourage still further reductions in?—Not any further reduction.

598. You have special reduction in regard to press matter?—Yes.

599. Are you aware, taking the Commonwealth Parliament, that the Prime Minister's statement is forwarded at a cheaper rate than any other statement?—I do not think so, not now.

600. It was?—It was at one time; that was altered years ago.

601. That is not a recent alteration?—No.

602. Would you be surprised to hear that it had been recently carried at differential rates between the Prime Minister, the leader of the Opposition, and the leader of the Labour Party?—I would be rather surprised.

603. I have here a statement which shows that within the last two days it was so?—I will make inquiries. Of course, I presume you mean that the Prime Minister and the leader of the Opposition and the leader of the Labour Party were speaking on Federal matters.

604. Yes, that is, Federal politics. The trouble you have had with the Treasurer is not to be taken as having anything to do with any particular Treasurer?—Except that they have been aggravated lately.

605. How?—Because the demands of the Department have been increasing, and the Treasurer says he cannot meet our demands. I must accept that.

606. Your demands have aggravated the position?—Our demands and his inability to meet them.

607. Not the stubbornness of the Treasurer?—I took the Treasurer's word. I do not say he will not do it.

608. So you have had a rare time between the two?—I have; and I would not go through it again for three times the salary.

609. That is, you must fight in the interests of the Department?—The game is not worth the candle.

610. I do not understand that?—It is not worth any one's while to be always fighting.

611. We are trying to avoid that?—I hope you will.

612. How do you think the other man enjoyed it; would he like to go there again. Do you think he enjoyed it?—He might have done, for all I can tell.

613. So I understand, Mr. Scott, that the condition of the service prior to Federation was bad—the whole service was bad?—I do not say the whole service was bad.

614. Generally speaking, it is not much improved to-day?—Materially in regard to telephone—very materially improved. Rates have been reduced.

615. Another difficulty was the appointment of temporary hands?—Yes, a great difficulty.

616. That was the trouble between yourself and the Public Service Commissioner?—More between the Department and the Treasurer.

617. Taking the system that obtains, you have got to go to the Commissioner?—Yes; and, if there is not a sufficient number qualified, we have got to wait the result of an examination. It must create delay. My opinion is that we ought to have infusion of new blood. Place ourselves in excess of the requirements by training men for the business.

618. Then it comes back that the Department would be put on a better footing to select for themselves?—I think so. The Department would be better organized. Some of the blocks would be moved out of the way, and leave the Department get abreast of the times. In my opinion, power and responsibility should go together.

(Mr. Scott's evidence continued on page 108.)