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# THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

(SESSION 1910.)

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## VOL. IV.

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### PAPERS PRESENTED TO PARLIAMENT

(AND ORDERED TO BE PRINTED).

*(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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1910.

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA.

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REPORT

OF THE

ROYAL COMMISSION

ON

POSTAL SERVICES.

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*Presented by Command; ordered to be printed, 5th October, 1910.*

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COMMONWEALTH OF AUSTRALIA.

EDWARD VII., by the Grace of God of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India.

TO our trusty and well-beloved \* the Honorable JAMES HUME COOK, M.P., Senator the Honorable HUGH DE LARGIE; Senator the Honorable EDWARD MULCAHY; the Honorable CHARLES CARTY SALMON, M.P.; DAVID STORRER, Esquire, M.P.; WILLIAM WEBSTER, Esquire, M.P.; the Honorable WILLIAM HENRY WILKS, M.P.

GREETING :

KNOW ye that We do, by these our Letters Patent, appoint you to be Commissioners to inquire into and report upon the Postal, Telegraphic, and Telephonic Services of the Commonwealth, and more particularly in relation to the following matters :—

- (1) Management.
- (2) Finance.
- (3) Organization, including discipline.
- (4) Extensions in country districts, and particularly in remote or sparsely populated parts of the Commonwealth.
- (5) Complaints in relation to the services.

AND WE appoint you the said JAMES HUME COOK to be the Chairman of the said Commission :

AND WE direct that at any meeting of the said Commissioners four Commissioners shall be sufficient to constitute a quorum, and may proceed with the inquiry under these Our Letters Patent notwithstanding the absence of the other Commissioners :

AND WE further direct that in the event of the absence of the Chairman from any meeting of the said Commissioners the Commissioners present may appoint one of their number to act as Chairman during such absence :

AND WE further direct that in the event of the votes given on any question at any meeting of the said Commissioners being equal, the Chairman, if present, and if the Chairman is not present then the Commissioner appointed to act as Chairman in his absence shall have a second or casting vote :

AND WE further direct that the said Commissioners may, for the purpose of taking evidence in relation to the inquiry, divide themselves into two or more parts, consisting of not less than two Commissioners, and may appoint one of their number to act as Chairman of any part of which the Chairman of the said Commission is not a member, and that each such part may meet and take evidence separately from any other part, and that each such part, when meeting separately, shall be and is hereby constituted a Commission for the purpose of the inquiry, and that at any meeting of any such part two members shall be sufficient to constitute a quorum, and may proceed to take evidence notwithstanding the absence of any other member of such part, and that, in the event of the absence of the Chairman of any such part from any meeting of that part, the members of the part present may appoint one of their number to act as Chairman of such part during such absence, and that the person appointed to act as Chairman of a part of the said Commissioners shall, as regards that part, have all the powers of the Chairman of the said Commission :

AND WE require you, with as little delay as possible, to report to our Governor-General in and over our said Commonwealth the result of your inquiries into the matters intrusted to you by these our Letters Patent :

IN TESTIMONY WHEREOF We have caused these our Letters to be made Patent, and the Seal of our said Commonwealth to be thereunto affixed.

WITNESS our trusty and well-beloved HENRY STAFFORD, BARON NORTHCOTE, Knight Grand Cross of our Most Distinguished Order of Saint Michael and Saint George, Knight Grand Commander of our Most Eminent Order of the Indian Empire, Companion of our Most Honorable Order of the Bath, our Governor-General and Commander-in-Chief in and over our Commonwealth of Australia, this twenty-second day of June, in the year of our Lord One thousand nine hundred and eight, and in the eighth year of our reign.

(Seal of the  
Commonwealth.)

(Sgd.)

NORTHCOTE,  
Governor-General.

By His Excellency's Command,

ALFRED DEAKIN.

ENTERED on record by me in Register of Patents, No. 3, page 147, this twenty-fourth day of June, One thousand nine hundred and eight.

ATLEE HUNT

(\* NOTE.—In December, 1908, Messrs. Cook, Mulcahy, and Salmon resigned from the Commission, and Mr. Wilks was appointed Chairman.)

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# REPORT.

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*To His Excellency the RIGHT HONORABLE WILLIAM HUMBLE,  
Earl of Dudley, a Member of His Majesty's Most Honorable  
Privy Council, Knight Grand Cross of the Most Distinguished  
Order of Saint Michael and Saint George, Knight Grand  
Cross of the Royal Victorian Order, Governor-General and  
Commander-in-Chief of the Commonwealth of Australia.*

MAY IT PLEASE YOUR EXCELLENCY—

1. We, your Commissioners, appointed by Letters Patent dated the 22nd of June, 1908, to inquire into and report upon the Postal, Telegraphic, and Telephonic Services of the Commonwealth, and more particularly in relation to the following matters:—

- (1) Management ;
- (2) Finance ;
- (3) Organization, including discipline ;
- (4) Extensions in country districts, and particularly in remote or sparsely-populated parts of the Commonwealth ;
- (5) Complaints in relation to the services ;

have the honour to report that we entered upon our inquiry in July, 1908, but were prevented from holding continuous investigations through the intervention of Parliamentary business.

2. The inquiry occupied 228 sittings, and your Commissioners visited every State and took evidence at all the State capitals, and at Fremantle and Kalgoorlie, Western Australia, and at Launceston, Tasmania. Personal visits of inspection were made to all the General Post Office buildings, and many branch telephone exchanges, and suburban post-offices of Sydney and Melbourne.

3. Your Commissioners examined 190 witnesses, and evidence was received from—

- (1) Representatives of Public bodies.
- (2) Representatives of Chambers of Commerce and Manufactures.
- (3) Representatives of Commercial Institutions.
- (4) The Commonwealth Public Service Commissioner and Inspectors.
- (5) The Commonwealth Auditor-General.
- (6) The Secretary to the Treasury.
- (7) The Secretary to the Department of Home Affairs.
- (8) The Permanent Head, Assistant Secretary, Chief Electrical Engineer, Chief Clerk and Accountant of the Central Office of the Post and Telegraph Department.
- (9) The Deputy Postmasters-General, and the Heads of Branches in each State.
- (10) Representatives of the Officers' Associations in each State.
- (11) Dr. Alexander Graham Bell, the inventor of the telephone (whose evidence is set out in Appendix 39 of the *Minutes of Evidence*.)

4. During the course of this inquiry, improvements have been made and concessions granted, which, in the opinion of your Commissioners, were the direct result of the evidence adduced by them, and they appreciate the promptness displayed by the Public Service Commissioner and the Department in endeavouring, by the adoption of needed reforms, to remedy the defects disclosed. A list of the more important improvements made, and the concessions granted to the Service, is appended.

#### IMPROVEMENTS MADE AND SERVICE CONCESSIONS GRANTED.

- (1) Increase in the permanent staff by making provision in the 1909-10 Estimates for 1,500 additional officers.
- (2) Larger votes granted for telegraphic and telephonic construction works.
- (3) Telephone rates remodelled.
- (4) Position of Chief Accountant created.
- (5) Chief Electrical Engineer's staff augmented.
- (6) Introduction of Wheatstone instruments on Inter-State telegraph lines.
- (7) Reduction of the number of grades of post-offices from thirteen to seven.
- (8) Overtime worked in the General Post Office, Sydney, partly paid for.
- (9) Accommodation obtained at the Central Railway Station, Sydney, for the Mail Branch.
- (10) Sorting test simplified in May, 1909.
- (11) A conference of departmental officers held to investigate the question of broken shifts in the Mail Branch.
- (12) Additional grade of Senior Assistant established.
- (13) Age for the admission of telegraph messengers to Service increased, and age of retirement extended.
- (14) Appointment of outside supervisors of telegraph messengers.
- (15) A uniform *Postal Guide* introduced.
- (16) Improvement made in the compensation allowed for Sunday work.
- (17) Letter carriers' beats in Sydney re-adjusted.
- (18) Privileges extended to temporary employes.
- (19) Procedure under punitive sections of Commonwealth Public Service Act simplified.

#### MANAGEMENT.

##### INITIATION OF COMMONWEALTH CONTROL.

5. Prior to submitting to Your Excellency the conclusions and recommendations of your Commissioners in regard to the management of the Commonwealth Post and Telegraph Department, it is advisable to briefly relate the history of the inauguration of that Department.

Constitution Act.

6. Under the *Commonwealth of Australia Constitution Act* 1900, 63 & 64 Vict., Chapter 12, power was given to the Commonwealth Government to take over, control, and administer the Post and Telegraph Department of each State of the Commonwealth. This involved transfer to the Commonwealth of six separate Departments. In accordance with the Constitution Act, preparations were made by the Commonwealth Government to take over the six States' Post and Telegraph Departments. An Acting Secretary was appointed to act as adviser to the Ministerial Head, and to attend to matters submitted for Ministerial approval by

Transfer of  
Departments.

States' Deputy Postmasters-General. Under this system the Commonwealth Postmaster-General and the Acting Secretary exercised a general control over the States' Post and Telegraph Departments. Subsequent to a conference of the heads of those Departments, a Bill was drafted, and enacted by the Commonwealth Parliament, entitled the *Post and Telegraph Act* 1901. This Act provided that the administration and control of the Commonwealth Post and Telegraph Department should be vested in the Postmaster-General; that there should be a Secretary to the Postmaster-General, who should have the chief control of the Department throughout the Commonwealth; and that there should be in each State a Deputy Postmaster-General, who should be the principal officer of the Department therein. Power was also given to the Postmaster-General to delegate any of his powers under the Act (excepting this power of delegation) to enable the delegate to exercise power with respect to the matters specified or the State or district defined in the instrument of delegation, such delegation to be revocable at the pleasure of the Postmaster-General.

Post and  
Telegraph Act.

Delegation of  
powers.

7. Concurrently with these preliminary preparations, a Central Executive was established, directed by the Postmaster-General and the Acting Secretary, who was subsequently appointed Permanent Head of the Department.

Central  
Executive.

8. In addition to the provisions set out in the *Post and Telegraph Act*, the Treasurer, by virtue of his control of the expenditure of Commonwealth funds, exercised a close supervision over the Estimates of the Post and Telegraph Department, and the supply of the necessary funds for carrying on the work of the Department depended upon the decision of the Treasurer. Further, all matters relative to appointment, promotion, and transfer of officers of the Commonwealth Departments were vested in the independent authority of the Commonwealth Public Service Commissioner under the provisions of the *Commonwealth Public Service Act* 1902. The construction and maintenance of buildings were placed by the Public Works Regulations under the control of the Department of Home Affairs. The authorities mentioned, though exercising considerable powers, are not in any way responsible for the efficiency of the Commonwealth Post and Telegraph Department's services, such responsibility resting entirely on that Department.

The Treasurer.

Public Service  
Act 1902.

Public Works  
Regulations.

#### DEFECTS IN MANAGEMENT.

9. Your Commissioners, during their inquiry into the management of the Post and Telegraph Department, discovered defects which were due to lack of efficient management as distinct from the system of control, and also defects which were inherent in the system. In framing this Report endeavours have been made to broadly separate the defects of system from those of management. It is evident that an inferior system, even under sound management, would make for an indifferent service. When, however, an inferior system is associated with a weak and limited management, the results are disastrous.

Defects in  
management  
and system.

#### Central Executive.

10. Whilst the experience of the heads of the States' Post and Telegraph Departments was necessary in the drafting of a scheme of Commonwealth control, it was unwise to depend upon that alone in view of its limitations. Your Commissioners consider that before the Post and Telegraph Bill was submitted to Parliament a Royal Commission should have been appointed to inquire into and report upon the management and financial position of the services, including valuation of properties and bookkeeping systems, and also upon the advisability of obtaining the assistance of an independent organizer of exceptional ability, with experience in controlling Post and Telegraph affairs on a large scale, to advise the Government as to the best method to adopt in amalgamating six different Departments into a homogeneous whole.

Thorough  
not made.



Policy building.

11. The framers of the policy of the Commonwealth Post and Telegraph Department were the Postmaster-General for the time being and the Permanent Head. Their attempt at policy-building was made without a sufficient personal investigation of the working of the States' branches of the Department, either before the moulding of the policy or after its introduction.

Interpretation of policy.

Friction with Deputy Postmasters-General.

12. The evidence does not disclose that any effort had been made to ascertain whether the policy as formulated was properly interpreted by the Deputy Postmasters-General. For a considerable period after Federation a good deal of friction, culminating in 1907, existed between the heads of the States' branches and the Central Executive. It was natural that the Chief Officer of each State, possessing State experience only, would endeavour to imprint on the Department the local system which he had assimilated, and which, probably for many years, he had controlled. Your Commissioners are of the opinion that, if the Central Executive had possessed itself of a better personal knowledge of the conditions affecting the Deputy Postmasters-General of the various States, the dissatisfaction which has existed between the Central Executive and the Deputies would have been reduced to a negligible quantity.

Federal spirit.

13. There also existed in the Deputy Postmasters-General an incomplete conception of the Federal spirit, in addition to a certain amount of official jealousy occasioned by the selection of a Deputy Postmaster-General from one of the smaller States to be the Permanent Head of the Department.

Permanent Head remaining at head-quarters.

14. Through the Permanent Head of the Department remaining almost constantly at head-quarters effective management by the Central Executive is prejudiced. Harmonious relations between the Central Executive and the States' branches, together with the development of a proper scheme of managing the postal, telegraphic, and telephonic services in the interests of the public, are extremely difficult of attainment unless the Permanent Head of the Department makes periodical visits to the States' branches, in order to personally acquaint himself with the conditions existing.

Appointment of Assistant Secretary.

15. Since the original system of management was adopted an Assistant Secretary has been appointed. This arrangement of duties of the Central Executive may give rise to a conflict of control owing to the presence of two administrative officers possessing similar powers. Such a method of allotting the duties may work well under the present *personnel*, but it may result in inharmonious relations when the *personnel* is changed, or in the event of some Ministerial Head preferring to consult the junior authority rather than the senior. To obviate such a possibility a minor official should have been appointed to perform the actual secretarial duties as between the Minister and the Department, thus releasing the Permanent Head from routine work, and enabling him to make visits to the States' branches of the Department in the character of a General Manager. This opinion is advanced only to show that the present system could have been improved, and is not to be accepted as an indorsement of its continuance.

Present system not indorsed.

Outside knowledge.

16. During his examination the Permanent Head showed that he had no personal knowledge of post and telegraph systems of other countries, other than that acquired by reading the British Post Office Reports. He also referred to a modern economic writer on the British telegraphs and telephones. The conclusions of this writer have, in the opinion of your Commissioners, no relevance to the Commonwealth Post and Telegraph Department, as his object was to establish a case against Government ownership.

17. Several witnesses in subordinate positions in the Department, of their own volition and at their own expense, had collated valuable information in regard to Post and Telegraph Departments in other countries. This was especially exemplified in an official in the General Division of the Service in the State of New South Wales. The absence of an extensive knowledge of the working of Post and Telegraph Departments in other countries was common to all the high officials, with the exception of the Chief Electrical Engineer. It may be said that the neglect to possess themselves of this information was to some extent occasioned by their too close adherence to duties of a merely clerical nature. The practice of confining the Permanent Head to minor secretarial duties deprived him of an opportunity of becoming better acquainted with outside conditions, and acquiring knowledge which would have tended to the solution of many of the difficult problems of administration now troubling the Department. It would have been prudent if some of the higher officials had been afforded an opportunity of visiting Great Britain and foreign countries for the purpose of making themselves acquainted with modern post and telegraph management, equipment, and improved methods of organization. The only instance evident in which an opportunity was provided of acquiring a personal knowledge of these matters was when the present Chief Electrical Engineer was deputed to visit foreign countries in 1905. There was, however, evidence of endeavours having been made by officers to keep abreast of the times by studying technical and other publications dealing with postal, telegraphic, and telephonic matters. The rapid strides made in telegraphy and telephony, and possibly in post-office administration, warrants more frequent visits than have hitherto been made to other countries.

Subordinates supply information.

Absence of knowledge of high officials.

Visiting foreign countries.

18. The responsibility for local management should have devolved upon the chief officers of the respective States, instead of the Central Executive overloading itself with unnecessary details of solely State concern. The Central Executive should have confined itself to matters of general policy, and to establishing uniformity of administration in the Department throughout the Commonwealth. Since the report of the Sub-Committee of the Cabinet in 1908, the Central Executive has relieved itself of dealing with a large number of minor staff matters. This has reduced the clerical work of the Central Executive considerably, but the Central Executive still performs unnecessary clerical work.

Local management.

Effect of Cabinet Sub-Committee's Report.

19. Until recently the Central Executive was not sufficiently staffed to cope with the large and continually increasing amount of work with which it had to deal, more especially in the Electrical and Accounts Branches. This is substantiated by the incompleteness of the management.

Want of staff.

20. The continuous failure of the Central Executive to obtain a sufficient permanent staff of officers in the respective States resulted in the employment of a large number of temporary hands. The explanation tendered was that the Treasurer had refused the necessary funds. This excuse is considered by your Commissioners to be evidence of weakness on the part of the several Postmasters-General and their advisers in not insisting on being supplied with the necessary funds.

Employment of temporary hands

21. The Chief Electrical Engineer, instead of being employed mainly as a consulting and supervising engineer, has been engaged in doing too much detail work, and performing administrative duties apart from his professional functions. The liberation of the Chief Electrical Engineer from minor duties would have allowed that officer greater opportunities of gauging the requirements of the Department, and would have furnished him with an opportunity to make a closer study of electrical engineering developments, particularly telephone engineering, thus equipping him with ample knowledge to effect economies. To achieve this purpose the Chief Electrical Engineer's Branch

Misuse of Chief Electrical Engineer.

Appointment of  
Assistant  
Engineers.

Proper  
professional staff  
required.

should have been adequately staffed by the appointment of assistant engineers. Since the commencement of this inquiry some action has been taken to remedy the serious defect of want of sufficient staff, but your Commissioners are convinced that the necessity for providing an efficient and complete professional staff was not fully recognised by the Central Executive. For instance, the most important office of Chief Electrical Engineer was not filled until 1906, five years after the passing of the *Post and Telegraph Act*. This delay resulted in an absence of uniformity in constructional methods during that period.

Neglect to supply  
balance-sheet.

22. A striking illustration of the inefficiency in the working of the Central Executive was its neglect to provide itself with a proper balance-sheet of the Department's finances. This should have been a primary concern of the administration. The Central Executive did not endeavour to obtain such a balance-sheet until a comparatively recent order was made by Parliament. The balance-sheet then furnished deals only partly with the finances of the Department, and is confined to one year's operations. Through the absence of a proper balance-sheet, the officials were unable to determine the financial position of any branch of the Service, or even of the whole Department. The Central Executive explained that its inability to produce a proper balance-sheet was due to the Department's transferred properties not having been assessed. The Accountant in New South Wales stated that an approximate balance-sheet could have been compiled in the early days of Federation equally as well as at the present time. The question of a balance-sheet will be dealt with in this Report under the heading of "Finance."

Neglect to  
appoint Chief  
Accountant.

23. The neglect of the Central Executive to secure the services of a highly qualified and proficient accountant as Chief Accountant was a very serious omission. Your Commissioners are strongly of the opinion that the Department required the services of a most expert financial officer from its inception, as sound finance should have been the governing principle in the administration of the Department. Such an expert officer should have been appointed to act as adviser to the Central Executive on financial matters, and to introduce an efficient and economical method of keeping the departmental accounts. If the appointment of such an officer had been made at the commencement of Commonwealth control much of the financial trouble that now exists would have been avoided. This financial adviser would have obtained, for the direction of the Central Executive, a clear statement of the financial position of all the services. With proper management a higher standard of efficiency would have been insisted upon in the officials occupying the positions of Accountants in the several States branches of the Department. The majority of the Accountants examined displayed little acquaintance with the finances of their own State branches, apart from that broader knowledge of the general finances of the Department which is necessary to enable them to act as capable financial advisers. Most of the Accountants in the States' branches, while being fairly good routine officers, may be classed more as senior clerks than Accountants.

Broader  
knowledge  
required.

State  
Accountants'  
standard of  
efficiency.

Absence of high  
accountancy  
standard in  
Central  
Executive.

24. The absence of a high standard of qualification in the Accounts Branch of the Central Executive is answerable for the serious omission to institute a uniform system of keeping accounts in the Department. By such a uniform system a considerable saving of both money and labour could have been effected. Under instructions from the Central Executive the Accountant to the New South Wales branch of the Department investigated the accounts systems of the various States in 1904, and made recommendations for a uniform system. These recommendations were not put into operation, and in 1908 a Committee, consisting of the Chief Clerk, Commonwealth Audit Office, and the Accountants to the Treasury and the Central Executive respectively, was appointed to draw up a uniform system of accounts for the Post and Telegraph Department, including a balance-sheet and a profit and loss

Uniform system  
of accounts.

account. This Committee made some investigations, but had not made any recommendations up to the time this Report was written. Although the urgent necessity for a uniform system of accounts is admitted by the Department, its efforts in that direction have not been productive of much result. Your Commissioners consider that the Central Executive has been extremely dilatory in this matter.

Central  
Executive  
dilatory.

25. A serious defect in the Department is that the inspectorial staffs of the States are not large enough, and that the salaries provided for inspectors are not sufficiently liberal to attract the best class of officer. The districts allotted to the inspectors should have been made smaller to insure more effective inspection. The Inspection Branch is one of the most important branches of the Department, being an advising section of the administration. This necessitates its staffing by most competent officers. The inspectors should be the chief assistants to the Deputy Postmasters-General, and the instructional officers to postmasters on matters of uniform practice and methodical working. This subject will be more fully referred to under "Organization."

Inspection staffs  
not large enough.

Competent  
officers required.

26. Your Commissioners do not approve of conferences of Deputy Postmasters-General, as suggested by leading officials. Such conferences have, in their opinion, resulted in very little, if any, improvement, as they have not made for sound or effective administration during the years when reform was much needed. The practice referred to makes plurality of control paramount, and is subversive of distinct control by the Permanent Head. Such conferences were held for the alleged purpose of securing uniformity of administration; but a capable Permanent Head would first have drafted his scheme of uniform management, and, by personal visits and consultations with the Deputy Postmasters-General, would have determined its application either in its entirety or with modifications adapted to local conditions.

Conferences of  
Deputy  
Postmasters-  
General.

What Permanent  
Head should have  
done.

27. The omission by the Central Executive to adopt a more economical and expeditious system of sorting mail matter, and to establish sorting rooms close to the central railway stations in each of the capital cities of the States is evidence of want of effective management. In defence of this omission the Central Executive pleaded want of funds. This still further accentuates its administrative weakness in not insisting on the necessary financial provision.

Bad methods of  
sorting mail  
matter.

Administrative  
weakness.

28. In the telegraph section it was discovered that the Central Executive had not brought into general use the Wheatstone automatic telegraph instrument on the main lines. The reasons assigned by the Department for the non-application of this improved method of telegraphic transmission were the absence of expert Wheatstone operators, and the alleged disinclination of telegraphists to acquire the necessary skill. Your Commissioners consider that the Department should have overcome these alleged difficulties in the early stages of Commonwealth control, as they were not of an insurmountable nature. The Department is now adopting Wheatstone working, and during the past twelve months has been employing an expert Wheatstone operator from the Perth office, Western Australia, as instructional officer to the telegraphists in the capital cities.

Failure to adopt  
Wheatstone  
working.

Recent efforts  
to adopt  
Wheatstone  
working.

29. During the course of this inquiry it was made evident that the Department had failed to provide proper facilities for the training of its officers. This failure calls for the severest condemnation, because it has made it impossible for the Department to secure a trained staff for the Telegraph and Telephone Branches, and it has had a most detrimental effect on the service.

Inability to  
secure trained  
staff.

30. The premises and buildings occupied by the Department in the capital cities in the Commonwealth (Hobart excepted) were found to be most inadequate for the proper, efficient, and convenient

Buildings  
unsuitable.

transaction of business. The structural nature of these buildings also prohibited the effective supervision of the officers employed therein. Your Commissioners do not desire to convey the impression that the Central Executive is responsible for such unfavorable conditions, as they existed when these premises were transferred to the Commonwealth. The Central Executive should, however, have been more persistent in its efforts to remedy the unsatisfactory conditions, which have adversely affected public facilities and the proper control of the officers.

Public interests affected.

No provision to purchase stores in large quantities.

Stores Purchase Account not insisted on.

Central Executive responsible for congestion.

Reductions opposed by Permanent Head and Chief Electrical Engineer.

31. A serious omission by the Central Executive was that no provision was made for the purchase of stores of a standard character in sufficiently large quantities for the use of the whole Department. The neglect to do this has occasioned heavier expenditure than was necessary, particularly in buying large quantities of material in general use—such as copper wire and other articles of a standard character. Consequently the Department did not avail itself of favorable markets. The Central Executive, if it had adopted ordinary business-like methods in the earlier stages of its control, would have insisted upon the establishment of a Stores Purchase Account.

32. Your Commissioners consider that the Central Executive in neglecting to exercise ordinary foresight by making the necessary provision to meet the demands of the public when the telephone rates were reduced in 1907, and in failing to profit by the experience of other countries in similar circumstances, is responsible for the congested state of the telephone service, and the consequent overworking of the officers of the Department. The evidence discloses that the reductions in the telephone rates were made on the advice of a subordinate officer, and in opposition to the advice of the Permanent Head and Chief Electrical Engineer, and your Commissioners consider that the then Postmaster-General took action without having any sound reason for the drastic reduction made.

#### *Deputy Postmasters-General.*

Designation Deputy Postmaster-General not suitable.

33. The officials entitled Deputy Postmasters-General are the principal officers of the Department in their respective States, and are answerable for the interpretation of the policy as formulated by the Central Executive. They are, in fact, deputies to the Permanent Head, and the designation Deputy Postmaster-General is a misnomer. The Permanent Head is the actual Deputy Postmaster-General, and your Commissioners suggest that a more descriptive title for the principal officer of a State would be "State Postmaster."

Lack of ability of Deputy Postmasters-General.

Responsibilities not assumed by subordinate officers.

34. There was little evidence of the existence of administrative ability in many of the present occupants of the office of Deputy Postmaster-General; otherwise they would have delegated their minor duties to a greater extent to subordinate officers. The evidence also disclosed that most of these officers had not made any sustained or systematic attempt to compel their subordinate officers to assume the responsibilities attached to their offices. The avoidance of responsibility by heads of branches was said to be most pronounced. The Deputy Postmasters-General are occupied too much with the minutiae of administration at the expense of general control, which is clearly incompatible with effective management.

Serious defect in management.

35. There was no evidence that the Deputy Postmasters-General visited suburban and country post-offices, except to some extent in the less populous States. Your Commissioners consider this to be a serious omission, tending to prevent the establishment of sound and progressive management.

Delegated powers overridden.

36. There was also evidence of want of definite support of the Deputy Postmasters-General by the Central Executive. When the Deputy Postmasters-General exercised delegated powers they were, in certain

instances, overridden by the Ministerial Head. This undermined the status of the Deputy Postmasters-General with the public and with their staffs. This practice is partly answerable for the flooding of the Central Executive with petty and unnecessary details, the settlement of which involves needless expense in time and labour. It is also inimical to the Deputy Postmasters'-General assumption and exercise of the higher functions of control and administration.

37. It was alleged that the general tone of the instructions issued by the Central Executive had degraded the Deputy Postmasters-General, and that some had contemplated retirement on that account. This is not so evident at present as it was formerly. There is now evidence of a desire by the Central Executive to moderate the tone of its instructions, which has tended to establish more harmonious relations between the Central Executive and the Deputy Postmasters-General.

Tone of instructions issued by Central Executive.

38. The practice of relieving Deputy Postmasters-General by Chief Clerks has led to the assumption by the latter that they are entitled to promotion to the office of Deputy Postmaster-General. Many of the officers now occupying positions as Chief Clerks in the States possess merely clerical knowledge, and that principally confined to the Head Office. They have only a rudimentary acquaintance with the vital matters of postal administration. This inefficiency is of the most serious moment. Your Commissioners consider that the most efficient officers would be obtained if the Deputy Postmasters-General were recruited from the ranks of the inspectors, as the inspectors are conversant with the details of general management of offices within the States. This opinion is conditional to inspectors being of the standard already referred to in this Report.

Chief Clerks as Deputy Postmasters-General.

Deputy Postmasters-General should be recruited from inspectors.

39. Your Commissioners consider that the very important functions which the Deputy Postmasters-General should exercise (functions which will be more fully detailed in this Report) should command higher salaries than those now paid, which are not sufficient inducement to secure the class of officer with the capacity necessary to assume with satisfaction to the public and the Department the responsibilities of local management and control.

Salaries of Deputy Postmasters-General.

#### DEFECTS INHERENT IN THE SYSTEM OF CONTROL.

##### *Ministerial Control.*

40. In the administration of the Commonwealth Post and Telegraph Department it is desirable, in the interests of the public, that continuity of policy should be maintained. The Central Executive attempted to formulate a definite policy; but it was alleged that a continuous policy could not be exercised by the Department because of its incompatibility with frequent changes of the Ministerial Head. There have been nine Postmasters-General since the inauguration of the Commonwealth, and the evidence discloses that most of the Ministerial Heads endeavoured to effect signal alterations of policy. Ministers are apparently anxious to signalize their occupancy of office by some new and distinct act of administration; but due regard does not appear to have been paid to the effect of such actions. The baneful influence of ill-considered interference in administration by the Ministerial Head is strikingly illustrated by the alteration of the telephone rates in February, 1907, by the Minister of the time, in opposition to the advice of his administrative and technical officers. The disregard of the effects of such drastic innovations is detrimental to the carrying out of a continuous and definite policy, even if formulated by the Central Executive. There also seems to have been a strong inclination on the part of Postmasters-General to give too much consideration to, and interfere with, details, instead of confining themselves to the broader principles of administration. Your Commissioners consider that it

Continuity of policy.

Baneful influence of Ministerial Head.

Interfering with details.

Post and  
Telegraph  
Department not  
to be used for  
political  
purposes.

is impossible for a Minister to obtain a reasonable grasp of the affairs of a Department of such magnitude as the Post and Telegraph Department, even with a longer tenure of office than has hitherto been the case. Delays in the execution of administrative duties are also occasioned by the enforced absence of the Minister from his Department on political business. The Post and Telegraph Department is an institution daily affecting almost every individual in the community to a greater extent than any other Government Department in the Commonwealth, as it provides public utilities of paramount importance. It supplies services to the public, the control of which should be independent of political exigencies.

#### *Multiplicity of Control.*

Expenditure  
vested in  
independent  
authority.

41. Your Commissioners strongly disapprove of a system which permits expenditure on account of buildings, repairs, and maintenance being vested in the independent authority of the Department of Home Affairs, while permitting the much greater expenditure on account of telegraphs and telephones to be controlled by the Post and Telegraph Department. The practice of obtaining the sanction of another Commonwealth Department in regard to minor expenditure is absurd. This system involves unnecessary labour and circumlocution.

Control of staff by  
Commonwealth  
Public Service  
Commissioner.

42. Your Commissioners also disapprove of the system under which staff matters affecting the Department are placed under the independent authority of the Commonwealth Public Service Commissioner, for the following reasons:—

- (1) Such a system makes for divided control, which is undesirable and unnecessary.
- (2) It gives the Commonwealth Public Service Commissioner power to refuse staff which the Post and Telegraph Department considers to be necessary, whilst no responsibility for the efficiency of the services is incurred with such power.
- (3) The responsible heads of the Post and Telegraph Department, acting as a Staff Committee, would be, in the opinion of your Commissioners, in a better position to judge the qualifications of their officers than any outside authority.

Divided control.

Multiplicity of  
control hampers  
administration.

43. Such divided control, combined with the fact that the Department is entirely dependent on the Treasurer for funds for carrying on its services, renders efficient management extremely difficult, if not altogether impossible, since independent authorities are vested with power without responsibility, while the Post and Telegraph Department is divested of power and, at the same time, charged with responsibility. Power and responsibility should be combined in the one authority. It was frequently admitted that the Central Executive had been seriously hampered by this multiplicity of control.

#### *Inefficiency of the Services.*

Condition of  
services when  
transferred.

44. The evidence clearly discloses that the Department did not keep equipment up to requirements, this being common to all the States, with the exception of South Australia, where the telegraph and telephone lines were said to be in good order. With the above-mentioned exception, the condition of the services when handed over to the Commonwealth was far from satisfactory. This defect should have been rectified in the early days of Commonwealth control. Since the time referred to, the Central Executive has been continuously forced to neglect new works, and prevented from placing maintenance on an effective basis, mainly in connexion with telegraph and telephone lines and switchboards. This phase of the investigation will be more fully dealt with under the heading of "Finance."



45. The starved condition of the services is largely answerable for the imperfect working of the telephonic and telegraphic installations. Evidence was received that the position was getting worse, owing to the increased volume of business making the adverse conditions more accentuated; but recent action is remedying that condition to some extent.

Position getting worse.

46. The reason assigned by all the officials for the failure to place the services in proper working order was want of sufficient funds. There is evidence that the Department in 1901 endeavoured, through the Treasurer of the time, to obtain the necessary funds to place the services in an efficient condition by resorting to a loan, but Parliament refused to sanction this proposal. The curtailment of funds at that period was apparently the result of the desire to keep the cost of Federation within a limit of £300,000 per annum. The adoption of that course, in spite of the demands of the Post and Telegraph Department, is, in the opinion of your Commissioners, evidence that the system of management is faulty, in that it permitted the Treasurer to assume financial control of services for whose efficiency he was not responsible. This aspect of the position is emphasized by the fact that the Treasurer was at that time aware of the necessities of the Post and Telegraph Department, notwithstanding which he returned to the States Governments the whole of the surplus revenue beyond their constitutional proportion. In this connexion it would appear that the Postmaster-General was too complaisant in respect to the actions of the Treasurer. The Central Executive, though representing to the Postmaster-General the omission to supply sufficient funds, should have more persistently urged upon him the results that would occur from a continuation of the starvation policy. This matter will be further dealt with in the financial section of this Report.

Alleged want of funds.

Effect of curtailment of funds.

Postmaster-General too complaisant.

### *Disabilities of Centralization.*

47. A distinct weakness in the system of control, made evident early in the inquiry, was that a somewhat rigid policy of centralization existed. This was more noticeable in the early stages of Commonwealth control. Although considerable powers had been delegated to the Deputy Postmasters-General, apparently for the purpose of avoiding over-centralization, the Central Executive to a great extent abrogated those powers by reviewing matters decided by the Deputies under their delegated authority. It must be recognised, however, that a full measure of decentralization is practically unattainable under direct Ministerial control when the Minister permits political pressure to influence him in reviewing actions taken by the Deputy Postmasters-General under their delegated powers. It was alleged that when powers to deal with certain local matters had been delegated to the chief officers in each State, and were exercised by those officers, friction ensued with the Central Executive. The evidence disclosed the fact that, in cases where the chief officers were in close proximity to the Central Executive, strictures were not passed by them on that authority. The inference is that there is a tendency in such cases to submit more or less intricate matters to the Central Executive for decision, although they could have been decided by the Deputy Postmaster-General.

Delegated powers abrogated.

Friction with Central Executive.

48. Your Commissioners condemn the practice whereby Deputy Postmasters-General are instructed by the Postmaster-General and the Permanent Head to report, instead of being authorized to take action, on matters which come within the scope of their delegated powers. This practice makes for delay, involves expensive and circumlocutory methods, and has a discouraging effect on the Deputy Postmasters-General in that it tends to undermine their authority. This practice has arisen to some extent through political representatives being unaware of the delegated powers of the Deputy Postmasters-General, and consequently directly approaching the Central

Reports instead of action.



Members of  
Parliament not  
aware of  
delegated powers.

Executive. Probably had the Central Executive supplied Members of Parliament with a schedule of the delegated powers, and intimated that first reference should be made to the Chief Officer in the State, it might have greatly minimized the dissatisfaction of the Deputy Postmasters-General with the Central Executive, and might have lessened the departmental friction complained of by those officers.

### *General Conclusions.*

Change of control  
necessary.

Department  
should be self-  
contained.

Central Executive  
must be strong.

49 In view of the grave defects outlined, it is apparent that a continuance of such a state of affairs as exists in the Department absolutely prohibits it from being controlled on a sound economic or progressive basis. This, together with the Department's neglect to institute reforms in the interests of the public, compels your Commissioners to recommend an immediate change in the system of control. The Post and Telegraph Department should be more self-contained and the management should be independent of direct Ministerial interference in matters of administration. The Minister should be responsible for policy only, and the Central Executive made directly responsible to Parliament. The Estimates of Expenditure should not be subject to reduction at the will of the Treasurer, but by Parliament alone, the Government of the day taking the responsibility of submitting to Parliament the Estimates as framed by the Central Executive of the Department. It follows from this that the Central Executive must be strong, and vested with extensive powers, a subject which will be dealt with in this Report under "Proposed Scheme of Control." In addition the Department should have complete control of its staff apart from the Commonwealth Public Service Commissioner, and the responsibility for carrying out works and buildings should be removed from the Department of Home Affairs and vested in the Post and Telegraph Department.

### ALTERNATIVE SCHEMES SUGGESTED BY WITNESSES.

Continuance of  
existing system,  
with additions.

50. During the course of their investigation several schemes of management were suggested, including a continuance of the existing system with the present powers of Deputy Postmasters-General increased and made statutory, and with largely increased appropriations. Many officials exhibited a decided disinclination to condemn the system under which they were working, but they failed to advance any convincing reasons for its continuance. Beyond the request for additional funds, there was a lack of initiative in most witnesses for overcoming the obvious defects in the existing system. In the opinion of your Commissioners, this attitude discloses a disposition of indifference to evolving schemes making for the future welfare of the Department.

Proposal that  
General Manager  
or Commissioners  
replace present  
system.

51. Two propositions to replace the present system of management were offered, viz. (1) a General Manager with a Ministerial Head, and (2) an independent Board of Commissioners. Your Commissioners do not approve of the first proposition, as it practically means a repetition of the present system, supplanting the position of Secretary by that of General Manager and perpetuating the office of Commonwealth Public Service Commissioner. It would permit Ministerial control to overrule the General Manager, as far as general administration is concerned. Further, this proposal must be condemned because the Commonwealth Post and Telegraph Department is of such magnitude that it cannot be effectively controlled and supervised by one individual. The designation "General Manager" instead of "Secretary" is merely a matter of terminology, unless the General Manager be equipped with full executive authority.

Objection of  
officials to  
independent  
Board.

52. The fear was generally evinced by officials that if the Department were administered by an independent Board of Management the staff would suffer in wages and status. This may be interpreted as meaning

that these officials were apparently more concerned about their own personal welfare than the welfare and convenience of the public. This attitude may be accountable for the paucity of reforms suggested by these witnesses.

53. The earlier portion of this Report has amply demonstrated that the present system is most inefficient, and your Commissioners are compelled to recommend a new system of management. **Present system inefficient.**

54. Your Commissioners believe that in the conduct of the services of the Department the public interests should be paramount. The general object directing the operations of the Department should be to provide the best and most effective service in all its branches, subject to the condition that a high class service should be met with an equitable charge for the services rendered. **Public interest paramount.**

#### PROPOSED SCHEME OF CONTROL.

55. Your Commissioners consider that in order to insure sound and economical administration a basic change is essential, and recommend that a Board of Management, consisting of three directors, namely, a General Manager (Chairman), a Postal Director, and a Telegraph and Telephone Director, be appointed to control the Department. From a careful consideration of the requirements of the Department, it is deemed advisable to allot the functions and duties of the respective directors as follows :— **Three directors required.**

- (1) The General Manager should be the Chairman of the Board of Management, and should be immediately responsible for finance and general administration.
- (2) The Postal Director should be responsible for the management and general supervision of the mail services.
- (3) The Telegraph and Telephone Director should be responsible for construction and maintenance.

56. Your Commissioners are strongly of the opinion, from the evidence given and from personal inspection of the various branches of the Department, that the Board of Management recommended would effect great savings within a short period, in addition to the large savings which should result from the removal of staff matters from the control of the Commonwealth Public Service Commissioner. Evidence was given to the effect that the position of Chairman of the Board of Management would be worth a salary of at least £2,000 per annum. Your Commissioners are not prepared to recommend the amount of salary necessary, but consider that, in order to secure suitable members for the Board of Management, it is imperative that attractive salaries be provided, as the service requires the highest standard of administrative ability procurable. The constant concern and main interest of the Board of Management would be to anticipate public requirements by continuous assimilation of all the improved methods adopted in the post and telegraph world, and it would, in order to popularize its own system, be constantly considering the public welfare. Such a Board of Management would doubtless endeavour to establish the Post and Telegraphic Service on a self-supporting basis, without undue sacrifice of facilities to the public. Once effective management is established, reforms in the Post and Telegraph Department will inevitably follow. **Cost of Board of Management.** **High standard of administrative ability needed.**

57. Under a Board of Management as recommended, the position of the Ministerial Head would be that of the connecting link between the Parliament and the Department. The Minister would retain complete **Position of Ministerial Head under Board of Management.**