REPORT
OF THE
ROYAL COMMISSION
APPOINTED TO INQUIRE INTO
THE MANAGEMENT,
WORKINGS AND CONTROL
OF
THE WESTERN AUSTRALIAN
GOVERNMENT RAILWAYS
(WITHOUT GRAPHS)
ALEX. J. GIBSON, M.E., M. INST. C.E., M.I.E. AUST.,
Julius Poole & Gibson, Consulting Engineers,
Sydney, N.S.W.
D. H. C. du PLESSIS,
Chief Harbours, Shipping and Development
Manager, South African Railways.

DECEMBER 1947.

Presented to both Houses of Parliament

[SECOND SESSION OF THE NINETEENTH PARLIAMENT]
ROYAL COMMISSION

To Alexander J. Gibson, Esq., of Messrs. Julius, Poole & Gibson, of Sydney, Chartered Engineers; and D. H. C. du Plessis, Esq., of the Government Railways of South Africa.

I, the said Lieutenant-Governor, acting with the advice and consent of the Executive Council, do hereby appoint you Alexander J. Gibson, of Messrs. Julius, Poole & Gibson of Sydney, in the State of New South Wales, Chartered Engineers, and you D. H. C. du Plessis, of the Government Railways of South Africa, to be a Royal Commission to examine, inquire into and report upon—

(a) The management, workings and control of the Government Railways in Western Australia in all its branches except the Midland Junction Railway Workshops and the supply of local coal, but including the housing of employees (particularly in country districts), and the provision of amenities at larger centres calculated to promote the welfare and working conditions of employees;

(b) such alterations and improvements in relation to the foregoing, including the management of the said Government Railways, as may be advisable for economical and efficient working, having due regard to adequate services;

(c) what action, if any, should be taken in regard to reduction in the capital liabilities of the said Government Railways, having regard to obsolescence, depreciation and charges in respect of purely developmental railways; and

(d) the administration generally of the said Government Railways.

And I hereby appoint you the said Alexander J. Gibson to be Chairman of the said Royal Commission.

And I declare that you shall by virtue of this Commission be a Royal Commission within the Royal Commissioners' Powers Act, 1992, as reprinted in the Appendix to the Sessional Volume of the Statutes for the year 1928, and that you shall have the powers of a Royal Commission or the Chairman thereof under that Act.

And I hereby request you as soon as reasonably may be to report to me in writing the result of this your Commission, with interim reports as your inquiries proceed.

Given under my hand and the Public Seal of the said State, at Perth, this twenty-eighth day of August, 1947.

By His Excellency's Command,

ARTHUR F. WATTS,
Acting Premier.

GOD SAVE THE KING !!!
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Long, Jack
Merry, Henry Charles Holton
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I'llingworth, Ralph
Baime, Henry Edward
O'Dea, John Bernard
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Ashton, Walter Albert
Berryman, Harry Thomas
Hunter, Robert Stanley
Hussey, Joseph Valery
Ellis, Joseph Arthur
Hood, Samuel James
Evans, Royton Macauley
Mills, Frederick
Hickey, Louis Thomas
Brookfield, Walter Henry Copes
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Reynold, Charles
Reid, Alexander James
Bond, Reginald John
Hynam, Archibald Duncan
Davidson, David Lomas
Nicholas, William Robert
Hill, Leonard Louis
Lofthouse, Stanley Reid
Travis, Leo
Rix, Kristian Jakobsen
Merfield, Francis John
Davies, Alexander Ross
Clare, Albert Ernest
Warnam, Frederick William
Martin, Allan
Dekel, Robert
Sheppard, Robert William
Harris, Claude Chester
Reynold, Peter Charles
Montgomery, William Henry
Filear, Arthur James
Boon, Harold

General President, W.A. Amalgamated Society of Railway Employees
Road Board Association Executive
Secretary, Flour Mill Owners' Association
Secretary, Market Gardeners' Association
Manager, Co-operative Bulk Handling, Ltd.
Henry George League of W.A.
Secretary, South-West Dairy Farmers' Co-op., Ltd.
Chairman, Stook Foods Manufacturers' Association
Whittacker
Sales Manager, South-West Dairy Farmers' Co-op., Ltd.
Ex Railwayman
Commissioner of Railways
Chief Civil Engineer
Chief Traffic Manager
Chief Mechanical Engineer
Comptroller of Stores
Comptroller of Accounts and Audit
Mill Manager, Banksideal
Secretary for Railways
Under Treasurer
Secretary of the Housing Commission
Materials Production and Labour Liaison Officer, State Housing Commission
Town Planning Commissioner
Auditor General
Orchardist and Member of the Legislative Assembly
Railway Professional Officers Association
Locomotive Engine Driver
Assistant Engineer, Railway Department
General Secretary, Western Australian Government Railway and Tramway Institute
President, Locomotive Engine Drivers, Firemen and Cleaners' Union
Prime Architect, Public Works Department
Chief Inspector of Factories
Secretary of Chamber of Automotive Industries, Ltd.
Board of Chamber of Automotive Industries, Ltd.
Railway Repairer
Personal Assistant to the Commissioner of Railways
Secretary W.A. Chamber of Manufacturers
Architect and Town Planner of Perth
REPORT
Of the Royal Commission on the Western Australian Government Railways.

To His Excellency, Sir James Mitchell, G.C.M.G., Lieutenant-Governor in and over the State of Western Australia and its Dependencies in the Commonwealth of Australia.

MAY IT PLEASE YOUR EXCELLENCY—

Your Commissioners, having carried out Your Excellency's Commission of the 28th August, 1947, as enlarged by Your Excellency's Commission of the 22nd October, 1947, have the honour to submit their report herewith for consideration by Your Excellency.

CHAPTER 1.
INTRODUCTORY.

We do not purpose devoting much time and attention to a post-mortem examination of the Railways, as it is not our intention to put forward recommendations for burying the Railways—we do not regard the Railways in Western Australia as being an outmoded or defunct form of transport fit only for observance of the final obsequies. We wish rather to deal specifically with constructive proposals which will, in our opinion, enable the Government to take steps, not only to rehabilitate the railway system but, what is probably of greater importance, to develop it in such a way that the railways will economically and efficiently serve the citizens of this State, and also be a potent factor in the further development of Western Australia. We have, accordingly, in subsequent chapters, put forward our views and recommendations with regard to the steps which we consider should be taken to enable the railways to function as an efficient transport undertaking in the future.

As a first step to our inquiry, we made an inspection of the railway system covering approximately 2,500 miles, and during this tour we inspected the permanent way, station buildings and appurtenances, locomotive depots, as well as locomotives, rolling-stock and equipment used for the operation of the railways, and we also had informal discussions with representative local bodies at some of the places visited.

As a result of these inspection visits and the evidence which we have heard, we have had to delve into the past history of the railways in an endeavour to determine those factors which have brought about the present unsatisfactory position.

We shall find it necessary to criticise actions which have been taken from time to time—legislative, administrative and executive—and which, cumulatively, have brought about the present parlous condition of the railway system.

We have attached to this report, in the form of Appendices, certain statements and exhibits which were produced before us as a result of our examination of many of the witnesses; such reference, as may be found necessary, will be made to these as a means of bringing into relief the gravity of the situation with a view to enabling the Government, not only to take action for the rehabilitation of the railway system, but also to introduce such legislative measures and take such other steps as will obviate a repetition of past mistakes.

CHAPTER 2.
HISTORICAL REVIEW OF DEVELOPMENT OF RAILWAYS IN WESTERN AUSTRALIA.

For the purpose of focusing attention on certain features of the construction of railways in Western Australia, we consider it necessary to give a brief historical review of railway development in this State.

Being in occupation of a country of wide open spaces and long distances, the people of the Colony realised during the nineteenth century that transport was one of their major problems. The most efficient and reliable means in those days was the railway and wherever any industry needed an outlet, or where development took place, a railway was constructed.

First Railway Built by Private Enterprise.

It is interesting to record that private enterprise took the initiative when, in 1870, the Rockingham Jarrah Timber Company approached the Government to obtain a concession to build a line from the Canning to Rockingham to develop timber production. The line was constructed in the following year, two of the conditions being, (a) that the gauge was to be 3ft. 6in., and (b) that the line was to be open to the public. In 1871 a line, 12 miles long, was built by the Western Australian Timber Company to connect their jetty at the Vasse with the timber forests.
With the population of Western Australia at over 25,000 and the exports valued at over £200,000 per annum, the Government decided in 1872 to enter the field of railway construction for the purpose of developing the Colony. At that time the only railways were the two timber lines referred to above.

**Discovery of Base Metals.**

Copper and lead had been discovered in the Champion Bay district in 1818, and from 1850 onward, these base metals had been mined and exported. In 1872 there were 10 mines operating between Geraldton and Northampton and it was decided to construct a railway between these two towns. The construction of the line, 33 miles long, was authorised in 1873, but it was not until 1879 that it was opened for traffic.

It is interesting to record that in 1870 W. E. Victo, the Superintendent of Engineering, reported that—

"The object in the construction of this line is the reduction in carriage fares on lead and copper ore, from the present rate of about 1s. per ton per mile to something less than 6d., the difference being quite sufficient to give an impulse to the mining industry, especially among the smaller claims."

It is not expected at first, that this line will provide a revenue sufficient to cover all expenses, but the indirect benefit to the district, there could be little doubt about. Capital and labour must be largely introduced in order to develop the mines; smelting works must be established, and shipping induced to come to the port to carry away the produce."

In 1887 a spur was opened from Geraldton to Walkaway and in 1894 the Nangural-Mullewa section was opened. (76 miles.)

**Development of Agricultural Areas.**

While the construction of the northern railway was still underway, it became apparent that steps would have to be taken to improve the means of transport in the agricultural areas as more and more land was being taken up by settlers in such areas. It was, therefore, proposed to connect the head of the Swan River navigation with the agricultural areas by a line through Newcastle (Toodyay), Northam and York, a distance of about 100 miles, in order to provide an outlet for agricultural and pastoral produce.

The first part of this scheme was to construct a line from Fremantle through Perth to Guildford which was the head of the Swan River navigation. Construction commenced in 1879, the line being formally opened in 1881. In 1884 the line was extended as far as Childow’s Well and in the following year (1885) it had been extended and opened for traffic as far as York.

In 1886 a line was built from York, south to Beverley, and in the same year, in order to give equal facilities to Northam and Newcastle (Toodyay), and so bring the whole of the State’s agricultural area within the reach of the railway, it was decided to build branch lines from Spencer’s Brook to Northam and from Blackline to Newcastle (Toodyay), the first line being opened for traffic in October of the same year, and the second in January, 1888.

A contract to build a line from Beverley to Albany (the Great Southern line), 243 miles long, was secured by the Western Australian Land Company in 1888, and in order to expedite completion, construction was commenced from both ends. This line had been built by the company in return for certain land grants, aggregating 2,916,000 acres, as well as for other concessions. In 1896 this railway was taken over from the Western Australian Land Company by the Government.

**Construction of Midland Railway.**

While the construction of the line from Beverley to Albany was in progress, a contract was signed with John Waddington for the construction of a line connecting Walkaway with Midland Junction, a distance of 277 miles. The concession was eventually taken over by the Midland Railway Company which was floated in London and the railway was opened for traffic in 1884. This railway is still being exploited as a private company today.

**Land Grants as Quid Pro Quo for Construction of Railways.**

The system of granting land as a quid pro quo for the construction of railways did not prove a success, and subsequent to 1859 private enterprise endeavoured to secure certain guarantees from the State in return for the construction of lines. The guarantees included (a) payment of interest charges by the Government; (b) after a stipulated period the Government to acquire the railway at cost plus a percentage capital appreciation; (c) free grant of land for the railway; (d) no other line to be built within 60 miles during a stipulated period. Protracted negotiations took place on these bases with regard to the construction of a number of lines, but for various reasons these did not reach fruition.

**Railway Development in South-West.**

Although the first two lines in Western Australia were constructed in the South-West, no attempt was made for many years to extend them and it was not until 1884 that the Government decided to construct a railway from Bumbury to Boyanup, 16 miles long. When the line was completed in 1887, the contractor who had built it, obtained a contract to control and work it, which he did with horses. The line was eventually taken over by the Government in 1891 and operated with locomotives.

The inconvenience of a railway isolated from the capital, gave rise to agitation and in 1893 a connecting line, 100 miles long, was built in two sections, namely, East Perth to Pinjarra, and from Pinjarra to Picton Junction. To keep pace with the increased settlement and production, an extension of the original Bumbury-Boyanup line to Donnybrook was undertaken during the same year.

**Discovery of Gold: Effect on Railway Development.**

As in a number of other countries—notably South Africa—the discovery of gold altered the whole course and tempo of Western Australia’s development. The first discoveries were made in the North-West, but in 1887 gold quartz was discovered in the Yilgarn district. A further discovery in Golden Valley caused a rush and several gold-bearing reefs were found. Prospecting was undertaken further
south, several rich reefs being discovered 30 miles from Golden Valley at a place which the prospectors named Southern Cross, on account of the fact that they had made use of that constellation as a guide while travelling by night towards the site of the find. Good gold indications were also found south of Golden Valley at a place which the prospector named Parker's Range.

By 1891, when the Forrest Government decided to extend the eastern railway from Northam to Southern Cross, something like £100,000 capital had been expended on the mines there, and 59 companies had been formed for working the fields.

Several public meetings were held in northern constituencies, including Geraldton, in opposition to the line on the ground that there was insufficient evidence that the goldfield would last. However, the Government could see the necessity for the railway, and its construction was soon commenced. Before this line was opened for traffic, the further discoveries of gold further to the east, justified it. Consequently, the construction was pushed on with all speed and the 170 miles of line were opened in 1894.

With the discovery of gold at Coolgardie in 1892, there was a tremendous increase in railway traffic, as the following figures indicate:

<table>
<thead>
<tr>
<th>Train miles</th>
<th>Passengers</th>
<th>Goods and livestock</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.</td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>1891</td>
<td>372,412</td>
<td>260,575</td>
</tr>
<tr>
<td>1895</td>
<td>224,820</td>
<td>229,723</td>
</tr>
</tbody>
</table>

At this stage private enterprise again endeavoured to obtain a footing in the field of transport and a group of capitalists, interested in the Coolgardie goldfields, submitted proposals to the Government to construct a line from Southern Cross to Coolgardie on the following conditions:

(a) The gauge, curves, etc., to be the same as on the Northern-Southern Cross section.
(b) The rollingstock to be the same as that used on the Great Southern and Midland Railways.
(c) Freight charges, etc., to be submitted to the Commissioner.
(d) The Government to grant a 21 years' concession with the right of purchase at the end of that period based on the divisible profits system.
(e) The line to be opened within twelve months from the signing of the agreement.

Other groups also submitted construction proposals, but the Government decided to extend the line from Southern Cross to Coolgardie as part of the Government Railways. The first section of the line as far as Beaufort, 60 miles long, was opened in 1896, the remaining section to Coolgardie being completed in January of the following year. The further extension to Kalgoorlie followed quickly, the line being completed in the same year.

With the further discovery of gold north of Kalgoorlie, a line was built northward to Menzies, a distance of 80 miles, the line being opened in February, 1899. In the Kalgoorlie area itself, two short lines were built, one a ten-mile line to Boulder and Lakeside, opened in November, 1897, and the other a line 12 miles long, to Kanowna, which was opened in June, 1898.

Further gold discoveries to the north and north-east necessitated the construction of more railway lines, namely from Menzies to Leonora, 80 miles long, which was opened in January, 1903, and from Malcolm to Morgans, 30 miles. This line was later extended to Laverton, a distance of 64 miles from Malcolm, the whole line being opened for traffic in February, 1903.

This brought the mileage of railways serving the Eastern Goldfields to 590, all constructed within a period of 12 years.

With the development of the Murchison Goldfields, the Narngulu-Mullewa line was extended to Cue in 1898, further extended to Nannine in June, 1903, and eventually to Meekatharra in August, 1910. The following further railway development took place in this goldfields area, viz.:

- Mount Magnet-Sandstone, 93 miles, opened in 1910.
- Meekatharra-Paroo, 67 miles, opened in 1931.
- Paroo-Willuna, 44 miles, opened in 1932.
- Cue-Big Bell, 19 miles, opened in 1938.

There was early agitation for the linking up of the Eastern Goldfields with the southern port of Esperance, and impetus was given to this demand by mining development at Norseman. It was not, however, until 1908 that the Coolgardie-Widgee-nooltha section (51 miles) was opened, the line being extended to Norseman, a distance of 57 miles, the following year (1909). In 1923 the section from Esperance to Salmon Gums (50 miles) was opened and in 1927 the section from Norseman-Salmon Gums, 59 miles long.

Other lines built for the development of mining are the following:

- Hopetoun-Ravensthorpe, 34 miles, opened in 1909 (this line has been taken up).
- Port Hedland-Marble Bar, 114 miles, opened in 1912.
- Lakeside-White Hope, 21 miles, opened in 1924 (this line has been taken up).

Discovery of Coal.

With the discovery of coal at Collie in 1883, it became necessary to provide a railway link, but it was not until 1895 that a Bill was passed by Parliament authorising the construction of a line from Brunswick to Collie, a distance of 20 miles; the line was opened in 1898.

As a result of the heavy increase in dairy production in the South-West, the line from Bynam to Donnybrook was extended to Bridgetown, a distance of 32 miles, being opened for traffic in November, 1898.

Railways for Wheat-producing Areas.

With the expansion of agricultural production at the close of the 19th century, more and more attention was devoted to the provision of railways to serve the wheat-producing areas, and in 1897 a line was built from York to Greenhills, a distance of 14 miles, the line being opened in 1898. The construction of this line was paid for out of revenue.
In July, 1902, the construction of a line from Northam to Goomalling, a distance of 30 miles, was completed.

The production of wheat increased from 170,351 bushels from 21,433 acres of land in 1894, to 1,675,852 bushels from 137,546 acres in 1903.

Construction of Spur Lines.

In 1905 a Royal Commission on Immigration commented as follows on the construction of spur lines throughout the wheat-producing areas:

There is nothing more self-evident than that, if wheat-growing lands are to be turned to the best account, some other means than that of the farm wagon must be furnished outside the 15-mile radius of a farm. Many people probably look upon this as a matter more for the farmer than for the State. They consider that if the State bring him within 30 miles of a railway it is merely a matter of a little extra work for the farmer, but of no concern to the State.

But if a farmer is able to do as well on 1,000 acres of land within five miles of a railway as he could on several thousand acres of similar land 30 miles away, it must be acknowledged that that land is worth several times as much within five miles of a railway as it is 30 miles distant. If a man living 20 miles from a railway cannot profitably produce what he will not attempt its production, but will endeavour to enlarge his estate for grazing purposes.

If, therefore, a State is to secure the fullest development of its agricultural resources it must establish a policy of "All considerable areas of agricultural land must have a 15-mile rail service." The result of neglecting to adopt a policy of this nature must be the creation of large holdings.

The keen demand for land within easy distance of a railway and the high value placed upon it by newcomers in comparison with lands over 10 miles distant is justification for the assumption that, given the promise of railway facilities to land surveyed before selection, it would be immediately selected and improved well in advance of railways. The construction, therefore, of railways through land suitable for cultivation must be recognised as the most powerful factor in securing settlement.

In view of the enhanced value given to the land by the railway, and its consequent effect upon settlement, the Commission is of opinion that after all that has been said, or can be said, against a cheaply constructed spur line as compared with the standard loop line, the splendid benefit which would accrue to the State by bringing, for the same capital expenditure, about twice the area of land within the 15-mile limit, makes the question of cost of running and maintenance matters of minor importance. Not only is the larger area made available for settlement, but the system of spur lines renders it possible to serve more thoroughly the belts of good land, ending at 30 miles or extending indefinitely as the nature of the land may warrant.

The State by authorising and surveying railway lines through agricultural land would create a capital value previously non-existent. Capital so created should, if made payable by instalments over a period of years and treated as a sinking fund, easily repay all costs of construction. To secure opportunities for all classes of selectors provision might be made for an alternative to the present system of granting a title before the date of the expiry of the lease by arranging for payments to be made on a minimum scale during the earlier years, increasing with the more productive stages of development. Under these principles railways would be the outgrowth of the intrinsic value of the lands to be served and would be constructed in such sections as the development along the line might warrant.

The Commission of Railways in its Annual Report for 1905, stated that he favoured the construction of loop lines in preference to spur lines. In order to carry out the wishes of the Government to construct railways in agricultural areas as cheaply as possible, lines were built with 45 lb. rail sections which practically followed the surface of the ground, with (a) earth ballasting; (b) half-round timber sleepers and (c) providing the bare minimum station facilities only. The following spur lines were built and opened for traffic in the years indicated, viz.:

### Southern Agricultural Spur Lines

<table>
<thead>
<tr>
<th>Line</th>
<th>Length</th>
<th>Year Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narrogin-Darvon</td>
<td>59</td>
<td>1910</td>
</tr>
<tr>
<td>Wagin-Darvon</td>
<td>25</td>
<td>1907</td>
</tr>
<tr>
<td>Katanning-Kojonup</td>
<td>33</td>
<td>1907</td>
</tr>
<tr>
<td>Collie-Darvon</td>
<td>46</td>
<td>1907</td>
</tr>
<tr>
<td>Greenhills-Qaurading</td>
<td>31</td>
<td>1908</td>
</tr>
<tr>
<td>Darley-Nooka</td>
<td>23</td>
<td>1908</td>
</tr>
<tr>
<td>Narrogin-Wakeepin</td>
<td>28</td>
<td>1908</td>
</tr>
<tr>
<td>Wagin-Bore</td>
<td>25</td>
<td>1909</td>
</tr>
<tr>
<td>Katanning-Nyabing</td>
<td>38</td>
<td>1910</td>
</tr>
<tr>
<td>Dubbeleyang Extension</td>
<td>24</td>
<td>1910</td>
</tr>
<tr>
<td>Boyup-Kojonup</td>
<td>31</td>
<td>1912</td>
</tr>
<tr>
<td>Tambellup-Gawangerup</td>
<td>24</td>
<td>1912</td>
</tr>
<tr>
<td>Gawangerup-Tooday</td>
<td>35</td>
<td>1913</td>
</tr>
<tr>
<td>Quindalup-Brueg Rock</td>
<td>49</td>
<td>1913</td>
</tr>
<tr>
<td>Merredin-Brueg Rock</td>
<td>34</td>
<td>1913</td>
</tr>
<tr>
<td>Wickepin-Collie</td>
<td>49</td>
<td>1914</td>
</tr>
<tr>
<td>Collie-Brueg Rock</td>
<td>37</td>
<td>1914</td>
</tr>
<tr>
<td>Yillamalin-Kondinin</td>
<td>26</td>
<td>1915</td>
</tr>
<tr>
<td>Brookton-Collie</td>
<td>36</td>
<td>1915</td>
</tr>
<tr>
<td>Kukerin-Lake Grace</td>
<td>26</td>
<td>1916</td>
</tr>
<tr>
<td>Wagin-Bore</td>
<td>34</td>
<td>1917</td>
</tr>
<tr>
<td>Kondinin-Narembeen</td>
<td>22</td>
<td>1917</td>
</tr>
<tr>
<td>Bokal-Bowelling</td>
<td>38</td>
<td>1918</td>
</tr>
<tr>
<td>Nyabing-Plagurup</td>
<td>23</td>
<td>1918</td>
</tr>
<tr>
<td>Northam-Merredin</td>
<td>54</td>
<td>1919</td>
</tr>
<tr>
<td>Lake Grace-Neovale</td>
<td>29</td>
<td>1919</td>
</tr>
<tr>
<td>Dwrad-Narrogin</td>
<td>37</td>
<td>1920</td>
</tr>
<tr>
<td>Lake Grace-Hyden</td>
<td>58</td>
<td>1923</td>
</tr>
</tbody>
</table>

### Northern Agricultural Spur Lines

<table>
<thead>
<tr>
<th>Line</th>
<th>Length</th>
<th>Year Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goomalling-Dowerin</td>
<td>16</td>
<td>1906</td>
</tr>
<tr>
<td>Toodyay-Bolgart</td>
<td>24</td>
<td>1906</td>
</tr>
<tr>
<td>Wokalup-Narembeen</td>
<td>26</td>
<td>1909</td>
</tr>
<tr>
<td>Dowerin-Lake Grace</td>
<td>32</td>
<td>1911</td>
</tr>
<tr>
<td>Kerrolockin-Kooroolo</td>
<td>28</td>
<td>1911</td>
</tr>
<tr>
<td>Goomalling-Wogura Hill</td>
<td>26</td>
<td>1911</td>
</tr>
<tr>
<td>Koomoolup-Kondinin</td>
<td>34</td>
<td>1911</td>
</tr>
<tr>
<td>Koonoomboola-Myrobin</td>
<td>37</td>
<td>1911</td>
</tr>
<tr>
<td>Southern Cross-Bullace</td>
<td>22</td>
<td>1911</td>
</tr>
<tr>
<td>Narrogin-Too</td>
<td>15</td>
<td>1912</td>
</tr>
<tr>
<td>Northam-Koonoomboola</td>
<td>33</td>
<td>1913</td>
</tr>
<tr>
<td>Wongan Hills-Mawbin</td>
<td>198</td>
<td>1915</td>
</tr>
<tr>
<td>Wyalkatomb-Benbaul</td>
<td>52</td>
<td>1915</td>
</tr>
<tr>
<td>Bolgart-Collie</td>
<td>15</td>
<td>1916</td>
</tr>
<tr>
<td>Calgoort-Plawning</td>
<td>16</td>
<td>1917</td>
</tr>
<tr>
<td>Banbaun-Bulga</td>
<td>32</td>
<td>1923</td>
</tr>
<tr>
<td>Plawning-Mill</td>
<td>27</td>
<td>1925</td>
</tr>
<tr>
<td>Amery-Kolmac</td>
<td>61</td>
<td>1929</td>
</tr>
<tr>
<td>Burakin-Kalja</td>
<td>8</td>
<td>1929</td>
</tr>
<tr>
<td>Lake Brown-Bullace</td>
<td>50</td>
<td>1929</td>
</tr>
<tr>
<td>Kalista-Bole Roe</td>
<td>65</td>
<td>1931</td>
</tr>
</tbody>
</table>

From 1906 the following lines were built for the development of dairy and timber production in the South-West and South, viz.:

### South-West

<table>
<thead>
<tr>
<th>Line</th>
<th>Length</th>
<th>Year Opened</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bobbi Jettie-Jandakot</td>
<td>7</td>
<td>1906</td>
</tr>
<tr>
<td>Jandakot-Arjunoke</td>
<td>12</td>
<td>1906</td>
</tr>
<tr>
<td>Weenaup-Karnarook</td>
<td>25</td>
<td>1907</td>
</tr>
<tr>
<td>Narraboodah-Nanup</td>
<td>34</td>
<td>1908</td>
</tr>
<tr>
<td>Pinjarra-Marnipa</td>
<td>15</td>
<td>1910</td>
</tr>
<tr>
<td>Dwellingup-Holyoke</td>
<td>2</td>
<td>1910</td>
</tr>
<tr>
<td>Bridgewater-Wartup</td>
<td>25</td>
<td>1911</td>
</tr>
<tr>
<td>Eulayloe-Dwarre</td>
<td>41</td>
<td>1913</td>
</tr>
<tr>
<td>Bassett-Whitehills</td>
<td>45</td>
<td>1924</td>
</tr>
<tr>
<td>Whitehills-Flinders Bay</td>
<td>34</td>
<td>1930</td>
</tr>
<tr>
<td>Jardine-Pemberton</td>
<td>17</td>
<td>1926</td>
</tr>
<tr>
<td>Pemberton-Northcliffe</td>
<td>22</td>
<td>1928</td>
</tr>
</tbody>
</table>
It will be evident that in the majority of cases, with completion of the last link, the original spur lines became loop lines.

**Railway Development from 1906 to end of World War 1.**

It will be observed that between 1906 and the end of World War 1 (1918), there was considerable expansion of the railway system, mainly due to the desire to increase the production of wheat for the purpose of building up an export trade. The mileage constructed during this period was as follows:

- Southern Agricultural Areas: 828 miles
- Northern Agricultural Areas: 517 miles
- South-West Dairying & Timber: 373 miles
- Mining: 1,905 miles

The only line constructed since that time has been a mining line between Cue and Big Bell, 19 miles.

**Stages of Railway Development.**

In the table appended hereto, particulars are given of the railway mileage and capital invested in the railways, (a) at the time responsible government was granted to Western Australia (1880); (b) when the Colony joined the Federation (1900); (c) at the end of World War 1 (1918); (d) at the time of the outbreak of World War II (1939) and (e) today (See Graph No. 1 Appendix “C”):

<table>
<thead>
<tr>
<th>Year</th>
<th>Miles Capital</th>
<th>Open. Cost.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1880</td>
<td>20</td>
<td>1905</td>
</tr>
<tr>
<td>1890</td>
<td>34</td>
<td>1909</td>
</tr>
<tr>
<td>1900</td>
<td>828</td>
<td>833,083</td>
</tr>
<tr>
<td>1918</td>
<td>1,905</td>
<td>17,160,566</td>
</tr>
<tr>
<td>1939</td>
<td>21,290,190</td>
<td>26,736,296</td>
</tr>
<tr>
<td>1947</td>
<td>21,290,190</td>
<td>26,736,296</td>
</tr>
</tbody>
</table>

**Conclusions.**

From the above factual survey of the development of railways in Western Australia, it is evident that like most railways in other countries, the railways in this State have not been constructed as part of a master plan, but have been built to meet immediate needs as they arose from time to time. It was inevitable, therefore, that in many cases railway lines were provided, as the result of political pressure or for other reasons, which could not be economically justified. There can, however, be no gainsaying the fact that the railways as a whole have been a major factor in the development of the agricultural and mineral resources of the State, as is evidenced from graph No. 9 Appendix “C” attached to this report.

In concluding this historical survey, there are three aspects of past railway construction policy to which we wish to direct attention. The first is that a number of lines were built to serve the Eastern Goldfields area—an area not capable of much agricultural development—and that, except for the indirect benefits accruing to the State by the stimulating effect which gold-mining had on the development of Western Australia, the people who derived the most direct financial benefit from the mines were the goldmining companies and the shareholders living in other countries.

With the full knowledge that at some time or other the mines might cease to be an economic asset, apparently, after an initial half-hearted effort, very little was done to recover from the mines, through the medium of railway rates or by means of a tax on gold production, sufficient revenue, not only to cover working expenses and interest charges, but also to provide an adequate sinking fund to amortize capital. Instead of following this wise policy and making provision for the time when the mines will become a wasting asset, railway low rates were quoted for mining machinery and other material for the mines—all of which were imported—and this served only further to enrich the mining companies and overseas shareholders without the State, through its Department of Railways, deriving the maximum benefits to which it was entitled.

The second matter upon which we wish to comment, is that the lines constructed during the past three decades have been built almost entirely for the development of agriculture, and whilst some of these are showing heavy losses in working—this aspect is further dealt with in Chapter 6 relating to finance—the development of primary production, with the resultant stability and spread of population, is sound from a national point of view and must continue to be the basis of the development of the State.

Finally, we wish to refer to the failure of the railways to explore the possibilities of introducing road motor services as a means of developing primary production. This question is dealt with more fully later in our report, but we feel that if the matter had been energetically pursued soon after World War 1 ended, when the internal combustion engine was revolutionising road transport, it is possible some of the branch lines built since that date would not have been constructed.

South African agricultural conditions are comparable with those of Western Australia and it is interesting to note that as far back as 1911 the then general manager of the South African Railways made the following comment in his annual report on the potentialities of developing the country by means of road motor transport:

The remarkable progress that has taken place of recent years in the development of road transport by means of self-propelled vehicles warrants the view that in this direction the solution of the problem may be found, and the outline of a scheme for the establishment of a motor road transport service has recently been considered by the administration.
Briefly, the proposal is that for the development of districts where the traffic is not likely to be very heavy, a system of road transport should be instituted, to be operated by and in conjunction with the railways, the building of railway lines in the future to be limited to lines of standard gauge as far as possible, and only to be undertaken when and where the traffic is heavy enough to justify their construction.

CHAPTER 3.

REVIEW OF MAIN CAUSES OF DETERIORATION AND DEATH OF THE RAILWAYS.

That the railways in Western Australia have been grossly neglected in the past 20 years and have now reached a state of deterioration which is giving rise to the gravest misgivings, is a commonplace which we need not stress by reiteration. It is, however, necessary to trace briefly the main causes of this deterioration, and to indicate their cumulative effect in having brought about the present state of affairs.

EVIDENCE ON PHYSICAL DETERIORATION OF RAILWAYS.

We wish first of all to deal with the evidence which has been placed before us with regard to the physical deterioration of the railways and, for this purpose, extracts from the evidence of the Commissioner of Railways and heads of branches, are quoted hereunder:

Mr. J. A. Ellis, Commissioner of Railways.

The graphs which have been prepared for your information contain much of this information in readily accessible form, but I would refer particularly to the first place to Graph No. 1, which shows miles of railway open for traffic, capital debt and mean population of each year from 1890. The rapid extension of railways which occurred between 1890 and 1914 is immediately apparent, and it will be seen that this outstripped the growth of population very greatly. Although the graph is not sufficiently extensive, this sudden expansion was preceded by an earlier equally sudden expansion consequent upon the discovery of gold towards the close of the last century, when over 800 miles of Government-owned railways were constructed in something less than five years.

In this sudden growth there was no provision of what would now be regarded as modern facilities. The main object was to establish a means of communication sufficient to meet immediate needs. This policy has continued, and there has been a practice of building railways which were not more than rails and sleepers laid upon formation, which sometimes was of poor character.

I am referring there to the railways that were known as the ‘thousand pounds per mile’ railways. Locomotives and rolling stock were not provided to parallel this growth, but had to be added as opportunity arose later. The same condition of affairs applied in respect of all other items of what would ordinarily be regarded as essential railway equipment, such as station buildings, stockyards, water supply, signalling, station facilities, telephones, running sheds, sidings, etc., necessary to make financial provision for the proper equipment and orderly replacement of facilities which are essential to efficient and economic operation of a railway system. Of course this was out of the administration's control.

That this optimism has been fully justified is evident by the enormous development of the use of road motor transport by the South African Railways during the past 30 years, and of the road motor services rendering the same service to the public as branch railway lines.

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Very little study of the history of these railways is needed to show that the perpetual task has been to try and catch up with traffic demands and that there has been little opportunity for modernisation at any stage. This is strikingly illustrated in the increase of locomotives and rolling stock as shown in the outline diagram already submitted for your information. Graphs which have been provided (see Appendix C, graphs 9 to 12) show the additions which have been made to the stock of locomotives, carriages and wagons, and comparison with the graph showing the expansion of mileage will show that these conditions have not been parallel with that expansion, and it will be obvious to you that additions have been made only as a matter of mere or less desperate expediency from time to time. Because there has not been any regular policy of replacement, the majority of the old locomotives, etc., are still with us and are in the main the only ones available to do the work of the department.

I stressed the unsuccessful efforts of Railway Commissioners over the years to obtain tangible recognition of the fact that money must be provided for the efficient and efficient equipment and maintenance of the system if the railways are to give the service which the community demands.

They are the product of a policy which, whilst giving the State a mile of railway to every 100 persons, failed to make financial provision for the proper equipment and orderly replacement of facilities which are essential to efficient and economic operation of a railway system. The root cause of the present unsatisfactory condition of the system is the utilisation, beyond the limits of economy and prudence, of plant, buildings and equipment which are unattached to and inadequate for their purpose, not through lack of realisation of what is needed, but because funds have not been available for the provision of anything better.

That they have not been able to give an efficient modern service is due to the financial mismanagement which prevented the necessary funds being made available until quite recently—despite repeated requests—again a condition entirely out of the administration's control. Unless the present conditions with regard to finance are altered and adequate funds made available, no change in the method of control has the slightest chance of being successful.

Mr. S. J. Hood, Chief Civil Engineer.

When the depression occurred in 1930 very severe cuts were made in maintenance of way, and although belated repair expenditure was undertaken in the later years of the depression, this did not take the railway in any way towards restoring the track position. However, practically nothing was done with regard to buildings and plant and this was felt that the need for relief expenditure for tradesmen and artisans was not so pressing as in the ease of unskilled labour.
which was used on the tracks. As a result of this we 
commenced the war period in 1940 in a very bad posi-
tion; our tracks were maintained on the point of 
being in a state of disrepair, and our buildings and other works had deteriorated considerably.

During the war, on account of our lack of man-
power and materials, a very substantial retrogression in both the track and building position has deve-
loped.

The chart showing sleeper renewals indicates clearly 
the relatively good position of the sleepers in this rail-
way until 1926. In general, lines were reasonably new 
until that date; sleeper renewals were carried out well 
up to the requirements. There was a big lag in the 
replacement chart commencing about 1921 and 
continuing until 1928, and there was also a bad slump in 
the depression period from 1933-1934. There has also been a very bad slump from 1940-1947.

For the reasons mentioned in paragraph 10 it is 
considered that we cannot estimate on more than a 20 
year average life, which requires at the present time an 
annual renewal of 740,000 per annum, and indicates a deficiency in the last 30 years of 928,000 
sleepers, which should have been replaced, and require 
replacement beyond ordinary maintenance. Even if 
we assume in 24 years we require an additional 
1,000,000 sleepers to be placed under belated repairs 
and above ordinary maintenance.

By Mr. du PLESSIS: Have you any idea whether the 
Commissioner of Railways brought the effect of these 
economic conditions to the notice of the then Minister pointing out that if any position would be eventually— I do 
not know. I know the Commissioner gave me the utmost 
out of his own funds that I could get. When I 
addressed the position to him, he said that all I could 
got was the percentage.

He would realise the gravity of the position?—Yes.

It is quite evident that, owing to what the Commis-
sioner described as being more or less financial mal-
nutrition, your part of the railways has become 
extrremely emaciated!—That is so.

By Mr. DAVIES: It is correct; you can take my 
word for it. I am not suggesting it is done in a whole-
sale way, but nevertheless it is done. Do you think, 
because there appear to be such limited opportunities 
for men employed as repairers, that that might be one 
of your difficulties in securing the labour force you re-
quire?—It probably is. I have a few general comments 
that I would like to make before I go. The railways are 
inadequate inasmuch as they are unable to render 
the service that the community might expect from a modern system, but in the whole of my service of 
34 years, of which 18 years has been as Chief Civil En-
gineer, they have never employed the funds to enable an 
efficient service to be given. They are now faced with 
the necessity to replace run down and obsolete rolling 
stock, and to reconnoitre tracks requiring treatment for 
accumulated arrears of maintenance, and to deal with 
buildings which have fallen into a state of disrepair.

In effect they have come to the position that we might 
expect the postal services to be if they still operated 
on penny postage. It is not surprising that the staff 
does not render the service that might be expected of 
a contracted and satisfied body of railway employees. I 
think the cause of this condition of affairs be in the 
following circumstances:—The staff is dissatisfied with 
the inefficient service they are able to give with worn-
out equipment and plant. They have very little pride 
in their job, and this is not to be wondered at when 
from all sides the railway service is subject to the 
criticism that it receives today. The W.A.C. must 
continue to play a large part in the affairs of the State, 
as the railway is still the most important transport 
agency. If our system is to be improved and rendered 
safe, efficient, and comfortable, our staff must be 
modernised; our staff from the lowest to the highest 
must be lifted in outlook, I might say, to use a time-
tried war term, their morale must be boosted. This 
can be done quickest and best by giving them new and 
up-to-date equipment. One aspect of railway working 
which I feel I should refer to is the subject of 
discipline. Railway management has been rendered much 
more difficult over the last two decades by reason of 
the gradual decline in discipline. However it has been 
brought about, whether by pressure groups, such as 
the unions, political pressure, or over-riding boards it 
has rendered the railways management on the point of 
maximum to meet traffic, and our buildings and other works had deteriorated considerably.

One of the great difficulties to be overcome in organis-
ing for more expeditions repair of locomotives is the present lack of any real standardisation of parts. 
This is a legacy from many years of inadequate en-
gineering staff and organisation.

There is little need to dilate upon equipment at 
depots. Most of it is obsolete and badly arranged.
Though the present shortage of wagons is due very largely to the shortage of motive power there is a real shortage of wagons due to the fact that there has been no real increase of stock in the last 16 years. An increase of at least 10 per cent, or 1,000 wagons, is considered necessary, and further increase at the rate of one per cent. per year is desirable.

Only familiarity can give an appreciation of the general condition of the wagon stock. Roughly 25 per cent. passes through the main shops every year yet there is great difficulty in keeping below 300 the total waiting shop repairs,...

Wagon repair stations are established at the main depots but are inadequately provided with equipment and tools. Lifting appliances, where they exist, are crude and time-wasting. Stores buildings are very poor and equally poorly stocked due to the general shortages already mentioned.

By the CHAIRMAN: An that is the case, how did it get into the condition in which it is now?—Because there is not much means of making any improvement. I cannot build buildings out of thin air.

By Mr. du PLESSIS: I am not criticising you. What I am driving at is that when you see conditions regarding stores bordering on the chintz, why is not an energetic attempt made to put these matters right?—There is no justification for assuming that the attempt has not been made. It has been made.

It has not succeeded.—You will probably have greater success than I if I have the backing of recommendations of this Royal Commission, to be allowed to spend a few pounds on improvements, I may get somewhere, but until someone will allow me to spend a few shillings here and there, I cannot get anywhere.

By the CHAIRMAN: I do not think you will get money unless you kick hard for it. I do not know whether you have kicked hard enough!—I have kicked as hard as I can....

...no real progress has been made beyond improving underframe design for future construction and following that improved design, because there was no prospect at all of getting funds to replace badly outmoded wagons with new stock. The old wagons had to be kept repaired.

Nearly every time we come up against these problems, the reason given to us for the present situation is lack of funds!—It is.

It is difficult to understand how that should occur if strong representations had been made from time to time as to the actual requirements of the railways. I find it very difficult to believe that a responsible Government would not take notice of properly-framed requests and repeated requests for funds. You will remember that when I was discussing the workshops with Mr. Ellis, I referred to the policy of parsimony to which he had fallen a victim and said it would lead to disaster. At that time I had not the general knowledge that I have obtained since about the system. I feared that I would ascertain what has been ascertained, because it was apparent in one or two cases, which seemed to set the policy or the kind of policy that had been followed by the railways. I do not know that one can accept that altogether as an excuse or even as a reason for the present state of affairs. We are getting no further forward?—On the other hand, the strong representations of which I have spoken have been made and, after all, I think the officers who constitute the administration, and not merely those now but also those in years gone by, cannot be blamed because they have been unable to persuade the Treasurer—they could never equal him—to dispense. Not only has the matter been represented as strongly as possible on paper, but it has also been the subject of personal representations to Ministers in the past, not only by the Commissioner—by Mr. Davies will confirm me in this—by the unions. In other words, every side of the railways organisation has represented to Government circles the very serious position of affairs, which culminated in the Commissioner's reporting publicly to the Government that unless something were done, we would be facing a complete breakdown of transport.

I suggest to you that it is impossible for a responsible officer to use stronger language than that.

He used very strong language to me on that occasion, with which I agreed, but the question is whether that strong language was used in the past?—I think it was. It may not have been couched in quite the words I have used, but very strong representations have been made. I well remember in the depression years the then Premier told the Commissioner of Railways that the railways would have to live within their revenue. It did not matter what was cut down or how many men were dismissed, he must not spend one penny piece but what he received from revenue, because he could get nothing whatever from the Treasury. He got nothing from the Treasury, and that state of affairs continued for years.

By Mr. du PLESSIS: So that the Government will probably have to make representations on a very high level. One considers the possibility of another war in which case the railways of Australia would be required to play a vital role again. Is being in the position it is a matter not only for the State but one which affects the Commonwealth as a whole—the matter of regenerating these railways?—I agree strongly with that. The railways of this State were not in shape for you when war came upon us and unless we take a very drastic action these railways will never again be fit to stand the impact of war.

Having agreed on that it seems to me that you are inclined to take up a defeatist attitude in the whole of your statement. On page 10 you say—

There is no prospect at present that materials will be available in sufficient quantities or men in sufficient numbers to accomplish any large scale strengthening of tracks unless genuine efforts of saving and yard capacity within 10 years. ...

The older your engines get, the greater will be the congestion in your shops, and so it goes on—Yes. We have either to build new engines or carry out such repairs as amount to rebuilding the existing engines, and we have already done far too much of that. I have engines that have had the boilers renewed, the cylinders renewed, the frames renewed, the axles, wheels, and valve gear renewed. All that is left of the original engine, in some cases, is the chimney, and portion of the cab. That is not economic spending, and nothing can make it so.

Mr. W. H. C. Bronsfield, Comptroller of Accounts and Audit.

By the CHAIRMAN: They are practicals in which we feel we could approach the problem. That is not an item which we have been providing for. We should have been providing for depreciation or a repairs and renewal fund. It was put to me by the Grants Commission that we should provide for a sinking fund. At that time we accumulated a quarter of a million pounds under a head which was for the purpose of improving our stock. It was called a replacement of obsolete locomotives. The Treasurer came into the picture and in order to avoid that money being deferred for State purposes, the provision for replacement was utilised for capital purposes. ....

You can see what the effect of that has been by the condition of our assets at the present time. The absence of replacement and renewal fund which should carry its own quota of the cost of earning the revenue.

Would you say that our assets such as railway tracks, rolling stock, coaches, stores, and what-have-you have been kept 100 per cent.—Not by any means. In any circumstances no matter how you improve or maintain that asset, there is that portion of the losses in the original capital that you cannot cover by your working expenses.

That has to be covered sometimes by making your revenue sufficient to allow for it.—That is so. You need something in the nature of a repairs and renewals fund.
We need something badly. If you can tell me how to get rid of some of these old machines that should never be used?—We definitely need something in the nature of repairs, replacement and renewal funds.

By Mr. du PLESSIS: The point is you have got no fund of that nature in your railways?—No.

How are you going to make good that deficiency which has to be made up; in other words say the life of an engine is 30 years, and it has already run 20 years and still has five years of life, you have made no financial provision in a fund because you have no renewals fund, nor have you revenue to cover the 25 years that has been already expended. On this question therefore you want some special grant to make good those 25 years?—That is so.

By the CHAIRMAN: The difficulty in this State is to carry that capital expenditure in connection with the railways by a small population, but if another portion of the £23,000,000 has to be devoted to a betterment scheme, the money will have to be secured—if we had £100,000 a year set aside over the years, I do not think there would be any trouble now.

Mr. C. REYNOLD, Secretary for Railways.

In reference to the last two paragraphs on page 2500, I have, during the week-end, given a lot of thought to the position which you, Mr. du Plessis, have outlined there. I have not had the opportunity to travel outside Australia to study the methods of other railway organisations in respect of the handling of railway matters, and particularly, administrative organisation. I have, of course, travelled throughout Australia, and the administrative set-up in the other States, including the Commonwealth, is somewhat similar to our own. Knowing of no other administrative set-up I can do no more than say that it is satisfactory, so far as this State is concerned, inasmuch as it has been in operation since the inception of the Railway Act, in 1905. Had the Governments agreed to provide the funds, as recommended by the present regime, at the particular times they were asked for, we would not find ourselves in the parlous state we are today, so far as locomotives are concerned. Furthermore, had the Governments agreed to the various proposals for increases in fares and freights, and other charges, our financial position at the moment would be most satisfactory, notwithstanding the aftermath of war and its consequent increases in all materials, and the value of manpower.

By the CHAIRMAN: Earlier in your evidence this morning you referred to the fact that you or someone else made requests for finance and that all your troubles have been due to the fact that your requests have been refused. Was that what you were implying?—I think the Commissioner of Railways put forward that statement in his evidence.

You yourself feel that that has been the cause of your troubles?—Yes.

Have you any means of telling us what happened regarding those requests—but what you asked for and what had been the response?—Each year we have to submit estimates.

I know what is done each year, but I want specific particulars over the last 15 years, because it is during the 15 years that your drift has been so apparent. I want to know what requests you have made for finance and what has been the result, where the requests got blocked, and whether the Minister or the Treasurer blocked them, or what happened. Can you give us such a statement?—I can give you a statement showing the amount asked for for rolling stock and other such matters and the amount placed on the Estimates by the Treasurer.

Can you let us have such a list for the last 15 years?—I can let you have that statement straight away. (Exhibit 'Gu'.)

It is not without significance that the Chief Civil Engineer (Mr. Hood) had, up till 1928, certified that the track was in "safe condition," and since 1932 he has certified that the track was in "safe condition." When examined by us on this point, Mr. Hood stated:

By Mr. RAYNOR: At this stage, would you like to amplify any of those items which you have dealt with?—Yes, I would. Firstly, dealing with the statement under the heading of "Maintenance of Way & Works," in paragraph 9 I said this:

For the following three years, from 1929-1931, they were reported as safe, for the four years from 1944 to 1947 as safe, but below pre-war standard and considerably in arrears.

I noted this morning that when the Chairman read out a report for the year 1946, the statement was to the effect that the maintenance of way and works was reported as safe and the words "but below pre-war standard and considerably in arrears" were not included. That report was made by the Deputy Chief Civil Engineer. It is strictly correct, but the reports for 1944, 1945 and 1947 do include the words "but below pre-war standard and considerably in arrears." It so happened that I was not present when the report was made and the Deputy Chief Civil Engineer did not include those words in his report.

By the CHAIRMAN: Is there any reason why those words were cut out of the report for 1946?—I cannot say. When I returned to duty I asked why the words were cut out, I was not there was any special reason. It was in 1944-45 and it is in this year.

You have the further warning going into this year's report?—Yes, in the 1947 report.

I am glad to hear that, in a way, because the story you have put up in front of us is rather an appalling one.

By Mr. RAYNOR: You are satisfied, of course, that the tracks are safe?—I am satisfied they are safe if they are operated at the speeds laid down. We have not got the margin that we should have or did have in 1939.

The Chief Mechanical Engineer's annual certificate has also not been entirely unqualified, and when examined by us on this point, Mr. Mills gave the following explanation—

By Mr. RAYNOR: Each year you give an annual certificate to the Commissioner of Railways regarding the condition of the rolling stock?—Yes. Prior to the transfer of the locomotive running branch from the Chief Mechanical Engineer's branch, that certificate was the usually accepted form of certificate. My predecessor, about 1930 or 1931, amended that certificate and qualified it heavily. I was then Chief Draughtsman. He pointed out to me the alteration he had made and emphasized that he had made it because he was not able to render a clean certificate. He added the words, "In use under my control," and I have reason to believe—'..." it cannot serve it as a fact—that at the time the matter was the subject of discussion between the then Commissioner and my predecessor. I was given the very strong impression that the import of that qualified certificate was well understood. When I took over I continued that form of certificate. During the war, of course, as I have said, I could not inspect depots. I have not yet been able to make a thorough inspection of the depots, but from what I have seen in going around with this Branch, the best inspection I have yet been able to make—I thought it necessary to qualify my certificate still further by adding words to the effect that the condition has been maintained so far as supply of material and labour will permit.

By the CHAIRMAN: That is, for this year?—Yes.

I take it your previous certificates were on the old form?—Yes. At the same time, I have been giving some thought to the matter since I read the discussion.
between the Commissioners and Mr. Hood regarding the form of certificate—and even now my ingenuity is not equal to devising a certificate that would adequately portray the position.

Is not that what the certificate is for? It is, presumably, and the only further alteration that I can see is to omit the word "good," because even though our stock of plant leaves a great deal to be desired, and a lot of it is very old, it is still working, and it can only be kept working by being kept in some sort of condition.

By Mr. du PLESSIS: You could, of course, decline to give a certificate altogether?—I could.

By the CHAIRMAN: Would not that have been the most direct and forcible way of bringing the matter under consideration?—Being wise after the event, yes. Having regard to what I know of the system, and what I have become accustomed to in years of service, I think that would have been regarded as an unreasonably drastic action.

Those drastic and unreasonable actions have sometimes to be taken?—I have known cases where they had tremendously drastic repercussions.

For the men concerned?—Yes.

Even that has to be risked sometimes. I can understand your difficulties but you can see how, giving a certificate of that wording year after year, unless they were closely studied and the conditions understood they would create an impression of everything being reasonably satisfactory?—That is possible, but on the other hand I have nothing whatever to indicate to me that what is put forward in that manner does receive the consideration that you rightly consider it should receive. I have in mind also that action has been taken, not once, but repeatedly, in quite strong terms—as for example what I have just read—directing attention to what the position actually is. I have repeatedly asked for something to be done. Every year since I first took over as Chief Mechanical Engineer I have asked for funds to replace machines, and have drawn attention to the need for them and the inefficiency that results because I do not get them. It is difficult for me to see just what more I could have done to emphasise the seriousness of the position.

By Mr. du PLESSIS: If you had refused to give a certificate in any terms and had submitted to the Commissioner a memorandum giving your considered statement of reasons for refusing to give the certificate, and if the Commissioner had published that in his annual report would that not have had the effect of bringing home to the powers that be how bad the situation was, as far as your branch was concerned?—I do not think so. After all, I was appointed Chief Mechanical Engineer in 1943 and my first certificate was given in 1948. There was then a war on, and had I then, as a new broom, refused to give a certificate on the condition of the rolling stock, while the action was at war—thereby creating alarm and despondency—I do not think I would have been very nicely rewarded, nor do I think it would have been a right thing to do. Had I gone on, for years, because there was a war on, and continued to give a qualified certificate, and then suddenly turned round and refused to give a certificate, I think I might justifiably have been called upon for some peculiar explanations.

On the other hand, I can see your reason during the war period, but if as soon as you found out how very bad the position was you had given the Commissioner your considered view and had informed him that had you refused to give a certificate it would have had the effect of causing disgust in the public mind, and had indicated to the Commissioner your reasons for contemplating such a drastic step, and the Commissioner had then referred your report to the Minister of that time, do you not think that would have had some effect?—No, I think it would simply have had the effect of causing the Government of the day to think they had the wrong person as Chief Mechanical Engineer, and that he was unable to do what other people had done successfully.

But surely you felt that you would have been justified in taking such action?—To an extent, yes, and to an extent, no. The obvious thing, if one takes such strong action, is that he must be asked, "What do you propose to put things right?" I have said today what I think is necessary, and that means an expenditure of many millions of pounds. There was no possibility whatever that authority could be given—I say "could be given"—for such an expenditure. I would have been recommending something utterly impracticable and impossible.

That is not justification for not having put it on record?—The matter has been put on record in special reports and attention has been drawn to the situation as forcibly as I could do it. I have tried to draw attention to what I think can be done within our limitations and I think I can say that I have taken every action possible except the one which you now suggest, of withholding a certificate.

By Mr. RAYNOR: And despite your certificate the Commissioner has made clear to the Government, in his report, the real condition of the locomotives and rolling stock?—Both in his published annual report and in his special memorandum to the Minister.

The Commissioner of Railways (Mr. Ellis), when questioned on this matter, made the following comments:

By Mr. du PLESSIS: I understand that the Chief Mechanical Engineer submits an annual report to you directly?—That is so.

Up to 1928 he certified that the track was in good order?—Yes.

From 1929 to 1932 he certified that the track was in safe and efficient order?—Yes.

In 1932 he reported only that it was in a safe condition?—Yes.

Would you comment upon that phase?—Obviously up to the beginning of the depression period when maintenance work fell off, there was no reason for the Chief Mechanical Engineer to give a qualified certificate, during the depression years when maintenance fell off because money was not available and later on an advance of £500,000 was granted to assist in catching up on maintenance, it was not reasonable to expect the Chief Mechanical Engineer to give the same certificate. Since then he has in all instances emphasised that although the track might be deteriorating it was still in a safe condition to operate traffic. Mr. Hood will be able to enlarge on that point.

Defects Observed on Tour of Inspection.

Although we were naturally impressed with the volume of evidence which was placed before us, we were even more impressed with the evidence of our own eyes, that is, the conditions of general neglect which we found throughout the system. These conditions, which could not have developed in a short space of time, covered such matters as an obvious lack of maintenance of the permanent way; locomotive depots and other buildings in the last stages of decay; bad equipment and lack of proper supervision at running sheds; lack of adequate control of stores; no effort made to reclaim usable material lying about as scrap; neglected and dirty barns; primitive, neglected and dirty mess rooms, ablution facilities and staff inns; neglected and dirty station, goods and locomotive offices; neglected departmental houses provided for the staff; general neglect of maintenance of buildings.
Some of these defects were repeated with regular monotony at most of the places visited, and we find it difficult to describe some of the conditions in language which will not give offence. We can only say that our reaction to what we saw at some of the centres visited was one of indignation that a state of affairs had been allowed to develop which, cumulatively, must have the effect of destroying public confidence in the Railways and undermining the morale of the staff.

There is no evidence that the responsible Senior Railway Officers were not aware of these conditions, but the attitude of some of these officers seems to have been that, having failed to secure the necessary funds to arrest the deterioration of assets under their control, there was no alternative but to accept the position with that measure of fortitude which was possible under the circumstances. This is evidenced by the fact that when questioned on many of the deficiencies which had come to our notice in the course of our inspections, or which were brought out in evidence, the stock reply was almost invariably that these were due to lack of funds, or "financial malnutrition," which is the term used by the Commissioner of Railways.

**Adequacy of Funds Voted by Parliament.**

On the question of the adequacy, or otherwise, of the funds voted by Parliament for the Railways, Mr. A. J. Reid, the Under Treasurer, in the course of his evidence, quoted the following figures relating to loan estimates, as proof of the fact that the Railways had not been starved by the Treasury:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount Approved</th>
<th>Amount Spent by Railways</th>
<th>Amount Approved by Treasury</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937</td>
<td>499,000</td>
<td>399,000</td>
<td>250,000</td>
</tr>
<tr>
<td>1938</td>
<td>589,000</td>
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</tr>
<tr>
<td>1946</td>
<td>281,000</td>
<td>130,000</td>
<td>320,000</td>
</tr>
<tr>
<td>1947</td>
<td>975,000</td>
<td>974,000</td>
<td>320,000</td>
</tr>
</tbody>
</table>

The amount spent in 1938 might be due to commitments made in the previous year catching up in that year.

Have you any idea why they were not able to spend the amounts asked for—in the pre-war years, no. In the war years I would say it was entirely due to lack of labour and materials.

I find it hard to understand why, in 1935 and 1936, they could not have spent more money. Evidently some commitments came in in 1938?—Yes.

Even so, they did not amount to the total?—No. I have a recollection of an occasion when Mr. Wilcock, who was Premier from 1930 to 1945 and who, prior to that, had been Minister for Railways for many years, and was very interested in the Railways and always anxious to assist them, suggested himself that the Railways include an item in their loan programme which they had not previously considered. He suggested that they consider the purchase of Diesel-driven trains, and asked them to include that item in their loan programme. I merely tell you that to show that there was no niggling on the part of the Treasury.

What has been concerning the Commission is that, over a considerable number of years, there have been two excesses. One is the depression and the other is the war. Both of these I do not think have quite the incidence or weight that is attached to them. There must have been over a considerable number of years a lack of provision for maintaining the Railways as an efficient service, partly due to maintenance not having been done and partly due to new equipment not having been provided. I am trying to ascertain where the responsibility for that lies, or the necessity for it not having been properly appreciated—I should say that, by and large, the responsibility would rest with the Commissioner of Railways. If he felt really concerned about an item of expenditure and thought it was going to be costly, he could have approached the Government and made out his case. He might have made out a case, perhaps, in his annual report, but that is not the way to get money out of a Treasurer. You have to importune him, make your case and keep at him until you get what you want. You have to convince him, in other words, that what you want is really needed.

Otherwise, it would be treated as a routine matter?—Yes, I suppose all Treasuries are the same; if they can avoid giving money they will.

Who decides the weight of a case? It may be a technical matter, such as locomotive or new class of rolling stock to carry the kind of loads you see ahead, or keeping the tracks in proper condition. Who decides the gravity of the case?—On the assumption that the Commissioner had made an appeal to the Government, Cabinet would.

How could Cabinet know? Is it just a matter of policy?—A case would have to be made out by the Commissioner in the first place. Normally, that would come through the Minister for Railways to the Treasurer. The Treasurer would probably refer it to the Treasury Department and the Treasurer would then probably have a consultation either with the Commissioner or some of his officers. The Treasury would then set out its case. It might be dealing only with the possibility of finding a large sum of money. Obviously, the Treasury could not comment on the technical details of a proposal put up by the Commissioner of Railways. It would go on to the Government, who might say, 'Well now, if you do this, you have to save money on something else in order to provide the money this year.' Finally it would go through the Treasurer himself to Cabinet for decision as to whether Cabinet would provide the Railways with the money they wanted.

It may not always be very satisfactory from the point of view of an asset which is wearing down. The position is that for many years—almost 80 years—the addition of new locomotive power and rolling stock has been very meagre, and the existing stocks were getting older and older. You were finally coming to the stage when things might 'ball-up' altogether. I am wondering whether the gravity of the situation has been put to the Government in such a way that, as a matter of policy, it would be considered necessary to keep the railways properly supplied and moving. I know they might have to weigh the Railways, as a political matter...
against any irrigation scheme. But this is an asset which is already giving service and has to be supported. How can that case be made out for the railways—I do not want to be unfair to the railway Department, but from my experience of the Treasury, which goes back only to 1930, I have no recollection of any strong case being made out by the Railways for additional locomotives. As a matter of fact, the first time I personally knew the position was really getting dangerous was when the Grants Commission discussed the matter with the Railways, following on evidence put in by Mr. Bayley. The Grants Commission then asked whether the Commissioner was getting alarmed at the age of his locomotives, and did not fear there would be a complete breakdown of the whole system. He had asked the Department what it proposed to do. That was the first I knew that the system was as bad as it has turned out to be.

By Mr. du PLESSIS: Would these special representations from the Commissioner come to the Treasury, or would they not go to the Minister for Railways?

— They would go first from the Commissioner to the Minister, and from the Minister to the Treasurer, and almost invariably from the Treasurer to me.

But would the special memorandum from the Commissioner go to the Treasury?—Yes.

The final decision, as to whether the railway estimates shall be reduced or not, is one for Cabinet, where the Minister for Railways is present—are you dealing with the revenue or the loan estimates?

The loan estimates?—The loan estimates were usually deformed by Cabinet. There have been periods of stress during the depression, money was simply unobtainable and the Government had to spend all it could get on labour-absorbing works. There were so many unemployed, that works which necessitated expenditure on materials just had to be cut.

When you say you have no knowledge of any such representations having been made by the Commissioner, of course it is possible that the representations were made to the Minister for Railways and not passed on to the Treasury?—That is so. You mean the Minister would not pass them on?

Yes. It is possible, but I should think most improbable.

But from your personal knowledge you know of no memorandum of that nature stressing the importance of carrying out a certain scheme, having been referred to the Minister, passed on to the Treasury and declined?—I do not know of any.

The Commissioner of Railways, in his further evidence said—

Mr. J. A. Ellis, Commissioner of Railways.

I feel that it is necessary for me to comment upon the evidence given before the Commission by Mr. Reid, the Under Treasurer, and to show that the impression given by that evidence requires correction. You have been informed, both by myself and my senior officers, that the Railway Department has been chronically short of money for essential replacements and improvements. The time available to my hard-pressed staff has not been sufficient for preparation of a completely detailed statement showing every item on Loan Estimates down the years, but such a statement would be so large and complicated as to be confusing rather than helpful. I propose, therefore, to submit a more general and easily comprehended statement, which will afford accurate figures and prove beyond doubt the validity of my contention. Before presenting figures, however, I feel that I must comment on some of the statements made by the Under Treasurer.

First, your attention is invited to the cumbersome method of dealing with Loan Estimates described briefly by the Under Treasurer. Each year detailed estimates are forwarded to the Under Treasurer and to the Minister for Railways, who is also furnished with notes for his use when speaking to the estimate in the Parliament. Frequently these estimates have been pruned heavily by the Treasury without reference to me, and when the revised estimates have been passed by the Parliament, the next step is for one of my officers to ascertain from the Treasury, with mixed success, which items have been deleted, and which have been reduced. As stated by the Under Treasurer, the total sum printed in the Estimates submitted to the Parliament does not convey any authority to incur expenditure. Each separate item must be submitted to the Minister so that he may seek approval of the Treasurer.

This method forces periods of delay and presents an effective barrier to continuity of planning. There is first the delay between submission of the estimates and approval for a reduced total. Next there is delay in discovering what is covered in the sum allotted. There follows for each job a further delay in obtaining specific approval.

The Government Tender Board normally will not proceed with calling of tenders unless the formal application bears upon it evidence of authority to incur expenditure. Calling of tenders does not commit the Government to any expenditure, and the absurdity of this restriction is apparent.

A more practical method is used in New South Wales. In that State the Commissioner of Railways is at liberty to proceed when he has been notified of the total sum voted by the Parliament. This does not in any way prevent the Under Treasurer from keeping a close check of expenditure, and adoption of such a method in this State has everything to commend it.

It is quite true that the revenue estimates of the Railway Department are sometimes altered before being presented to the Parliament. In some cases the estimates of revenue are altered; sometimes the estimates of expenditure are altered, and sometimes both are interfered with. Examples are:—

1893-1894

Treasurer Circular 241 of 28/3/38 instructed that expenditure during 1933-34 must be kept below that of 1932-33.

<table>
<thead>
<tr>
<th>Department</th>
<th>Approved</th>
<th>In-</th>
<th>Decrease</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£3,000,000</td>
<td>£3,000,000</td>
<td>£0</td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>£2,016,000</td>
<td>95,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

£925,000 £584,000

In letter dated 29/12/1933 from Premier to Minister for Railways, attention was drawn to serious situation in connection with both Revenue and Loan Funds and stating that it was of vital importance funds still available on Loan be conserved for employment of men and works not satisfactory from this standpoint should be gone on with only where absolutely necessary. On the Revenue Fund a definite promise was given to Loan Council Conference that State deficit would not exceed £75,000, and to keep within this figure expenditure must be curtailed accordingly and expenditure which could possibly be avoided should be cut out.

On 18th April, 1934, Under Treasurer stated financial position causing serious concern and asked for further review of probable collections and expenditure.

On 30/4/1934 letter from Premier to Minister for Railways bearing attention to the worsened position to the extent of £190,000 of the Railways as compared with the estimate, and said as it was impossible apparently to increase the revenue to any extent the expenditure must be reduced to come more closely to the position already foreseen.

1936-1937

<table>
<thead>
<tr>
<th>Department</th>
<th>Approved</th>
<th>In-</th>
<th>Decrease</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£3,600,000</td>
<td>£3,500,000</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Expenditure</td>
<td>£2,050,000</td>
<td>550,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance</td>
<td>£1,550,000</td>
<td>£850,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Expenditure includes provision for repayment of £190,000 account Belated Repairs.
1938-1939.
Depart-  
ment's  
by  
In-  
De-  
Estimate.  
Treasury.  
crease.  
crease.  
£  £  £  £
Revenue  3,800,000  3,800,000  —  —
Expenditure  2,885,000  2,785,000  —  —  100,000
Balance  914,000  1,014,000

Figures submitted included £100,000 for replacement of rolling stock, stock, this was deleted by Treasury.

Treasurer, 22nd May, 1946, reads: "The need for stringent economy in the coming year is equally as urgent, if not more so than in the current one, and therefore all items of expenditure must be carefully considered with a view to reduction before being included in the estimates."

Department's  
by  
In-  
De-  
Estimate.  
Treasury.  
crease.  
crease.  
£  £  £  £
Revenue  4,100,000  4,100,000  —  —
Expenditure  2,922,000  2,002,000  —  —  20,000
Balance  178,000  1,005,000

Excluding expenditure on deferred maintenance and regeneration of rolling stock, but including £30,000 for A.S. Garratt locomotives.

At the close of the year £70,000, representing approximately one-third of the cost of 14 "U" class locomotives, was debited by Treasury to working expenses.

I am at a loss to understand the remark that items of revenue expenditure would be a matter solely for myself and my responsible officers, and that the responsibility for those controlling the purse strings to realize the seriousness of the railway position rests with me. There is no justification for the assumption that I have been content to rely upon my annual reports only as a means of drawing attention to a coming crisis. Numerous written reports and requests have been supplemented by discussions with Ministers and the Under Treasurer and, except for sending demonstrations with a gun in my hand, I have taken every possible step. It is astounding to me to learn that reports which are submitted to the Parliament and published for general information, and which contain important statements bearing upon the finances and welfare of the State, are regarded lightly by the Under Treasurer.

Attention is drawn to the very significant remark by the Under Treasurer recorded at page 2083 of the transcript. He said that a proposal would go along to the Government who might say, "Well, now, if you do this, you have to save money on something else in order to provide the money this year." This clearly portrays the policy of robbing Peter to pay Paul, which is so often applied, and illustrates as clearly as abundant evidence the manner in which expenditure is restricted, and how impossible it has been to get money for one essential work without detriment to, or obliteration of another.

This statement, and my complaints regarding the serious difficulties regarding finance for railways, are not to be taken as needlessly stricture upon past Governments. In Western Australia the financial returns of the Railway Department bulk very largely in the State Budget and for many years the deficits on railway working and on State financial transactions generally have been virtually the same. No one placed in charge of this department could, or should, ignore the effect of railway returns upon State finances, and I have regarded it as my duty to conform to Government policy. I have not been unmindful of the difficulties confronted by Governments mentioned by the Under Treasurer to provide the funds requested by all departments, particularly in the overwhelmingly difficult times of the financial depression and the war, but here consistently pointed out the adverse effects such a policy would have on the railways.

The Under Treasurer’s statement that he was unaware of the very serious state of affairs has astounded me. Requests for additional locomotives have been made in strong terms but my urgent requests have been for replacements rendered essential by the age, obsolescence and condition of the existing stock and these have been forcibly represented. Later I shall present figures and correspondence regarding the drastic economies forced by the Government’s lack of cash, and will show that even in those circumstances I pressed for funds with which to replace locomotives. There can be no doubt that the position was known and it is necessary to rely upon the files of the department to show this. I propose to quote from the financial statements presented to Parliament by the Treasurer, as these are documents with which the Under Treasurer must be familiar.

On 15th September, 1932, the Treasurer said:—

Under the Premiers’ Plan, Western Australia was pledged to reduce its adjustable expenditure in 1931-32 by £1,200,000 per cent. below the average expenditure of 1929-30. The reduction in adjustable expenditure, as compared with 1929-30, was £1,900,000. That reduction included savings of all descriptions, referred to previously, except wages only. The percentage reductions effected were:—

<table>
<thead>
<tr>
<th>Description</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business undertakings</td>
<td>29</td>
</tr>
<tr>
<td>Administration, general</td>
<td>27</td>
</tr>
<tr>
<td>The amount of the reductions</td>
<td></td>
</tr>
<tr>
<td>1929-30</td>
<td>£</td>
</tr>
<tr>
<td>1931-32</td>
<td>£</td>
</tr>
</tbody>
</table>

You are invited to compare the above with the figures submitted by the Western Australian Government to the De-
came the crash in commodity prices. The London money market closed, and is still closed. So as Treasurer I was faced with the task, not only of carrying on services, but of adjusting trust funds and other funds already spent.

Anyone acquainted with the general relationship between Railways returns and the State budget will appreciate that these drastic economies came largely from that Department, and it would be absurd to suppose that the curtailment of expenditure could be imposed without serious detriment to maintenance. That the effect was realised is shown by the following excerpt from the Financial Statement of 13th September, 1933:

When the Labour Government took office in 1933, it found that, owing to the depression, the previous Government had been unable to find the money necessary for the maintenance of the assets of the Railway Department. Through no fault of that Government, the assets were allowed to deteriorate. I do not blame that Government at all; no other Government could have done anything else. It was necessary to effect every possible saving, and so money was not spent in the maintenance of the Railway Department’s assets. But in 1933-34 the Labour Government had to provide the sum of £500,000 repayment of which was spread over five years, to enable the Railway Department to put its assets in a reasonable state of efficiency. Last year the advance was fully repaid, but the Commissioner of Railways suggested that the expenditure should be continued this year, the money to be applied to the rehabilitation of locomotives, which are commencing to become obsolete. While this expenditure would be most desirable it will nevertheless have to be postponed this year. The amount of £100,000—which was included last year in the expenditure of the Railway Department will therefore be saved this year.

In this statement the then Treasurer stated what he found in 1933, and it is difficult to understand how senior officers in the Treasury could fail to be aware of the position. It should be noted particularly that the Government was aware of the deterioration of Railway assets but was unable to provide funds to expend £100,000 per year on rehabilitation of locomotives and rolling stock, as I had proposed.

On 29th September, 1930, the Treasurer said:

‘The operations of the railways resulted in a deterioration in the financial position to the extent of £339,664, made up by a fall in revenue of £231,087, and an increase in expenditure of £116,077.’

Before the close of the year, the Department took action to curtail expenditure, and the benefit of the economies will be felt during the current financial year.

Later evidence will be given regarding the economy forced upon the Department.

According to page 2065 of the transcript, Mr. Chairman, you suggested that there were many railway works which could have been done, such as the shifting of ballast. Surely it is not supposed that such works were neglected when Governments were eager to find jobs to employ unskilled labour. In point of fact, the Railways suggested and executed many deviations for reduction of grades and carried out extensive ballasting works as set out in the evidence given by the Chief Civil Engineer. Money was made available for part-time employment of men on such jobs, but any work requiring a considerable proportion of total expenditure on materials was eschewed and maintenance of locomotives and rolling stock suffered in consequence.

Later, when the financial situation appeared easier as stated by the Under Treasurer, loan estimates were drawn upon a liberal scale to enable the Treasurer to make the best possible case before the Loan Council. This, however, did not affect the procedure of compelling subsequent application for authority for each individual job.

I shall now deal with the figures quoted by the Under Treasurer which purport to show that the Department has been unable to spend the sums made available under the Loan Vote by Treasury, and I propose to go back to 1933-34 and so cover the whole of my period as Commissioner of Railways.

For the financial year 1933-34 the Department submitted estimates for the following:

<table>
<thead>
<tr>
<th>Item</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>985,231</td>
</tr>
<tr>
<td>Rolling Stock</td>
<td>283,300</td>
</tr>
<tr>
<td>Surveys of proposed lines</td>
<td>4,500</td>
</tr>
<tr>
<td>New railways under construction</td>
<td>268,803</td>
</tr>
<tr>
<td>Land Resumption</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Total: £2,046,616

These estimates were revised on the 24th June, 1933—which was prior to my taking office—to the following table:

<table>
<thead>
<tr>
<th>Item</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>805,533</td>
</tr>
<tr>
<td>Rolling Stock</td>
<td>24,500</td>
</tr>
<tr>
<td>Surveys of new lines</td>
<td>4,500</td>
</tr>
<tr>
<td>New railways under construction</td>
<td>116,677</td>
</tr>
<tr>
<td>Land Resumption</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Total: £293,857

The sums approved by Parliament on submission by the Treasurer were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>300,000</td>
</tr>
<tr>
<td>Rolling stock</td>
<td>25,000</td>
</tr>
<tr>
<td>Surveys of new lines</td>
<td>4,500</td>
</tr>
<tr>
<td>New railways under construction</td>
<td>38,000</td>
</tr>
<tr>
<td>Land Resumption</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Total: £357,500

Expenditure in that year amounted to £316,124. In this case practically the whole of the funds allotted were expended, the largest difficulty being in rolling stock, as materials could not be received in time.

It should be noted that it was arranged for a sum of £120,000 for Belated Repairs to be included in the Loan Estimates. This accounts for the increase of Additions and Improvements by about £24,000. The total amount spent on this item was £315,743 against £300,000 allowed, but owing to the adjustment noted below the amount debited was £278,912 only. Belated Repairs expenditure amounted to £120,428, and of this sum £70,597 was debited temporarily to Loan and £49,831 was debited to Revenue Expenditure Vote by Treasury.

In the year 1934-35 the estimates submitted by the Department were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>372,500</td>
</tr>
<tr>
<td>Rolling stock</td>
<td>89,850</td>
</tr>
<tr>
<td>New Railways, including Land Resumption</td>
<td>75,465</td>
</tr>
</tbody>
</table>

Total: £537,822

The estimates submitted to and approved by Parliament were as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>287,300</td>
</tr>
<tr>
<td>Rolling stock</td>
<td>23,750</td>
</tr>
<tr>
<td>New Railways</td>
<td>20,000</td>
</tr>
</tbody>
</table>

Total: £337,050

The total expenditure within the year against this authority was £305,767, the difference being largely accounted for by the small expenditure of £1,214 on new railways, against the sum of £23,750 allotted.

The total expenditure on Additions and Improvements during the year was £257,072, including expenditure on Special Maintenance and Belated Repairs of £212,900.
It is particularly noteworthy that in this year authority was sought to spend £4,000 to provide houses for 10 employees, but this application was not submitted by Treasury for approval by Parliament.

In the year 1935-36 the estimates submitted by the Department were as follow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>£477,850</td>
</tr>
<tr>
<td>Rolling Stock</td>
<td>£119,400</td>
</tr>
<tr>
<td>Surveys for new lines</td>
<td>£5,200</td>
</tr>
<tr>
<td>Construction of new Railways</td>
<td>£71,485</td>
</tr>
<tr>
<td>Land Resumption</td>
<td>£2,000</td>
</tr>
</tbody>
</table>

The estimates submitted to and approved by Parliament were as follow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>£250,000</td>
</tr>
<tr>
<td>Rolling Stock</td>
<td>£100,000</td>
</tr>
<tr>
<td>Surveys for new lines</td>
<td>£1,000</td>
</tr>
<tr>
<td>New Railways</td>
<td>£30,000</td>
</tr>
<tr>
<td>Land Resumption</td>
<td>£1,500</td>
</tr>
</tbody>
</table>

Expenditure for the year was £110,240.

On the 20th September, 1936, the Under Treasurer wrote advising reduction of the total authorised expenditure to £258,000 showing a reduction of £73,700. Although provision for Related Repairs to the extent of £100,000 was provided in the revenue vote, not in the loan authority as in previous years, the Under Treasurer pointed out that this would have the effect of increasing the amount available under loan.

In this letter the Under Treasurer said, inter alia:-

As regards rolling stock I regret that funds will not be available to meet the increase of a large scale programme. Our loan money for the current year will be appreciably less than for the last year, and in addition to that difficulty there is the problem of making provision for increasing commitments on major works at present under construction.

The proposed allocations are submitted to you so that we may be advised of any alterations which you desire. I am afraid it will not be possible to increase the total amount.

One of the principal reductions made was in respect of rolling stock, and only £20,000 was allotted as against the original Parliamentary approval of £100,000.

In reply to this letter an amended tabulation of proposed allocation of loan funds was submitted to the Under Treasurer and this again listed £100,000 for rolling stock.

The following excerpt from notes supplied for the use of the Minister in submitting estimates to Parliament will indicate that the seriousness of the position was represented:-

Construction of Additional Rolling Stock.—To keep pace with the growing traffic considerable additions to our supply of rolling stock are imperative.

For some time it has been impossible to meet orders for timber, coal, floor, fruit, potatoes and other traffic in a reasonable manner, and it has been most difficult to get consignments forward in sufficient time to avoid delays.

The number of covered wagons is insufficient and open trucks have frequently been used to convey general and perishable goods.

Another factor which militates against efficient and economical service is the length of time and heavy expenditure incurred in repairs necessary to our old vehicles which form a large percentage of the total stock.

It is, therefore, proposed to embark on a five-year programme of construction at a total cost of approximately £273,000, which includes only such vehicles as are necessary to give reasonable service to the public. Our most urgent request is a preliminary provision for 10 class 'F' locomotives, sheep wagons and covered vans, and the following have been included in this year's estimates:-

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locomotives</td>
<td>£10,000</td>
</tr>
<tr>
<td>25 Cn. sheep vans</td>
<td>£6,400</td>
</tr>
<tr>
<td>40 Dn. covered vans</td>
<td>£11,440</td>
</tr>
<tr>
<td>15 Vn. covered vans</td>
<td>£9,000</td>
</tr>
<tr>
<td>13 Vb. covered vans</td>
<td>£7,980</td>
</tr>
</tbody>
</table>

This submission included an amount of £65,782 for diesel electric rail cars.

Following upon the correspondence mentioned a letter dated 28th February, 1936, was received from the Under Treasurer reading as follows:-

From particulars received from departments, it would appear that if the departmental estimates are realised the original proposed loan programme for this year will be exceeded by £208,805.

At the November Loan Council meeting the funds available for all Governments for loan purposes were reduced, and whilst we originally anticipated having available £2,580,000 we will now have only £2,379,000. The estimates, therefore, show an excess expenditure of £110,000.

For your information I attach a statement showing the amounts provided on the Loan Estimates, the expenditure to the 31st January, and the proposed expenditure for the five months ending 30th June next. You will notice that the proposed expenditure during the next five months of the actual expenditure for the seven months ended January by £250,000.

It is imperative that the departmental estimates be reduced immediately, with a view to the entailment of expenditure in order to keep within the funds available.

If the proposed expenditure during the balance of the year includes heavy commitments for material, these must be reduced to the minimum amount necessary to keep the men at present employed. In some cases it may be necessary to slow up on existing works, but this should not be considered where it means a lack of employment.

The Hon. the Premier has instructed me to ask you to review the estimates so far as your department is concerned, and advise me by Monday morning what reductions can be made. The matter will be considered by Cabinet on Monday afternoon.

You will realise that this matter is extremely urgent and important.

In response to this communication the Under Treasurer was supplied with revised estimates showing a reduction of £96,044, of which £80,000 was taken from the rolling stock vote. Other works were in such a position that drastic curtailment of expenditure would have resulted in a seriously uneconomic position and the Under Treasurer was advised of this, also that the rolling stock vote had been drastically curtailed by postponing expenditure wherever possible.

In further correspondence on reduction of expenditure the Under Treasurer was advised on the 10th March, 1936, that amongst works originally provided for, but which would be postponed in view of the financial position, was an item of £15,000 for 30 houses for employees.

With these adjustments the amount on loan authorities was reduced to £193,336 in accordance with the policy of the Government. As disclosed in the correspondence already detailed, another effort was made to curtail expenditure with the result that the total ex-
pended against loan authorities in the year was £116,010. The sum of £29,107 was spent against the revenue vote on belated repairs. The reduction of approximately £75,000 in loan expenditure does not indicate liability or unwillingness to spend money, but does reflect the department's forced acceptance of the Government policy of the day.

The estimates submitted to Treasury for 1936-37 were as follows:

- **Additions and Improvements**: £250,000
- **Rolling stock**: £149,000
- **Surveys—new railways**: £2,300
- **Construction—new railways**: £60,000
- **Land resumption**: £1,500

**Total**: £682,800

The estimates submitted to and approved by Parliament were as follows:

- **Additions and improvements**: £200,000
- **Rolling stock**: £130,000
- **Surveys**: £1,000
- **New railway construction**: £60,000
- **Land resumption**: £1,000

**Total**: £389,000

The following are extracts from notes prepared for the use of the Minister when presenting the estimates to Parliament:

**Wyalongawes.**—The need for new station buildings at this centre has long been recognised. The existing buildings are both inadequate and inconvenient and our customers are put to unnecessary trouble and risk of accident by having to cross lines frequently occupied by long trains of trucks.

The new buildings will facilitate the work of the staff and will improve the existing conditions in every way.

**Harvey.**—The existing buildings are of lean-to type and very old. Additional accommodation is urgently required.

**Midland Junction Workshops.**—New machinery—£10,000. This amount is required for this year's portion of new machinery required in connection with the five-year programme for the construction of additional rolling stock.

**Rolling Stock.**—The new programme which is essential to meet the growing requirements of traffic, includes the construction of new baggage and coal motor vehicles, sheep wagons, small covered vans, log covered vans, cattle wagons, powder vans, open wagons, brake vans and cold store vans. A commencement on the programme was made last year by the ordering of material for the classes of stock considered to be most urgently required, much of this material is now in store and the funds available this year will enable work on the building of this class to be proceeded with.

The position regarding cash available to the Government for loan expenditure detriments so seriously that a conference was held on the 23rd November, 1936, between the Premier, the Minister for Railways, the Under Treasurer and myself, when the position generally was discussed.

This was followed by an urgent letter from the Under Treasurer on the 11th December, 1936, as follows:

The position revealed by the latest statements submitted by departments, together with unsatisfactory financial outlook for the remaining portion of the year, is very serious and I am afraid it will not be possible for you to put in hand any fresh work without first ascertaining that funds are available.

Many of the works which you have on your loan estimates cannot be carried out this year, although it appears highly improbable, we are able to obtain a satisfactory amount of loan money towards the close of the year.

I will be submitting to you within the next few days comments regarding the statements supplied by you.

On the 10th December, 1936, the Under Treasurer wrote again pointing out that expenditure on additions and improvements was then £23,045 in excess of authority, adding—

As a substantial reduction of the loan estimates is necessary and funds will not be available to permit of any excess, will you again review your programme so that the expenditure on these items will at least be within the vote?

The position continued to deteriorate and was discussed with the Premier and the Under Treasurer on the 23rd December, 1936, and I submit a copy of notes which I then made on the file:

Referring to list at folio 88—R. 281/36. New machinery—£10,000. To be deferred.

R. 4546/36.—Kool'da Dam, 373M Dam.—O.C.E. to re-examine position to see if any portion of the amounts £1,413 and £7,759 (material not yet paid for) can be deferred. (f) Elimination of lining and roofing. Treasury to be advised results of re-investigation.

Pitman Dam—£6,750.—To be deferred.

Land Resumptions—£5,750.—To be deferred so far as is possible.

R. 1159/36.—First four items rolling stock to proceed for time being, but it may be necessary to slow down progress and reduce staff later on.

R. 590/36.—Item 10, Water Tanks.—Investigate to see if recent relief rains will allow these to be deferred. Advice Treasury result.

One-Big Bell.—Make complete analysis of £17,500 material not yet paid for, with a view to deferring anything possible.

E.S. 65/36.—Collin Street Ring Main.—Treasury to be consulted before any of the £4,800 labour is spent. This is on the assumption that contract for cable, etc., is let. (Already let.)

Land Resumption—new lines, £900. Defer as far as possible.

T.90/36. Trolley Buses—£47,500. Defer as much as possible to next financial year.

C.O.E. to critically examine position with view to reduction full time workers. All works understood to be 30%.

What is our percentage?

The Premier and U.T. impressed on me the seriousness of the position as little more than half the necessary cash for the 6 months ended June 30th next is available, so that no matter how necessary works may be, the cash position must govern.

I gave an assurance that this Department would do its best to meet the position and give any help possible.

Examination of these notes will indicate the seriousness of the position. It was necessary to instruct the Chief Civil Engineer to examine works already in hand and reduce expenditure by every means possible, including deferring of payments for materials and reduction of full time employment. The Chief Mechanical Engineer also had to be instructed to exercise caution on his rolling stock programme despite its urgent necessity, and in this regard the position is well illustrated by my note that construction of water tanks was to be deferred if the replenishment of dams by recent rains could be regarded as making this at all possible.

Following upon this Conference a letter was addressed to the Under Treasurer as follows:

With reference to the interview which the Commissioner had with the Hon. the Premier and yourself on the 23rd ultimo, as the result of enquiry into the various items, the Commissioner desires me to forward the following:

(a) Kool'da and 373M. Dams. The balance of the material is already in transit and cannot now be stopped.
The Treasurer instructed me to concern in the Loan Estimates. He made to provide additional funds in the next not can await the particular he is anxious to know necessarily be spas
during received on 29th December, the the F.I. Fund, and as approval to on for the remainder wages, a & asked for approval £9,000 was virtually wagon vou bo additional the funds to the amount which nor pos-
Workshops we you know will we nuticipnted 'I'he whether in these directions does Over your when follow:
power not. be temporarily November, 1937, the Acting Under he spent this by he have sum of £20,000 being £20,000 advanced, for example, authorities for (material it is known that which
allotted which for this protest the 1937, regard in departmental stock such you was or unwillingness to expend funds by every means possible regardless of the expenditure ill this direct len. rails until all the contrary to H
not received until the programme and, if you find it will be reduced to at Big Bell, C01;.;erYe largey employed, As already
while approval for purchase of "'s is con­
against 1936 was not received until approval were as follow:- •
were under-spending for that the wagon programme was reduced advise has gone Yet the work reasons will now the Cue-Big Bell any percentage of will
which which
The amount of order see New Railways memo. (R.281/36Pt) of the follows:-
appreciate would
the Under 'l'reasurcr he better regulated remaining. to which the Under Treasurer replied on the 11th January, 1937, as follows—
' Adverting to your memo. (R.281/38Pl) of the 7th instant, the contents of which have been noted:
2. So far as the Cue-Big Bell Railway is concerned, freight, locomotive and wagon hire, does not affect us, for the outlay in these directions does not mean parting with any—It turns over from one account to the other.
3. I dare say some of the expenditure on material, etc. will go out in payment of wages, and, if so, that will relieve us of a certain amount of expenditure in that direction also.
4. The percentages of full-time men on your works has been below that of most of the other Depart­ments, in some cases considerably so, and I feel sure you will do all in your power to see that this state of affairs continues.
5. On other papers you have asked for approval for the expenditure of £24,740 for additional rolling stock. I very much fear that I will have to ask you in the near future to considerably curtail your expenditure in this direction. Funds which we anticipated receiving we know now definitely will not come in, and this renders the position still more acute. Expenditure on rolling stock is quite outside the relief work programme, and is thus additional to the amount which we consider will be required to carry on for the remainder of the year.
I will keep as closely in touch with you as possible in regard to funds.'
From these notes of interviews and the correspondences quoted it will be clear that the difficulty was not to spend money or to approach the funds originally voted by Parliament, but on the contrary to curtail expenditure by every means possible regardless of the desirability of the work concerned in order to conserve the cash available to the Government.
The final result was that Loan expenditure for the year amounted to £278,822 against the amount of £239,000 originally voted by Parliament. As already mentioned the difference does not represent any inability to expend funds allotted and it will be clear that expenditure was with difficulty restricted to the funds made available.
According to page 2087 of the transcript you find it hard to understand why more money could not have been spent in 1935 and 1936 but the reasons will now be clear. The money was not available for spending.

The estimates submitted by the Department for 1937-38 were as follow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>£205,000</td>
</tr>
<tr>
<td>Rolling Stock</td>
<td>£172,492</td>
</tr>
<tr>
<td>Surveys and New Lines</td>
<td>£2,000</td>
</tr>
<tr>
<td>Construction New Railways</td>
<td>8,344</td>
</tr>
<tr>
<td>Land Resumption</td>
<td>1,600</td>
</tr>
<tr>
<td></td>
<td><strong>£367,679</strong></td>
</tr>
</tbody>
</table>

The estimates submitted to and approved by Parliament were as follow:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and Improvements</td>
<td>£130,000</td>
</tr>
<tr>
<td>Rolling Stock</td>
<td>£151,000</td>
</tr>
<tr>
<td>Surveys</td>
<td>1,000</td>
</tr>
<tr>
<td>New Railways</td>
<td>5,500</td>
</tr>
<tr>
<td>Land Resumption</td>
<td>1,000</td>
</tr>
<tr>
<td></td>
<td><strong>£285,500</strong></td>
</tr>
</tbody>
</table>

This amount, however, was reduced further. Of the original estimate of £27,150 for Wagon construction only £26,000 was approved on the 29th November, 1937. The total amount expended on loan authorities during the year was £293,541.

On the 29th November, 1937, the Acting Under Treasurer wrote as follows:—
'As you know this file has been held up pending a review of the Loan Estimates.

The Hon. the Treasurer instructed me to advise you that he approved of a sum of £20,000 being spent on rolling stock, and he would appreciate being advised as to what the programme would cover. In particular he is anxious to know whether your programme includes the provision of additional sheep trucks.

Would you be good enough to let him have this information.

I replied, noting approval to spend £20,000 on wagons, at the same time stating my assumption that the balance of the £45,950 provided on my estimates would be made available if required before the end of the financial year—the following is quoted from my reply:—

'It is probable that not much more than the £20,000 will now be spent this year but the construction of the vehicles can be better regulated when it is known that it will not be temporarily help up.

Nearly half the current financial year has gone and if approval to further funds has to await the passing of next year's Loan estimates until say December, 1938, the work will necessarily be spasmodic and the object in mind when framing the 5-year wagon programme will be defeated.'

To this protest the Acting Under Treasurer replied on the 19th December, advising that every endeavour would be made to provide additional funds in the next financial year to permit uninterrupted continuance of the programme. He added, however, that definite information as to the amount of the funds would not be available until the succeeding April, and stated that a further £10,000 might be made available if required in the current year.

In regard to the apparent under-spending for that year, it should be noted that approvals for expenditure on several works were not received until the financial year was well advanced, for example, authorities for bridge strengthening were received on 29th December, 1937, while approval for purchase of new machinery for Midland Junction Workshops was not received until 2nd June, 1938, when the financial year was virtually expired. Obviously it was impossible to incur expenditure upon such an item in the few weeks remaining.

Expenditure on the wagon programme was reduced as seven wagons were built as replacements from funds available in the R.A. & P.I. Fund, and as approval to expend £20,000 on new wagons was not received until the 29th November, 1937, it was impossible to expend the full amount.
The financial position apparently improved beyond all expectations. It has been noted that in December, 1937, there was no indication of the position which developed subsequently. At the close of the financial year large amounts were transferred to Suspense Accounts. Advice of this was given in a letter of the 31st July, 1938, from the Under Treasurer showing that the following amounts had been charged against General Loan Funds for 1937-1938 and placed in Suspense:

- £105,000
- £85,000

This raised the total charge against the loan vote to £349,394, and the large transfers questioned are the cause of the expenditure exceeding the allotment as shown in the financial statement quoted by Mr. Reid.

The estimates submitted by the Department for 1938-39 were as follows:

- Additions and Improvements: £440,000
- Rolling Stock: £130,125
- Surveys for new lines: £29,000
- Land Resumption: £1,900

Total: £579,125

The estimates as submitted to and approved by Parliament were as follows:

- Additions and Improvements: £260,000
- Rolling Stock: £90,000
- Surveys for new lines: £500
- Land Resumption: £500

Total: £361,000

As noted when dealing with the previous year, the following amounts had been placed to the credit of the Suspense Account:

- Additions and Improvements: £98,000
- Rolling Stock: £105,000

The existence of these large credits, however, did not mean that the department was at liberty to expend up to these amounts, as direction was given that all proposals for expenditure from this fund must be specially submitted.

Expenditure for the year totalled £280,678 but this expenditure was reduced in the Public Accounts quoted by Mr. Reid by transactions in regard to the Suspense Account. During the year the financial position of the Government improved, and amounts of £57,000 and £25,000 were placed to the credit of the Suspense Account in respect of Additions and Improvements and Rolling Stock respectively.

As part of the year’s transactions amounts of £98,000 for Additions and Improvements, and £32,614 for Rolling Stock were debited to the Suspense Account, giving a net reduction of £88,614 from the actual expenditure, to give the published figure of £192,005 referred to by Mr. Reid.

On the 17th November, 1938, when nearly half of the fiscal year had passed, the Under Treasurer wrote advising that approval had been given to £280,000 for works of a non-labour absorbing nature, and listed several works of this character which appeared in the estimates submitted by the Department, but which had not at that time been approved. He also referred to submissions for building alterations and extensions for the Midland Junction Workshops estimated to cost £70,250 and machinery estimated to cost £21,004, and advised that provision had been made for £20,000 to be expended on machinery.

These apparent approvals were conditioned by the limitation:

Before proceeding with this work, however, it will be necessary for you to submit papers for consideration.

Proposals for expenditure of the £15,000 were submitted on the 6th December, 1938, and comprised truck washing plant at Kalgoorlie, trammen’s barracks at Coo, diesel electric rail car repair shed at Midland Junction, 10 houses for staff, 10 stockyards and for taking over Badgearing Dam.

An attempt was made at the same time to clarify the position regarding funds available.

The final paragraph of the letter reads as follows:

In regard to the loan money actually available during the current financial year, it is noticed from the printed estimates submitted to Parliament that the amount provided for railways is £200,000 for additions and improvements and £50,000 for rolling stock. Against these items re-approvals as per your means, of £1 August last for additions and improvements totalled £241,729, and additional work since approved, including the approvals contained in your memo. of the 17th and 21st ultimo bringing the figure up to £376,144, exclusive of rolling stock, which, it is understood, is being frozen from a suspense account. Included in this latter figure, however, is £50,000 for Fremantle-Midland Junction rebasing and, as stated in my memo. of 6th October last, the estimated expenditure on additions and improvements on this work during the current year is only £13,570, which will reduce the total amount to £362,514.

The Commissioner would be glad to know if the whole of this money may be spent during the current year or whether it is intended that the department’s expenditure on additions and improvements is to be restricted to £200,000.

On the 12th January, 1939, the Under Treasurer replied that approval had been given for an amount up to £1,250 for stockyards and that the matter of providing houses for staff was held in abeyance at present.

On the 31st January, 1939, the Under Treasurer advised further that approvals had been given for the other proposals excepting Baljarring Dam which was under discussion between the Treasury and the Wagin Road Board.

In regard to the general position, the Under Treasurer advised as follows:

In working out the amount available, you have failed to take into consideration the amount of £58,000 placed in suspense for additions and improvements. This makes the total available £358,000.

As approvals issued are based on the estimated expenditure to the 30th June, the amount represented by such approvals is available to your department during the current financial year.

Considering that only five months of the financial year remained there was little opportunity to take advantage of any larger amounts which might be made available, but £58,078 was spent in the year.

In discussion between officers of this department and the Treasurer regarding approvals given for expenditure on extensions of the Midland Junction Workshops estimated to cost £70,250 and machinery estimated to cost £21,004, it was suggested by the Treasury that this department might reconsider the whole matter in the light of Commonwealth proposals for manufacture of munitions at the workshops. At that time such proposals were exceedingly vague and nebulous and as related already in my evidence-in-chief there was never at any time a proposal from the Commonwealth to erect buildings suitable for, and when made the possible proposals were considered there was great difficulty in securing approval for the erection of a building with a definite post-war value.

It will be clear that approval for work of this kind was difficult to obtain, particularly as the shadow of war was even then beginning to be apparent.
Estimates submitted by the department for 1939-40 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and improvements</td>
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</tr>
<tr>
<td>Rolling stock</td>
<td>350,000</td>
</tr>
<tr>
<td>Surveys for new lines</td>
<td>108,841</td>
</tr>
<tr>
<td>Land resumptions</td>
<td>2,260</td>
</tr>
<tr>
<td></td>
<td>3,000</td>
</tr>
<tr>
<td></td>
<td>£463,481</td>
</tr>
</tbody>
</table>

The estimates submitted to and approved by the Parliament were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions and improvements</td>
<td>£2</td>
</tr>
<tr>
<td>Rolling stock</td>
<td>225,000</td>
</tr>
<tr>
<td>Surveys for new lines</td>
<td>60,000</td>
</tr>
<tr>
<td>Land resumptions</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>£286,500</td>
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</table>

Expenditure for the year shown in the public accounts referred to is £102,155, but to this sum must be added £37,000 debited to suspense account for additions and improvements, 237,000 debited to suspense account for rolling stock, and £16,360 debited to rolling stock suspense account to the relief of working expenses, which in Railway Department accounts had been charged with the cost of work done on building of class '148' locomotives.

With these adjustments the total actual expenditure was £193,351.

By the time the estimates were under consideration war had commenced and in consequence some of the additions and improvements listed were deferred. These included Railway Institutes for Collie and Narrogin, as it appeared then wrong to engage in work of this character in the face of the early emergency, and there were general exhortations to refrain from avoidable expenditure. Other items withdrawn were mechanical coaling plant for Bridgetown and a weighbridge for Collie. In addition, extensive proposals for the Midland Junction Workshops totalling £97,400 were deferred until a clearer view could be gained of the situation. As a consequence the amount expended on additions and improvements was considerably less than originally anticipated but still amounted to £138,776. The expenditure on rolling stock was £54,555, which approximated very closely to the amount of £59,000 authorised.

From the foregoing it will be clear that the department has for the year a very large balance on the expenditures for essential works reduced, due to the inability of the Government to provide the funds required. In some years the most stringent economy has been insisted upon and officers of the department have been compelled to secure works deleted from authorisations. In most years the late date of approval has rendered expenditure of the desired dimensions impossible. This applies particularly in regard to items where considerable quantities of material are required since orders cannot be placed in advance of authority. An even greater restriction has applied in the case of machinery and plant as tenders could not be called and application had been granted and, taking this into account with the time required for delivery, it was usually impossible to expend any of the money granted in the financial year concerned.

It appears unnecessary to burden the Commission with details of war-time transactions. Conditions were so totally abnormal that no conclusions of value could be drawn from such figures.

According to page 2,088 of the transcript the Under Treasurer said that I may have been over-impressed with the desire to be economical, but at page 2,092 he is recorded as saying that from the depression until the outbreak of war, money was scarce. In view of the very strong letters from the Treasury which have been quoted and the very serious position of Government finance disclosed, his former remark can only be regarded as an amusing statement. It is apparent from page 2,095 of the transcript that my specific recommendations to set aside £100,000 per year for regeneration of locomotives was not taken seriously by the department as it should have been.

This proposal was put forward in very strong terms and the seriousness of the position was set out clearly in my letter to the Under Treasurer of 30th March, 1938. The letter reads as follows:

Further to our discussion of 23rd ultimo, for some considerable time the position of our department, as regards the condition of the rolling stock—especially locomotives and carriages—has been causing grave concern to myself and responsible officers directly concerned. Of the 412 locomotives in our stock at present, 41 are less than 200—or 6 per cent.—have been in operation for periods of over 30 years. Of our carriage stock, numbering 379, 249—or 65 per cent.—are of a similar age.

The effective life of such rolling stock can be taken as from 30 to 35 years, after that date it becomes so costly, both in operation and maintenance, as to make it economic to build new stock of more up-to-date design. Inevitably, if this state of affairs is to be allowed to continue, the time is fast approaching when we will be faced either with a breakdown or with the necessity for making extensive importations. There is no doubt that the need for a large or material reduction of the debt would bring us in direct conflict with the Government's desires, as it would be with my own, and to avoid this necessity it is, therefore, imperative that immediate remedial measures should be adopted.

The question resolves itself largely into one of finance. What I propose is that, starting from 1st July next, a depreciation and replacement account should be inaugurated. With the improved outlook the department could, I consider, afford to pay to this fund a minimum sum of £100,000 per annum. Such sum would be placed as an item on our revenue estimates and any balance not actually expended during the year on replacements would be applied to a straight-out reduction of capital by way of depreciation.

I am particularly anxious that replacements should commence as soon as possible, but there is a difficulty in that the department has not yet fully recovered the Treasury revenue for advances from loan funds on account of related repairs and special maintenance. Allowing for the estimated expenditure on this account to 30th June next, it is anticipated that of the advance of £265,000, the Treasury, £265,000 will have been refunded, leaving a balance due of £1,000,000.

Having regard to the conditions under which a large proportion of this expenditure was incurred, e.g., necessity for suborning as many unemployed as possible, one of the 'part-time' conditions applicable to such employment, and also of the necessarily unremunerative manner in which some of the works—due to force of circumstances—had to be inaugurated and carried out, I think I may say that you were in general agreement that the outstanding of £1,000,000 might be written off as something in the nature of a direct contribution from the Treasury in respect of relief of unemployment.

Taking the commercial accounts of the department into consideration, assuming that the foregoing proposal be approved, will be that there will be an amount of approximately £190,000 not taken into debit. I propose that this should be treated in a similar way to that suggested in the preceding paragraph: that, of course, is merely a matter of book-keeping and affects nothing other than the purely commercial accounts of the department.

In view of the preparatory work to be put in hand before the suggested date of inauguration of the depreciation and replacement account, it would be appreciated if an early decision could be conveyed to me on the matters put forward.

I would like to comment that that letter to the Under Treasurer puts the matter with sufficient seriousness to justify me in saying that his statement, that he was not impressed by it until later years, is amusing.
The Under Treasurer drafted a submission to the Treasurer which was discussed with him in my office on 19th August, 1938, and I now quote the notes of this discussion made by my assistant at the time—

The Under Treasurer discussed with the Commissioner and the Secretary this morning the matters referred to in our memorandum of 30th March and the draft memorandum which the Under Treasurer had prepared for submission to the Treasurer. Each party realises the difficulties of the other and a few words in agreement on the general principles—

(a) as to the necessity for the initiation of a renewals and replacement fund, and

(b) that the Railway Department for the reasons advanced in our memorandum, is entitled to consideration in regard to balance (approximately £205,000) owing in respect of belated repairs account.

It was finally agreed that the whole question should be left in abeyance for the time being; in the interim the Under Treasurer would see the Hon. Treasurer with a view to holding in suspense the amount of £163,000 due by the railways to the Treasury for recap in respect of belated repairs, the understanding being that the railways meanwhile would proceed with the replacement programme.

It was mentioned by the Under Treasurer that on a final analysis of the "draft estimate" figures for the current year there would be a deficit of £50,000 for the whole State and in view of the fact that the Railway Department would be unlikely to require £163,000 in the first year of its replacement programme, it was asked that we should reduce our request for 1938-39 from £100,000 to £70,000. To this request the Commissioner was quite agreeable if such a course were found to be desirable.

Action so far as the department is concerned in the latter respect is not necessary pending further advice from the Under Treasurer.

No action having resulted, the Deputy Commissioner of Railways addressed the Minister for Railways on 6th June, 1939, in the following terms:—

Early in 1938 the Commissioner discussed with your predecessor and the Under Treasurer the question of formation of a fund for the purpose of putting in hand renewals and replacements of rolling stock and other railway equipment and assets. Provision was made on the draft revenue estimates of the current year for £100,000 for this purpose, the intention being to provide this sum annually until regeneration had been completed; owing to the financial position the money was not made available, but a verbal intimation was given that it was hoped that later in the year something could be done to make a commencement on the replacement programme.

On the 19th December last the Under Treasurer advised that the Hon. Treasurer had approved of orders being submitted immediately for the materials required for the construction of 10 new "88" class locomotives at an anticipated cost of £20,000,000. These 10 locomotives are part of the renewals and replacements programme, which includes (inter alia) new locomotives, carriages and wagon stock to replace stock which on account of age or obsolescence has reached or is nearing the end of its useful life.

By the CHAIRMAN: They were replacement locomotives, so a proportion would come out of consolidated revenue—The whole of the amount for the "88" class locomotives was charged to working expenses as replacement of locomotives.

So nothing was charged to loan funds?—That is so, except that the Treasury originally provided the money from loan funds, but we in our accounts charged them to working expenses as replacements.

A large proportion of our rolling stock has now reached the stage where it is becoming increasingly difficult and expensive to keep it in running order, and early action towards replacement is an urgent necessity. Mechanical failures have of late been causing considerable concern and illustrate the need for carrying out of the regeneration plan.

The position now is that most of the material for the new "88" class locomotives has been ordered and some has already arrived. It is desired however that additional locomotives be given to commence work on the construction of the new engines as soon as the "82" class engines now in hand are completed, some time this month, while approval is also desired to the carrying out of the renewal programme of renewals and replacement up to a maximum of £100,000 (including the "82" class engines) during the next financial year.

The immediate commencement of construction work on the "88" class locomotives following the completion of the "82" class will enable the continuation of employment of a number of men who otherwise would be paid off as soon as the "82" class engines are finished, while the ordering of material now for other units of the replacement programme will enable us to proceed with the much needed modernisation of carriage and wagon stock.

I cannot emphasise too strongly the necessity for the provision of funds for the general programme during the coming financial year, and would mention that each year's delay makes the position much worse, as more of the stock reaches the age when its continued use is economically unsound.

The matter is accordingly represented for the consideration of yourself and the Hon. Treasurer to the authorising of the necessary expenditure.

In view of the correspondence quoted, and the discussions I had with him, Mr. Reid's remark recorded at page 2094 of the Transcript, that in proposing an annual expenditure of £100,000 I did not make the position appear so desperate as it was, cannot be understood.

In giving further evidence before us the Under-Treasurer (Mr. Reid) commented as follows on the evidence tendered by the Commissioner of Railways—

Examination of Mr. A. J. Reid, Under Treasurer.

By the CHAIRMAN: I think you heard the whole of Mr. Ellis's evidence in reply to certain evidence you gave. Are there any comments you wish to make on that?—There are very few. You may be confused as a result of the fairly contradictory evidence submitted. I do not wish to convey, as I think Mr. J. had suggested that I at any time said the railways had not had their financial requests refused. The point I was trying to make was that from the submissions to the Government, such as I have seen, I do not think the Government realised the seriousness of the position, and I think failure to realise that seriousness was due to the terms in which the railways submitted their requests. I feel I am at a disadvantage in that I have not heard all the evidence; in fact, I have not heard any beyond that which was given on the day I was here. What I know I have learnt from the Press. If it had been suggested that there was a degree of obsolescence in the railway system amounting to £4,000,000 or £5,000,000, I would have thought it a reasonable figure and would represent the degree to which the railways, during the war, had been kept short of funds. But, according to a Press announcement, the magnitude of the obsolescence is in the vicinity of £20,000,000.

That is for the complete rehabilitation of the whole system?—If that is correct, I would say, from what I know, that the Treasury and the Government had no idea of the magnitude of the obsolescence. If the railways were relying on their annual reports to show before the Government obsolescence of that magnitude, I think their methods failed. Very much stronger methods should have been employed.
I think at the time we were discussing the situation, when money was tight and the need for certain things in the railways was very great, it was not a matter of even £100,000,000, but of perhaps £200,000,000 or £300,000,000 here and there. Things could then have been kept moving more or less satisfactorily, and the present parlous position prevented—It is true that during the depression years many requests for money submitted by the railways for the provision of materials would have been declined, because the Government just did not have the money. It had to spend all its money, as far as possible, on labour-absorbing works.

That is the sort of proposition which would appeal to a Treasurer?—Yes.

But not to a business undertaking?—That is so; but the hard fact was that the money was not there and the unemployed were.

There is always the possibility of going into a deficit?—No. During the depression, Governments were limited not only in regard to their loan moneys but the amount of their deficits.

I notice, according to a statement in front of me, the deficit in 1931-32 was about 1½ million pounds for the State, and you then got £300,000 from the Commonwealth grant?—Yes.

Your deficit increased in 1935-36 and you got £800,000 from the Commonwealth grant, and there was a request for State revenue that year?—That was for deficiences. It was due to the fact that we got a much bigger grant from the Commonwealth than we anticipated.

In 1933-34, there was a State deficit of £188,000, which would be arrived at after taking the grant into consideration?—Yes.

The amount spent by the railway people on locomotives and rolling stock in that year was £5,824, a mere fraction. They had asked you four or five times for £100,000?—Listening to Mr. Ellis on the £100,000, my recollection of the request is this: That during the depression years of 1930-33, the railways were included. After the elections of 1933, the then Labour Government was concerned that the railways might not be in a safe condition and it got from the railways an appreciation of the repairs necessary to overcome the arrears of the three depression years. I think that estimate was in the vicinity of £600,000, and the money was advanced from loan and repaid from railway revenue at the rate of £100,000 a year. When that money had been almost repaid, the railways wanted to continue the £100,000 to provide for the building up of rolling stock. My recollection is that there was no very strong request made to show that the money was vital and that there were arrears to be overcome.

It would depend upon what you would call a strong request. To a technical person, the statements made by the Commissioner at that time would have conveyed a serious picture, but I can understand that to non-technical people they might not have meant that. How can a technical person put the gravity of a situation in front of you so that there will be a real understanding?—The Commissioner has to convince his own Minister who, in turn, has to convince Cabinet or the Treasurer that the request is urgent. I would say that the Government and the Treasurer never had any idea that the railways were slipping into the present condition.

It has not occurred in a hurry, but over the years?—Yes.

It has not occurred only through the war years; they have been a contributing factor. It pulsates how a business undertaking can function properly if the getting of its funds depends on the understanding of its problems by someone not technically equipped—It would say it is almost impossible.

Unless the case is put by someone who knows what he is talking about and illustrates properly to present the seriousness of the case, it may not be successful?—Yes. If the case was very serious the Treasurer would have to make a special appeal for money for the railways, as has been done in about 1934, when a new unit was put in at the East Perth power station. There the position was vital and about £200,000 had to be accrued, in addition to the ordinary loan requirements. Had the Government been impressed with the needs of the railways, it might have got more money from the Loan Council.

From your point of view, then, this item for rolling stock was not put forward sufficiently strongly—I should say so.

And yet Mr. Ellis put up that item of £100,000 every year.

What is there to determine the relative importance of the works?—That depends upon the circumstances. During the war—there was no system of co-ordination before the war—the works were curtailed to those of an urgent nature which had some relation to the war. Since then, the endeavour has been to get works which will not absorb material. If the State had a programme involving the purchase of material that could be obtained, it would probably be endorsed by the Co-ordinator. Since the war, the Co-ordinator has endorsed the programmes put up by the State, which have been the programmes submitted by the department. These have been submitted to Parliament, and the State has done its best to spend as much of the money as it could.

May I take it that the opportunity exists for the Commissioner of Railways to put forward a claim in such a way that it could not be resisted by the Treasurer?—That depends upon the Treasurer, the Co-ordinator, if we were asking to find the money, that would be the end of it, because that particular work would not be put up to the Co-ordinator. It is hard to imagine any department making out a strong and justifiable case for which the Treasurer would not try to get the money from the Loan Council.

You have heard of the position that has been created with regard to the railways, and there is no doubt about it; but I rather gathered from you that you did not appreciate that the situation was so grave?—No. The previous Government approved of a programme involving the purchase of equipment required to £400,000, largely for the regeneration of rolling stock. That programme is now being carried out, and I should have thought it represented the amount of arrears of work which the department had to undertake. I had no idea that the magnitude of the arrears was £20,000,000. I doubt if the Government realised that, or the department itself.

You, perhaps, did not hear the evidence that the £20,000,000 is in one of which is required £400,000, to rehabilitate the railways, but to bring them to modern requirements in regard to equipment. To bring them to a reasonable state of efficiency could be done at something considerably less. Even if we make very heavy demands on the Treasury, even if we can get the work done?—The Treasury realises there is a volume of work to be done and I believe would have thought it represented about £4,000,000.

It is beyond that?—If it goes beyond that amount the point I wanted to make is that there is nothing we have had from the railways to suggest that it was in excess of that figure.

Examination of Mr. J. A. Ellis, Commissioner of Railways on Deterioration of Railways.

We examined Mr. J. A. Ellis, the Commissioner of Railways, at considerable length on the present state of deterioration of the railways and the failure to arrest this deterioration, and we quote hereunder the full transcript of his evidence, only such passages as we are not opposite to the matter having been omitted?—

By Mr. du PLESSIS: I am sorry now that you found yourself unable to accompany us on our tour of inspection, because you would have seen our reactions to what we saw. In all the evidence which has been placed before us, I have found nothing to indicate that we were wrong in our reactions and the alarm we felt when we saw the existing conditions. Rather worries me, because we have heard over and over again that the root cause is financial malnutrition. I want to brush away this verbiage and ask you a number of questions to clarify, in my own mind, what we have gone wrong in our initial reactions. I am going
to quote again from my notes made at the time, merely in an endeavour to arrive at the crux of the position. The following is a note I made just after leaving Southern Cross, when we had been on our tour about two days:

After leaving Southern Cross I had a long discussion with the heads of branches accompanying the Commission. I told them I had come to Western Australia with a mass of information concerning our railway system, which I thought might be useful to them. But during the last two days I had seen with my own eyes a state of affairs which I never believed was possible, that is, railways in such a state of general neglect and decay—and this applied to their engines, their rolling stock, their track and other assets which I had seen so far—that they were very near a general breakdown in their service.

The information I brought with me would be useless as it would be necessary to start with the re-establishment of the railways in the most elementary manner from the very foundations. These were my reactions at that time. We will go through the evidence carefully before we write our report, but I have not yet seen any light on the subject—in this respect—that there must for years have been a realisation that things were going wrong. This sort of thing does not happen in a day. It is possible that we may expect in that way we can tell us where we are wrong—

The CHAIRMAN: That is if we are wrong?

By Mr. du PLESSIS: Yes, or explain the measure of alarm we felt at seeing those conditions? What do you mean by "alarm"?

Alarm at the deterioration of the railways, which had reached a stage where we could see that you were very near a breakdown unless strong measures were taken—

Yes.

I would like you to tell us what you think of the physical condition of the railways of Western Australia, dealing with each feature separately. Take the permanent way first—I would say it is of the order of 75 per cent. to 80 per cent. as compared with its pre-war condition. There is no other railway system in Australia with which we can compare it, except Queensland, which is a 3ft. 6in. gauge system, and the nearest to ours. Our pre-war condition was probably rather better than that of Queensland. I would say we are now 20 per cent. or 25 per cent. below that pre-war standard, which was not a high one.

By the CHAIRMAN: Even that standard was not satisfactory to your Chief Civil Engineer?—No, we wanted better, but following the depression and prior to the war we had got the tracks up to a reasonable standard. I again emphasise, as strongly as I can, that in figuring out any standard for this State you must constantly keep in mind our sparse population, and must not judge us by the standards of systems that have 1,000 people to the mile of railway as against our 100 or 110. I think our population mileage ratio is the lowest in the world. It is the lowest of any system with which I am familiar. The next lowest in Australia is Queensland, with 150 or 160 people to the mile of railway. They have 50 or 60 per cent. more people than we have to provide revenue. Expenditure must bear some relationship to revenue and I do not think it would be reasonable to expect us to maintain our railways to the standard of a system having 1,000 people to the mile, when our revenue is drawn from a system having 100 people to the mile.

By Mr. du PLESSIS: Does it give you any cause for alarm?—No, I do not think we are infringing on safety, even under our present conditions.

By the CHAIRMAN: But you are restricting your speeds and services?—Where necessary, but we have not found it necessary to do that on many occasions or in many places. We have done it on some branch lines, but not sufficiently to interfere materially with our services.

By Mr. du PLESSIS: If you found that, due to shortage of materials and manpower, you were unable to devote that measure of attention to your track that the circumstances warranted, how would you then feel about it?—Just as I do now. In normal times I am frequently out on the track, as are my officers and district engineers. If we thought a particular section for any reason—such as a bad winter—was deteriorating badly, we would take steps, if we thought it necessary, to reduce speeds on that line. We would not infringe on safety at all. We have not done that and are not likely to do it.

I am not suggesting that— I am answering in this way because there are occasions. I should like to get the impression that you are running into any danger.

I wish to make it clear that I am not suggesting there is any danger!—That is why I asked what you meant by “alarm.”

By “alarm” I meant the possibility that in the very near future there would be a breakdown in the railway system. I am not suggesting that you have exceeded safety limits, but merely want to know your opinion of the actual condition of the track.

By the CHAIRMAN: I feel that you have got to the stage where you cannot be quite sure of your margin. There are sections of your track where seepage has occurred, and in some cases bathe! requires attention, and if it is very difficult indeed to say exactly where your margin lies—it is difficult, but I think that seeing that my training has been on the civil engineering side, I am competent to judge the opinion of my civil engineer. Perhaps more so in that section than in others.

That is what rather alarms me. Your civil engineer has very carefully refrained from giving a clear certificate for the track—I am not alarmed at all about that. I am satisfied with the certificate he has given me, and I am able with my own knowledge to confirm that it is a reasonable certificate.

By Mr. du PLESSIS: The next point is the condition of station buildings, including goods sheds, goods offices and public conveniences. What is your own candid opinion in regard to the condition of those buildings?—They are bad. Would you say some of them are very bad?—No, taking them generally, they are bad. Some are very bad and some are good, but say answer to your general question is that they are bad.

I was not at this stage thinking of refurnishments when I visited the question of station buildings. I said in mind places like Bridge town for instance. The conditions we saw there I consider would not instigate confidence in the public—in fairness, I think you must realise that Bridge town is one of the places we have on the list, and is probably the next one to be reorganised. That is the station yards and buildings both at Bridge town and Narrogin.

But the point is that there are certain matters there that could be put right without incurring very heavy expenditure. I am thinking of the goods office there, the place in which the clerk has to work?—If you are going to make extensive alterations you do not want to do something which will have to be torn down in six months’ time.

Knowing full well that you cannot make these alterations in the immediate future, would you not try and take action to alleviate the position?—I am hopeful that we will do it in the very near future at Bridgetown.

How long do you think it will take?—Within the next 12 months.

Those conditions do not develop overnight. They have been in existence for many years—I do not think it is reasonable, when we have so many things to do, to go and do something where we have a scheme of alterations to be carried out in the near future.

Not even to spend £50 to alleviate staff conditions?—It is not reasonable in that particular case,
By the CHAIRMAN: Suppose you are not able to do the major remodelling at this stage. Do you anticipate being able to take any steps to do anything at all—if I can get the money I certainly will do a tremendous lot of things.

By Mr. du PLESSIS: I am concerned with the conditions we saw and the apparent lack of action to put them right. I am not talking about the big things but those small matters that affect the morale of the staff and the public. Yes.

By the CHAIRMAN: We have been concerned with the fact that these conditions were there and there seemed to be acceptance of them by everyone around the place. No one seemed to have any desire to do anything about things until I myself drew attention to certain matters about the place—I do not agree with you in that respect. We have very keen men as district engineers; I know we have. I am sorry you should have gained that impression of those. I go around the system very frequently. I take the district offices with me and we discuss matters. I have a good knowledge of those men and they are keen in their jobs.

Are they not keen men?—On the financial side, and that is all.

Is cleanliness affected by the financial side?—Yes, to some extent. We had a case within the last 12 months where we put in a cabin for the use of drivers at Kal- goorlie. I had occasion to go round two months later and I judged the cabin bad because it was in a dirty condition. It was quite a new building. The locomotive foreman assured me that he was doing his very best to keep the cabin clean but he could not do it. Apparently the men there were not sufficiently interested to keep it clean. When you are up against that sort of thing, it becomes difficult. I cannot agree with you that our officers are lax in that regard. I do not say that the morale has not been lowered with the men as it has been with me because we have no funds with which to do the necessary things. On the other hand by and large I do not think there has been any complacency whatever on the part of district officers.

If it is not complacency it must be lack of knowledge of what is required.—No, it is not that. I will not have that in fairness to my staff.

At some of the sheds I saw their conditions and surely some whitewash could be obtained to clean up some of those sheds!—It is quite likely that you could go around and see where such things could be done but you must bear in mind that it is not a case of a bucket of whitewash to cover one shed but acres that have to be whitewashed.

That could be overcome.—Possibly.

Your answer is the same that I got from Mr. Mills with regard to the tools necessary for mechanics and which would cost a little money. Some might cost £1. Or the cost might go up to £2 or £3. You say that while it would cost a little to get what was necessary for the smaller requirements, to do all that was necessary in that direction would involve much bigger expenditure. Such matters can only have developed over the years during which they have lacked attention. Maintenance has not existed. In one of the sheds that I consider should be cleaned up and given a coat of whitewash there was quite a lot of dirt at the base of the wall. I do not know if that was what deterred those concerned from doing anything because they would have had to move the rubbish. I think you could go round any railway system in the world and pick out such isolated instances. If I went to South Africa I could probably find such instances there.

Mr. du PLESSIS: It has been suggested by one of your officers that the standard set by Mr. Gibson and myself is too high, but my standard is ‘railway’ standard and there are good, bad and indifferent conditions on all railways—but yours is a wealthy system.

No, it is by no means wealthy. I have in mind railway systems covering practically the whole of the world for I have seen most of them during the last two or three years—I would like you to see some of the smaller railway systems of Australia and if you were to do that I think your experience would have a qualifying effect on your views.

By the CHAIRMAN: I visited some places over the Queensland railway system and they did not know I was coming. I found that their system was reasonably clean and they had some order?—The position there must have altered since the war. I had experience of the places you mention such as Townsville, Rockhampton and Maryborough.

By Mr. du PLESSIS: With regard to the position of locomotive depots would you give us your views?—They are short of equipment and some of them are dilapidated.

And what about the general condition of locomotive sheds and other locomotive buildings?—The condition of the buildings is definitely bad.

Do you think more could have been done to deal with minor repairs there?—No, I do not. My answer to that is the same in general terms. I am not thinking of minor details such as you mentioned in connection with Bridge­town, but I appreciate that such minor matters build up into majors and under present conditions I do not think more could have been done.

By the CHAIRMAN: That is the point. They have built up into majors because they were not coped with early enough.—No.

By Mr. du PLESSIS: A stitch in time saves nine!—But if you have not the money you cannot do any stitching.

By the CHAIRMAN: Do you really mean that?—Yes. I have been trying for years. These are not matters that have cropped up today, or yesterday.

By Mr. du PLESSIS: You are not unduly perturbed about the condition of the depots?—I have said that they are bad and that improvements are required.

And that applies to equipment?—Yes.

You do not think there is any necessity to improve the organisation with regard to stores?—Since I gave my evidence-in-chief you have had the considered opinion of Mr. Hickey whose evidence was given after consultation with me.

He told me he knew nothing about outside stores.—We had a conference of the whole of the heads of the branches concerned. We could not see that it was feasible to amalgamate the three sections into one central store. We thought that would lead to more waste time rather than to the saving of time.

That was not my suggestion.—What was your suggestion?

My suggestion was that the locomotive stores should remain as they are but as far as possible stores would be concentrated in one building and be properly controlled by one storeman. I suggested further that the civil engineer’s stores should also remain where they are at present. I have never suggested they should all be grouped into one centre. At the moment I want your view on the conditions we saw at Northam where there was no direct control over stores and where a man could come in, take what he wanted and might or might not sign the book for them?—If a man did that and there was no control, it was bad and I would not defend that sort of thing.

The only place where I saw proper control was Gemfield, and that man knew his job?—Yes, I know that fairly well. Following the raising of that point we have arranged to re-appoint a stores inspector. That position was abolished before I became Commissioner.

By the CHAIRMAN: Were those things never brought under your notice, I mean the way your stores were being handled in the outside depots?—On my inspec­tions I have not come across instances such as you quote, where men could go in and get stores without any signature or check. For that to happen is definitely bad. The condition of the stores definitely needs im-
proving. Where you have a small depot and work going on at night or during the week-end, there must be some arrangement whereby men can get stores.

By Mr. du PLESSIS: How would you describe the condition of the barracks generally—very fair.

You say so advisedly—yes.

Including Merredin—yes, you are aware, as regards Merredin, that there were exceptional circumstances operating. I am referring to the fact that we had to find quickly, accommodation for about a dozen extra men because of the change in the rostering of conductors. That was forced upon us and is abnormal. It meant that a room used as a recreation room had to be used as a bedroom.

I am not speaking of that; I am referring to the dirty conditions in barracks—I cannot say that I have seen any dirty conditions in barracks. I am particularly referring to the condition of the rooms where the night staff are accommodated, and if there is a caretaker, in almost every instance I have a talk with him. In 90 per cent. of the cases the barracks are well kept.

I gather from reports I have had from Mr. Hoole and Mr. Evans that they discussed these matters.

I think those officers made no attempt whatsoever to defend the conditions—I am telling you what I have seen myself on my inspections. On 90 per cent. of my inspections I have found the barracks clean and well kept.

By the CHAIRMAN: There is one thing that struck me. I felt that some of your senior officers had been going around with unseeing eyes, and that the state of affairs existing had not impressed them to the extent I thought it should—had you been present at some of the discussions I have had with my senior officers you would not have accused them of being semi-blind.

Then I cannot understand how your district officers could allow things to go on as they have done?—it is difficult for anyone coming in from outside to understand the lack of things we have to put up with.

By Mr. du PLESSIS: Now I come to the amenities, sanitation facilities, these rooms and the rooms where the shunters, guards and other staff have their crib. What do you think of these facilities?—very poor.

Would you say that some of them are extremely poor?—some are.

What would be the effect of these poor amenities on the general morale of the staff?—bad.

Very bad—bad.

Do you not think that rather calls for action with a view to improving matters? Do you not think you should show you are trying to do something, which would at least have some effect in stopping the rot?

—not only did I think action was necessary, but action has been taken. I totted up about £70,000 of recent approvals for works for amenities.

That is not my point. What I am getting at is this: You see a slovenly, not working or a bath hole in it, and filth about, and it may be a question of spending only a few pounds, perhaps £50 or £100, to put all those matters right, and probably someone to keep these things clean—that is what I am worrying about.

I wish you had been with us on the tour and I could have asked you to look at the bathrooms and lavatories and you could have told me where I was mistaken—I do not think you could have shown me anything I have not seen. I do not like inspecting lavatories, but have a look at them. I am pretty thorough when I go around.

Some of the accumulation of filth I saw could only have accumulated over a period of many months, if not years?—yes.

I believe cleanliness to be next to godliness. If your administration does not make it possible for the staff to be clean, what effect do you think that would have on their morale?—That is an ethical question.

It is a pertinent one—I think that cleanliness is an essential virtue, but I have given one small instance of where the demand to promote cleanliness did not have the necessary reaction.

I can recall a rest room described as one of the worst on the system, but I thought it was rather clean. That was at Brunswick Junction. There were also the new barracks at Northam. I do not think I saw any barracks which could be described as properly clean for the simple reason that there is no one to clean them?

—there are two caretakers at Northam, and there was one at Brunswick. We have been asked to move the Brunswick barracks. If we had not had difficulty in getting the land, we would have been out of Brunswick now, not particularly because of its lack of cleanliness, but its unsatisfactory position.

I am not unduly impressed with the idea of providing luxury amenities. I know that some of these little rooms are not too good, but what I am concerned about is the lack of attention to them and the lack of cleanliness. Apparently it is nobody's responsibility, or if it is, no supervisor sees that the person is doing his job, with the result that we get conditions which, I say again, are filthy—I cannot understand that. There is a realisation by the official that he has to do his job and see that the barracks are clean. From my inspections, which cover the whole of the system once a year, I would say 90 per cent. of the barracks are well kept and clean.

But you would agree that if they are not kept clean it must have an appreciable effect on the staff?—yes. I have agreed that cleanliness is very desirable and instance a recent case at Southern Cross. On one of my last inspections a man came to me and groveled because there was dust under his bed. I said, "can you not get a broom and sweep under the bed yourself?" He seemed to think he should not have to do it.

I have previously described to you the lack of care exercised by one caretaker?—yes.

His own little office was a pigsty—I would like to follow the remark I was making about amenities. The provision for them is a recent demand in this State. It was definitely post-war or perhaps in the closing days of the war.

By the CHAIRMAN: Do you always wait to be asked?

—when we are short of money for things that are not absolutely essential, yes. We have no choice. That demand came to us in the last year of the war with increasing force. We have tried as far as possible to meet it, but it was greater than the supply of funds and, in these days, the supply of men and materials. We have a fairly big amenities programme which will be carried out. We are not resisting the demand for amenities, but we are lagging in the carrying out of it.

By Mr. du PLESSIS: I regard housing as of the highest priority. I would put the existing amenities in a proper state of repair so that they can be used—there is only one thing to do with some of the shunters' cabins.

To replace them requires only a small amount of expenditure—I have replaced quite a number of them. You would not see them but only the ones that are still objectionable.

We come to the general question of the degree of cleanliness which should be observed in your station buildings, that is, the portions occupied by personnel engaged in work and those portions used by the public, and your cleanliness or lack of cleanliness at locomotive depots. Are you satisfied that you have reached a standard which you consider to be quite satisfactory?

At present, no.

In maintaining a proper standard of cleanliness?—no. I want it improved.

In what way can you improve it?—Are you speaking now of cleanliness and tidiness?

I am speaking of scrubbing, sweeping, keeping the walls clean, and so on—after your remarks obviously I shall take up the matter with the district officers and impress on them the necessity to go into these things a case and see that greater cleanliness is observed in the ten per cent. of cases where it is deficient. I maintain that in 90 per cent. of cases cleanliness is observed.
By the CHAIRMAN: We did not see the whole of your system but I would have said that cleanliness was observed in 20 per cent. of cases and ignored in the other 80 per cent.—I cannot agree with you. My experience of the system is wide and I keep my eyes open. I think 90 per cent. would be a fair assessment.

One place was cleaned up, not at our first visit, but at our second visit. Unfortunately they had not had time to shift the dirt, which was still in the tracks. However, they had done their best to clean it up a bit. That was just a flash in the pan.—That is no good. I can generally tell whether a station or depot has been cleaned up for my benefit—knowing that I was coming. That is just waste of effort on the part of the staff.

By Mr. du PLESSIS: The solution is to increase supervision and get more staff?—Yes.

In order to arrive at that solution you should ask your supervisory officers, your traffic inspectors and district locomotive superintendents etc. to let you have reports on the condition of stations and so on, and what additional staff is necessary to do the work.—Yes.

That is not contingent on overcoming financial maladjustment. It is merely a question of taking the necessary action.—I cannot agree that it is entirely divorced from finance, though some of the conditions you have mentioned your officers have stated to me this morning would be I have already called a conference of all district officers, from all districts, for next week. It was called for next week as I hoped that by then we would be rid of this Royal Commission and would be able to do things. However much this Royal Commission debits us I think there will be much on the credit side. I took the action I have mentioned to make sure that these things are done, by telephoning instructions to the men who must do the work. We could not hold that conference while this Commission was sitting.

I come now to the condition of departmental houses provided by the railways. What is your opinion of them?—I cannot agree with you as decided on that, as one does not inspect the homes of employees, where there are women and children, in the same way as one does inspect departmental buildings.

We have a number provided by the department?—Yes. Were the standards high?—I do not know what your standards are. They are fairly old.—Your attention was directed to some at Greenoughs, and the comment of my chief engineer was that naturally the worst were picked out to be shown to you. I have not been there for some time but the last time I visited that district the gutters were full of pine needles, and I ordered them to be cleaned out. I cannot give you an overall picture of the condition of employees' houses.

Mr. Hoad said they were very bad and that he could not maintain them properly?—I will accept his opinion.

From the houses we inspected I gained an unfavourable opinion of the lack of maintenance.—There again you must remember the lack of money, labour and materials. Those factors come into housing. Immediately the war we began a painting campaign to brighten up the buildings that did not require extensive repairs before painting. We ran into a shortage of paint and eventually had to give up the campaign.

I said advisedly that I do not attach undue importance to these amenities, of which the men make transitory use. They have a shower, wash their hands or have their hair, and in that way utilise these amenities, but when after a hard day's work on the per-way a man goes to his house only complaining about the condition of the house, which may not be in a fit state to live in, there is trouble between the man and his wife, and the man becomes dissatisfied with the system.—I would give conditions such as that high priority.

Priority No. 12—I agree.

The home life of the men affects their attitude towards the system.—Domestic discord of that kind can be caused by living conditions. If such conditions were brought to my notice I would see that they were dealt with immediately.

By the CHAIRMAN: You have no organisation to deal with that state of affairs?—The organisation is there. Had that condition been brought to my notice it would have been remedied, and the district officers would take the same action as I would.

Do you not think that with an organisation the size of yours you must do more than the bare minimum?—The organisation exists, but we have not had the chequered.

By Mr. du PLESSIS: Have you men, maintenance artisans, to maintain your outside houses as a routine measure?—Yes.

This calls for a flying gang to paint and repair houses right throughout the system. It calls for carpenters, brick-layers, painters and so on to deal with the problems as a matter of urgency?—I agree with you as to the flying gang, but to go through the system, painting and so on, requires paint and timber.

You have timber at Banksia?—Not an unlimited quantity. On my inspection of the Woomera Hills-Mullowea line the flying gang system of repairs has been started, the main idea being to economise in time. The men travel by road and not by rail, so that they can go quickly from one job to the next. That is the commencement of what you have suggested. As regards flying gangs to repair, paint and renovate, that requires money which has not been available and materials, which are hard to get.

If you had got one of your officers to make a quick survey of the whole system, dealing with the items I have touched on, and to give you a detailed picture, and then forward that picture to the Minister and told him the matter was vitally affecting the morale of the staff, I do not think that would have fallen on barren ground?—I am two years ahead of you there. That action was taken immediately at the end of the war. The slogan was “Let us get our house in order as soon as possible.”

You did not put up such a report to the Minister?—I do not think it is a matter to be dealt with on Ministerial level.

You said you could not get the money, and money would have to come through the Minister?—Not as regards revenue spending. That would be a matter entirely for me. Perhaps I should qualify my answer and say it was more a question of material than of money, because we were dealing with repairs, which do not come under loan requirements.

You raised the objection regarding money?—I may have been confusing the issue as between new works, which are loan works, and repairs and renovations which are done out of revenue, and which I could have done had I been able to get the material. Two years ago I did what you have suggested.

We have not yet seen the effect of it?—Neither have I, as we have not been able to get the material.

You have certain bottlenecks. You must get assistance on a higher level to overcome them, in getting material, and so on. That is one reason why I suggested the report to the Minister, so that you could take action and get the assistance of other departments in securing men and material to put things right?—It is all very fine to say that we could get the material. When you are on a bullion market, where there is about 50 per cent. of requirements available you have to take your cut, but there has not been sufficient to supply all demands. It is very easy to say we should have done this or that, but I have given you the flat facts. You could not do these things, with all the goodwill in the world.

I know the goodwill is there, but I would like to see more action?—As far as action could be taken, it has been taken.

As to the general organisation and control of your locomotive depots, are you satisfied that the supervision is satisfactory? Have you the right type of men and sufficient men to exercise proper supervision over the carrying out of repairs, or is there something wrong there?—I think there is something wrong; I have never been satisfied with it. The possible division of
control in locomotive depots was mentioned, and since this inquiry has been under way I have given it further consideration. Mr. Mills in his evidence put up a suggestion that you did not like.

I would like to have your comments with regard to locomotives, including the cleaning of them and their general condition—"I would describe the physical condition of the locomotives as very bad. As for the cleanliness of the engines and the cars of them, I would say that the position is improving. During the war years, I got weekly returns of the cleaning done per engine per service, and it was rarely that we could get two hours per engine per service, whereas now the period is almost double that and is between three hours forty-five minutes and four hours consistently.

By the CHAIRMAN: That refers to cleaning?—Yes.

Are the engines clean?—The position is improving. Some of them certainly are clean, but you will appreciate that under summer conditions they quickly pick up dust and so forth.

By Mr. du PLESSIS: At any rate, you say the engine power position is bad?—Yes, very bad. I have stressed that consistently and I could hardly do otherwise, or expect otherwise, when 87 per cent. of the engines are obsolete.

If and when you can go full speed ahead, when do you think the position will improve?—It will commence to improve towards the end of 1949 when we hope to get the PR locomotives on order in England. Then it will further improve towards the middle of 1950 when we get the light goods engines that we have to an order from Beyer Peacock. There should possibly be a minor improvement before that by reason of some of the ASC engines coming back into service. We have 13 or 14 out of the 26 back in service, and we hope that when the balance of 12 or 11 return a further improvement will be effected. Our engine power, of course, is in the worst condition, and we found that when the first 10 Garratts came back into service we had no great improvement because of the percentage that had to go back into the sheds again.

So the position from that standpoint is precarious—Engine power is our worst feature.

By the Chairman: The percentage of those outages is 25 per cent.—The maximum would be 27.9 per cent., but the position is improving. It was just under 25 per cent., when I gave evidence previously before the Commission. Under ordinary circumstances we would expect to get not more than 10 per cent. in the sheds.

By Mr. du PLESSIS: If there were a national emergency, you would be in the clear?—Definitely. As a matter of fact there is a national emergency now with regard to wheat.

I was referring more to a national emergency such as a war.—We were caught in 1939, when our locomotive position was so very bad. There has been no improvement in the meantime, so if there were a national emergency now we would be so much worse off.

So you say that is definitely your worst feature?—Yes.

And what have you to say regarding your coaching stock?—It is old.

What about your wagon stock?—I do not think the situation there is quite so serious. Certainly, the situation there is nothing like as serious as with the locomotive stock. We hear frequently about the shortage of wagons, but all railway systems have that experience. Where there has been more than a normal shortage, inquiry I have found that the cause was (a) the war, and (b) that there was a national shortage. I have found that the cause was sequent and not primary. The situation has arisen consequent on the shortage of locomotive power, the whole, and of course we cannot get the quick turn round that is essential. If wagons that should do the job in 10 days take a fortnight to cope with the work, it cuts our wagon pool by 33 or 50 per cent.

Your wagon stock position will be further adversely affected if your engine power deteriorates to a greater extent?—Yes.

The more your engine power deteriorates, the bigger is the impact on your truckage?—That is the theory I am putting forward. We are tackling the situation by concentrating our energy upon improving our locomotive power.

By the CHAIRMAN: Have you any policy with regard to the increased weight of locomotives on lines that will carry the extra burden and the effect that would have upon your wagon stock?—I do not think it will have a tremendous effect upon our wagon stock.

Apart from the drawgear?—Yes, I was going to mention that the drawgear would be the more important factor there. I suppose we can say that we are nearer the limit of the axle load allowed for the weight of rail existing today. The ratio is about one to two, with a loading up to 14 tons on six-wheelers and to 13 tons on eight-wheelers.

That presupposes pretty good trucks?—Yes, but of course the speed factor comes in and you can regulate the position by your speed.

But that means less advantage from your engine power?—Yes.

By Mr. du PLESSIS: Are there any other features that I have missed but in respect of which you would like to comment?—I think you have covered practically everything.

Having covered those individual features, will you now give us your over-all description of the condition of the railways? Would you use the classification of very good, good, bad, very bad or dangerously bad?—I would not say dangerously bad. As a generalisation then, speaking of the physical assets, I would say fair to bad.

Would you say that certain features give cause for misgiving?—Yes. In October of last year—that is 14 months ago—I wrote to the Government warning it that unless we got some relief—I was speaking of the ASC locomotives—I feared a complete breakdown of rail transport in this State.

You said that?—Yes. I do not think we have put that letter in. It could be put in if you would like to see it.

I would like to see it. That is what I have been looking for. I am able to date it because it was before the locomotive strike in October, 1946. I shall see that you have a copy.

You will agree that there was a stage—and it still exists—where you were approaching a breakdown?—Yes.

And you describe the condition of your railways as fair to bad?—Yes, because I have to bear in mind some relationship in money values in our capital account. We have a capital account of £27,000,000, of which I suppose at least £20,000,000 represents track assets, and, at most, £5,000,000 or £6,000,000 rolling stock.

How could your railways become worse if you could not operate them?—They could go from fair-to-bad to bad. I do not believe in the classification of very bad. I think the word very is misleading. My classification would be good, fair or bad.

If your service breaks down and you cannot operate it, how can it become worse?—It would go from 'fair-to-bad' to 'bad.' The service has not broken down yet. It will become bad when it has broken down.

If you had a breakdown in your service, what would it be the effect on the economy of Western Australia? Disastrous.

I think that is a strong word. What would be the effect on Australia as a whole in a case of national emergency?—I would use the same word, 'disastrous.'

I say that very seriously, from my actual knowledge of railways in Australia during the recent war.

Now you can understand why I used the word 'alarm,' though I am not an alarmist?—Yes, that is why I wanted you to define accurately what you meant by 'alarm,' because it might be fear of a physical catastrophe tomorrow. You did not mean that.
My alarm referred to the possibility of a breakdown—yes.

I want to say that when I mention things which you might regard as being of a minor importance, I realise that you are moving a breakdown and we have to remember that it is the last straw that breaks the camel's back—yes.

So if you can improve the position, such as by spending a couple of hundred pounds or a thousand pounds to do certain things to improve your staff morale, it might have a very material effect on the service—I think it would need a lot more expenditure than that.

By the CHAIRMAN: In the aggregate, it undoubtedly would. I do not think that as a factor that would have any effect. It would be as a drop in the ocean.

Take Geraldton. The men there deal with certain stock in the open. They have no pit and they have to break regulations by crawling under the wagons to do their job—I was at Geraldton on inspection before you went there and a proposition was put before me to provide a pit. I get approval and it should be in train now, though I am not sure whether it is. That was not the result of your inspection. I am mentioning this to illustrate that we would take up quite a lot of minor things and try to make improvements.

They should be dealt with by the man on the spot, or he should bring them strongly under your notice—He does. One of the objects of my annual inspection is to give the local superintendents an opportunity to bring things under my notice, and they take advantage of the opportunity.

By Mr. du PLESSIS: How many years ago, approximately, did you realise that the railways were heading for a breakdown?—That is rather a hard question to answer.

Would it have been last year?—I would put it as having been not later than 1938, and I tie that with my application for $10,000 a year to rehabilitate the rolling stock. I do not say the position was as serious then as it is now, but it had then reached the serious stage. Actually, representations were made earlier than that, but I think that my answer is as accurate as I can give it on the lines of your question.

By the CHAIRMAN: You asked, from 1934 onwards for four years, for $10,000 a year for rolling stock rehabilitation. I think those are the figures you gave?—I should have to look them up again.

There was a sum of $100,000 a year—that was in 1938 and was the first application for money for regeneration. Prior to that we were getting $10,000 to $20,000 for maintenance and repairs. Perhaps you are referring to the Loan Estimates.

Yes. The amount was cut down to $20,000, $10,000 and so on. I think that happened four years in succession. Was not that at the time when the strongest possible protest should have been made?—The strongest possible protest was made as I explained to you yesterday in the evidence I read.

By Mr. du PLESSIS: You are an experienced railway officer and would have had four years as Commissioner of Railways, when in 1938 the railways reached a dangerous situation and you realised that if there was a breakdown it would mean disaster for the economy of Western Australia. You also said it would be disastrous for Australia as a whole in time of national emergency. Yesterday you spoke of the shadow of war in 1938. Knowing the tremendous impact on the State economy and on the national economy, could you foresee any element which you put up to the Government stressing how vital it was, in the interests of the State and of Australia, that action should be taken to prevent a breakdown?—I think I quoted a letter in which stressed the seriousness of the position. I am sure I would not have been expected at that time to talk about the disaster of the State or Australia, because that stage had not then been reached.

But you said in reply to me that you realised in 1938, unless action was taken, you were heading for a breakdown—No. Your question was: When did I first appreciate the real seriousness of it, and whether we were heading for a breakdown?

That is right!—I said I thought 1938 would be the commencement of that. But naturally my views in 1938 were not as serious as those in 1947.

You would, progressively, take a more serious view?—Yes, because the situation got progressively worse.

By the CHAIRMAN: This is contained in your letter of the 30th March, 1938—Incredibly, if this state of affairs is to be allowed to continue, the time is fast approaching when we will be faced either with a breakdown or with the necessity for making extensive importations?

That is a serious and strong statement.

By Mr. du PLESSIS: Had you painted the picture, as you paint it here this morning, and you told the Government what the effect was, in practice, of a breakdown of your railway system, do you not think that might have had the desired effect, if the money you wanted was beyond the resources of Western Australia, of fortifying the representations of the State Government for adequate funds to be provided?—I cannot answer you as to what action the Government or the Commonwealth Government would have taken. But I do say that I put up a sufficiently strong statement, dealing with the facts at the time. Had I been prophetic enough to see that there was a war coming and we would not have been able to do essential things for seven or eight years, I would probably have used stronger terms.

But you said yesterday that at that time there were shadows of war—Yes, but that was in March, 1938, 18 months before war broke out.

I do not expect you to be prophetic. You are an experienced railway officer. The Government people and the Treasury officials do not know much about railways. It is your duty, as a railway officer, and particularly as Commissioner of Railways, not only to tell the Government that you are heading for a breakdown but to say what the effect will be in actual practice when a breakdown does occur?—Quite so, but I do not think it is reasonable to expect me to have been able to foresee the events of the subsequent eight years, and their effect on the railway system. I say definitely that I made very strong recommendations according to the conditions of the times.

You think those recommendations were strong enough?—I do, at the time.

By the CHAIRMAN: Are you making any strong recommendations at the present time to the Government as to what could be the position of the railways if war came again?—I have not made any recommendation since the one I spoke of in October, 1946, because since then this Commission has been appointed, and we are hoping as a result the Government will see the position clearly. I have made representations in this way; that I have told the Government that we cannot, with our depleted state of locomotive power, haul the whole of the superphosphate and wheat required to be hauled within the next few months, but that we must have the assistance of road transport.

That is a domestic matter to some extent?—It arises from the reasons you speak of.

Is not the time opportune for the major issue to be brought strongly before the Government?—What would happen, do you think, if two months ago I had again represented in the strongest terms to the Government that I was apprehensive of a breakdown of the system? I think the reply would have been that a Royal Commission was sitting and they would wait to hear what the Royal Commission had to say.

By Mr. du PLESSIS: In your evidence-in-chief you say—:

The over-all picture which you saw is, of course, intensified in degree by the neglect of deferred maintenance which shortage of manpower and materials enforced over the war years, but the root cause of the present unsatisfactory condition of the system is the utilisation, beyond the limits of economy and prudence, of plant, buildings, etc,
Do you regard the use of the words "beyond the limits of economy and prudence" as strongly emphasising the seriousness of the situation?—It is strong emphasis.

You regard the word "prudence" as strong enough?—It is allied with another word.

The other word is "economy" but that is nothing?—The word might have been stronger. A different word might have been used. I do not think I would have used those particular words if I had been addressing myself to the Minister. It would have been in stronger terms. I have tried not to emphasise in speaking to the Commission.

You were appointed Commissioner in 1934?—Yes, in January of that year.

Were you in any way perturbed at that date in regard to the position of the railways?—I was slightly perturbed on the civil engineering side because of the track condition. We had then only recently had the belated repairs money granted to us. I think in my first report of 1934 I called attention to the fact that much had been done in the way of renewals of locomotives etc., would be necessary.

Apart from making reference in your annual report, did you make representations at that time to the Minister of the day?—Not that I remember. I do not think I was sufficiently perturbed, to use your term, at that stage to do so.

You thought your reference in the annual report would be sufficient?—I thought that reference was necessary, but I intended to follow it up by sending all the belated repairs money to improve the track and by an application later for funds to improve the locomotive side.

Coming back to the condition of the railways, you referred to the heritage you took over in 1934 of not so good railways. When you assumed office, did you consider it necessary to take stock of the railways generally and submit a report to the Minister in which you stressed what you considered should be done to put the railway right?—In the annual report, yes, but not otherwise at that stage. Stock was taken, naturally. The whole position was naturally surveyed by a newcomer.

But did you not consider it necessary to submit a comprehensive report to the Minister?—Not at that time, no.

Do you think it might have served a useful purpose?—Not in the light of subsequent events.

Do you think your report of the 7th December, 1944, to the Minister was sufficiently strong to bring home to the then Minister that the impetus towards a breakdown of the railways was gaining momentum?—The letter was not written with that object, but to acquaint the Minister with our general plans for postwar improvement, and to tell him that we hoped to take up the threads disturbed by the war.

Did it fail in the future?—Yes. It was not an appeal to the Minister indicating the seriousness of the position, as that had already been done adequately.

When a head of a business makes representations asking for certain things, that is generally preceded by a strong description of the reason why those improvements must be effected—In this case, to persuade the Government to agree to your scheme for effecting improvements?—It was more a matter of telling the Government what I proposed to do. In the concluding paragraph I asked for the concurrence of the Government in my ideas.

How could the Government concur unless you pictured the gravity of the railways position in the strongest terms?—That letter was not dealing with the gravity of the subject.

Then how could you expect the Government to agree to the scheme?—The two things are not connected. That letter referred to plans for postwar years.

But you wanted Ministerial approval of your plans?—In Paragraph 83 there appears, "The foregoing is only a brief resume . . . . peacetime equipment." (See Appendix "A").

There is nothing there to indicate that the railways were heading for a breakdown.

By the CHAIRMAN: Or that you were riding for disaster, as you once told me?—It continues—"In the meantime, I would welcome an indication of the Government's views on the suggestions contained herein." This letter, broadly, had nothing to do with the critical condition of the railways, but with planning as to what should be done after the war, which was then still in progress.

By Mr. du PLESSIS: There was nothing there to bring home to the Minister the state of deteriorating and the possibility of a complete collapse of the system?—The only part of that letter where great stress was made is paragraph 41, (Appendix "A"), where there appears the following: "The condition of our locomotives and carriages . . . . the necessity for urgent rehabilitation must be faced."—I had often talked to the Minister and knew he understood what I meant in referring to the vast programme. This letter was not in the category of those that called attention to the imminence of a breakdown.

To scare a Minister off anything you want, you have only to emphasise what it will cost?—This letter was an effort to drive in the thin end of the wedge and gain concurrence to my ideas, so as to have a better chance of getting concurrence with regard to the money.

You would have had a better chance if you had emphasised the grave situation of the railways?—This letter is not in that category, and apart from it I emphasised and stressed the position.

By the CHAIRMAN: Would you say the Minister did not understand the letter?—He understood it perfectly.

Did he take any direct steps to enable you to do anything?—The money was not forthcoming. I do not think I had a reply to that letter of December, 1944, asking for the concurrence of the Minister.

By Mr. du PLESSIS: You gave them a financial fright and not a railway fright.

By the CHAIRMAN: Had you approached the Minister with a gun in your hand you might have been successful?—I think any method of approach would have failed.

By Mr. du PLESSIS: Paragraph 4 of your letter of the 26th June, 1945, reads—

The cumulative effect of these conditions has been to make decidedly more marked the state of obsolescence of many of our coaches, wagons and locomotives. In fact, it is unquestionable that the necessity for urgent rehabilitation is more pronounced now than at any previous stage in the history of the railways of this State. It is generally recognised that a huge programme to overcome maintenance in all branches deferred throughout the period of the war, not only in Western Australia but throughout the Commonwealth, must be faced, and it is considered that further comment regarding the necessity therefore on our system would be superfluous.

Paragraph 9 reads—

It is imperative that the impetus of building new traction units and other stocks be considerably increased in succeeding years, for which purpose it is essential to augment the workshops accommodation and provide new machinery. At no other time in the past have more than 10 new locomotives been built at Midland Junction in any one year, and it is desirable to double this output as soon as practicable in order to replace outworn engines within a reasonable time, thereby reducing the heavy and uneconomical maintenance cost. Expansion of the car and wagon shops is essential to permit the undertaking of a programme of replacement of obsolete carriages and trucks of sufficient magnitude to rectify the position in a reasonable number of years.
Paragraph 10 reads—

The congested state of several sections of the workshops through insufficient space—notably in the boiler shop and the car shop—is apparent to any visitor to them. Extra accommodation is vital to the success of any major rolling stock building schedule.

Would you suggest that this report gave the Minister that clear picture of the need for rapid rehabilitation, which would be the breakneck terms that you were heading for a breakdown?—No, but the letter a year later did. I refer to a letter of October, which you have not got.

The opening paragraph of the letter of the 26th September, 1945, reads—

On the 7th December last I submitted to the then Minister for Railways (Hon. E. Nulsen) a resume of the position of the railways following five years of unprecedented strain through the war, and put forward proposals for their general rehabilitation and for the future development of both land and air transport. An indication was sought as to the Government's views on the suggestions, but to date no reply has been received and the fact that any interest as to Government policy in such matters is hindered departmental planning. Moreover, with hostilities at an end, time is an important factor.

Do you suggest this report brought home to the then Minister the gravity of the situation?—In addition to that letter the letters written to the previous Minister were also submitted to the new Minister, so that he would have full knowledge of what had been said to his predecessor. When there is a new Minister, the Commissioner endeavours to inform him as far as possible of the condition of the railways. I personally did that in the case of Mr. Marshall.

When having a discussion with a Minister on such a vital matter, do you not think it necessary to confirm the purport of your discussion in writing?—This application for funds would be that confirmation. I do not believe in making extravagant statements in correspondence. Apparently you think these letters are not sufficiently strongly worded, but my experience is that strong wording suggests extravagance and a doubt of the validity of the case, whereas a soberly worded document carries conviction.

You did not indicate what would be the impact of a railway breakdown on Western Australia and the Commonwealth as a whole. I do not suggest you should have used extravagant terms?—There was no lack of knowledge of the position even if it was not specifically stated in the correspondence. With the correspondence taken in conjunction with conversations that took place, the position was well known. I do not mean to say that I said to the Minister, "If you do not do this, in six months' time we will absolutely break down." I do not yet mean to say that.

By the CHAIRMAN: We all know that the dying of a sick person may take a long time?—Yes. Although you may quote 10 years of life of a vehicle you may expect a few years additional effective life. In other words, it has a certain amount of residual value even after it is written off.

By Mr. du PLESSIS: Reverting to the report of the 20th February, 1946, would you suggest that that and other reports mentioned remotely resemble the gun in the hand argument?—I do not believe in the gun in the hand. I state that I have done everything except that, and am not qualifying nor am I withdrawing that statement.

Would you suggest that the next step would be the gun in one hand?—Pretty well. Whether you consider this as sufficiently convincing or not, it was on this particular statement that there was provision of funds and we obtained £3,750,000, which was the first time we had anything of the sort for years.

Except that had you gone forward in earlier years with the gun in the hand, the system might not be in its present state of deterioration?—If I had had the gun in my hand there would have been no other effect because at that stage there was no realisation of the real position.

But there might have been?—It is all very well to say that now, but in those days it was not practicable. The position was not known then. I say I took every step I could be reasonably expected to take to draw attention to the difficulties of the system in connection with our railways.

Coming down now to more humdrum matters, you have said that the morale of the staff must have suffered in recent years as the result of the present situation and that that was inevitable?—Yes, that is so.

Do you say that would apply to the general public as well?—Definitely. I mentioned that in one of my communications.

Would you say that your senior officers and your supervisory officers have done all they could, that they have been on their toes all the time, straining at the leash to put matters right?—Yes, I would. I have every confidence in my senior officers.

And would you say they had done everything possible to make the best of a bad job?—Yes, and I want to emphasise that.

Coming to the post-war period, I think the war in Europe ended in May, 1945?—Yes, and the war with Japan in September.

So the acute danger in Australia was removed by then?—Yes.

With the cessation of hostilities, apart from this letter which you have drawn our attention, have you at any time arranged for a quick survey of the system to be made as a whole to ascertain what urgent improvements should be effected, and on the basis of that survey was any report submitted to the Minister asking for action to be taken?—You. Early in 1942 all Government departments were asked to prepare schemes for post-war work. I am not quite sure about the year but I think it was 1942. The letter that you have referred to, of December, 1942, which was a summary of information for the Minister setting out what we proposed to do, was really the survey you suggest.

I am talking more of the time when the immediate danger was over?—The fact that the communication of December, 1944, was submitted to the Minister, which was before the end of hostilities, shows that we had been doing some constructive thinking in anticipation of the end of the war. It was considerably before December, 1944, and must have been towards the end of September, 1943—I came hack from Melbourne then—that we called the Heads of Branches together for a special conference for the purpose of surveying the position to see what steps we should take. The latter you have quoted is one of the results of that conference.

That is not what I had in mind. What I was thinking of was the submission to the Minister of a report that would not frighten him financially but one that would deal with many other things we have been discussing, as well as more urgent matters, such as locomotive power. A big factor in that regard is your system of repairs in the workshops and at locomotive depots. Was any such survey made and the Minister told that certain matters were urgent, that you wanted this and that, and also so much money for the purpose?—I do not quite grasp the trend of the question. For instance, with regard to locomotive maintenance, it was not necessary to go to the Minister in connection with any improvements to be made.

By the CHAIRMAN: But you would want workshops and depots?—Yes. If additional equipment had to be procured that would represent capital expenditure and that position is covered in the later letters. In the letter already mentioned, as a result of which we obtained the funds I indicated—some small reference
appears to necessary provisions for the workshops. When you mentioned the question of locomotive maintenance, I took you to mean that you wanted to know if we were trying to get some better system of maintenance.

My Mr. du PLESSIS: No, I am talking of actual maintenance at depots and the provision of equipment...We are trying to get all our locomotives on a mileage maintenance basis and we have 50 per cent. on that now.

When you submit your annual report, is it sent to the Minister under a covering letter or does it go straight from the Government Printer to the Minister?—The report is laid on the Table in either House of Parliament. The quarterly reports are submitted direct to the Minister, but I am not clear on that point. The report itself is written direct to the Minister.

That is the practice adopted by the Government Railways throughout Australia?—Yes.

You have been Commissioner of Railways since 1934. Have you at any time had any reaction from any Minister for Railways of matters raised in any one of your reports?—Yes.

Could you mention one such instance?—Yes. There was a paragraph in a report submitted two or three years ago which brought some reaction from the Minister of the day. It was one headed 'Prospect and Retrospect.' I think that was in the report for 1944. The matter contained therein was discussed with me by the Minister and I was asked to give him further information. The letter you have quoted was one of the results. I think I could quote quite a number of instances.

Do you regard your annual report as a review of the activities of your department during the twelve months?—I regard the annual report not only as a review of the activities for the year but as a means of drawing attention to needs of the future.

But you would not leave it at that. If you had anything of great importance such as the regeneration programme, you would not leave it to a reference in your annual report?—No. I said in my evidence-in-chief that I have not left it to the annual report.

Would you expect the Treasury to react to your annual report?—I would, but not so violently as the Minister.

If you put up certain matters in your annual report that would involve substantial expenditure, would you expect the Under Treasurer to reply and say that you could not have the money?—No, because here you must get specific approval of specific amounts.

You would expect to put such a matter up specifically?—Yes. That was done in the matter of the £100,000 that I wanted annually for regeneration of the locomotives.

The memoranda submitted by the Commissioner of Railways to the different Ministers for Railways, which were referred to in the course of our examination of Mr. Ellis, form Appendix "A" to our report.

CONCLUSIONS.

(a) Economy in Railway Expenditure Root Cause of Deterioration.

From the evidence submitted by the Commissioner of Railways and the senior railway officers, we are satisfied that the primary major cause—the root cause—of the present state of deterioration and decay of the railways—we know of no other comparable railway system in any other part of the civilised world which has been so neglected—is the shortsighted policy pursued in the past 20 years of economising in railway expenditure regardless of the consequences to the State's most important asset. The fruits of this policy are today evident in a railway system which is almost completely run down and which has, with one or two minor exceptions, been unable even remotely to keep abreast of transport developments in other countries.

(b) Shortage of Engine Power Most Acute Problem.

Lack of sufficient engine power is the most acute problem today and we feel that if greater foresight and energy had been displayed in the acquisition of engines, and effecting some of the more urgent improvements at locomotive depots—so as to be able to undertake running repairs more rapidly and efficiently—during those years between the two world wars when it was still possible to obtain labour, material and equipment for this purpose, the railways would not have been in their present state of acute deterioration.

(c) Lack of Forethoughts by Commissioner of Railways.

The circumstances were, in our opinion, such that the Commissioner of Railways would have been justified in pursuing a more aggressive course of action in an endeavour to bring home to the Government the gravity of the situation, viz., the risk of a breakdown in the railways with the disastrous consequences for the State and the Commonwealth that such an eventuality connotes, even at the risk of being considered importunate by the Government. From the evidence placed before us, we cannot agree with Mr. Ellis, as he stated in his evidence, that 'except for making demonstrations with a gun in his hand,' he had taken every possible step to apprise the Ministers of the seriousness of the condition of the railways. If, in the course of the many discussions with Ministers for Railways from time to time, to which Mr. Ellis referred in his evidence, he did press the full import of a breakdown in the railway system, we can only express surprise that any Government, with the full knowledge of the disastrous consequences which such a contingency will have on the economy of Western Australia and the safety of the Commonwealth, failed to take more energetic action to prevent the railways from falling into their present state of near-breakdown.

(d) Some of Unsatisfactory Features and Bad Conditions Could Have Been Avoided.

After making due allowance for all the difficulties—and they are many—with which the railway management has been confronted over a period of many years, we find it difficult to escape the conclusion that some of the unsatisfactory features and bad conditions, which we found at so many centres, could have been avoided, or at any rate mitigated, if greater interest and energy had been displayed by the management in the attainment of more effective supervision and the adoption of more efficient methods of working, as well as by the application of more sustained efforts to rectify those more glaring defects—and there are many—which do not call for the expenditure of unduly large sums of money.

In reaching this conclusion we are not unmindful of the fact that during two world conflagrations, apart from a shortage of manpower, it was most difficult to obtain adequate supplies of material and equipment. These difficulties were, however, also applicable to most other railways in the Commonwealth, as well as in other countries.
(e) Effect of Inaction on Morale of Staff and on Public.

It is apparent that for some years now, the Commissioner of Railways and heads of branches, as well as other senior officers, have accepted the position that due to the "financial malnutrition" very little, if anything, could be done to improve matters. This inertia has had a devastating effect on the morale and efficiency of the service as a whole and has also left its mark on the public who, if the paucity of the evidence which the users of the railways have placed before us is to be regarded as a guide to public opinion, have evidently accepted the inefficiency of the railways as something inevitable which they have to suffer.

The constant reiteration of the slogan, "economy at all costs," has inevitably had the effect of sapping the vitality of senior railway officers and robbing them of initiative. This is evidenced by the fact that throughout our inquiry, the attitude of senior railway officers has, with few exceptions, been defensive, and this negative approach to the problem, this reluctance to take action to retrieve the position by adopting a more forceful attitude has, in our opinion, been a contributory factor in bringing about the present state of inefficiency on the railways.

The rank and file of the staff, taking their cue from the senior officers, have become apathetic and, in consequence, efficiency and discipline have reached a low ebb. The staff have very little pride in their work and a considerable proportion of their time and energy seems to be devoted to the ventilation of their grievances—group and individual—before the Arbitration Court, the Promotions Appeal Board and the Punishments Appeal Board. These are all outward symptoms of the disease which has, over a period of many years, done its insidious work of sapping the vitality of the railways and undermining that team spirit and mutual confidence between the management and the personnel, as well as destroying that feeling of pride which comes of the knowledge that the public was being well and efficiently served by the railways.

CHAPTER 4.
CONSTRUCATIONAL REHABILITATION OF RAILWAYS.

From the evidence placed before us, there is very little room for doubt that Western Australia is only on the threshold of its development and if this view is accepted—as we have no doubt it will be— it requires only a moment's consideration to realise how indispensable the railways will be for the further development of the State's agricultural, industrial and mineral resources.

Programme of Construcational Rehabilitation.

In their evidence the Commissioner of Railways and the heads of branches have furnished details of the programme of constructional rehabilitation envisaged by the management and in Appendix "B," the particulars are given for each branch of the railways. A summary of the items, showing estimated costs, as submitted by the heads of branches in their evidence, is given hereunder:

**Civil Engineering:**

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<th>Maintenance Programme</th>
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<th>Total</th>
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<td>Deferred maintenance</td>
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**Reconstruction Programme:**

| Emergency schemes       | £2,000,000 | —       | £2,000,000 |
| Two-year scheme         | £1,767,000 | £3,233,000 | £5,000,000 |

**Mechanical Engineering:**

| Rolling stock           | £7,346,053 | £5,280,053 | £12,628,050 |
| Workshop and locomotive depots | £650,000 | £650,000 | £1,300,000 |

**Standard Gauge Scheme (Kalgoorlie-Fremantle).**

| Commonwealth section    | —       | £8,352,000 |
| State use               | —       | £1,047,000 |

|                           | **£11,403,052** | **£18,544,052** | **£30,947,050** |

*In the absence of any figures from the Chief Mechanical Engineer on this item, the estimate on page 30 of the interim report on Midland Junction Workshops has been used. In view of the results of inspection of further depots at a later date this estimate is on the low side.*

**ENGINE POWER.**

Many old and obsolescent types of engines are still being maintained in service, due to the fact that they cannot be scrapped until such time as they are replaced. In this connection the Chief Mechanical Engineer (Mr. F. Mills) said in his evidence-in-chief:

At this stage some comment regarding the economic life of a locomotive appears necessary. A machine can be said to have reached the end of its economic life even if not worn out when the combination of capital operating and repair costs is equal to or greater than a similar combination for a new machine since there is then no advantage in retaining the old machine. This, however, takes no account of the increased efficiency or greater utilisation which may be gained by using a new machine and this is a potent factor today.

Given sufficient data regarding repair and operating costs and earning capacity or hours of utilization it is possible to compute economic life with reasonable accuracy. Unfortunately such data are not available and it is necessary to fall back upon the widely accepted limit of 20 years for locomotives.

On this basis there are 290 obsolete locomotives representing 65.5 per cent. of the total stock. A few years ago this proportion was 84 per cent. The improvement shows the effect of the rehabilitation programme now under way.

This arbitrary division, if unsupported, could not be held sufficient justification for a large expenditure to provide new locomotives but although actual data for calculation of economic life is not available sufficient is known of the locomotives themselves to establish the need for replacements.

**Light Line Engines.**

The only engine of recent design used for operation on light lines is the Garratt type known as the ASG. The use of these engines has been a
matter of acute controversy with the staff, and has formed the subject of special investigation by a Royal Commission; we do not, therefore, propose commenting on their efficiency.

As regards light line engines generally, the Chief Mechanical Engineer commented as follows in his evidence-in-chief:

The light line classes total 122 locomotives of which 87 must be regarded as obsolete and due for replacement when heavy repairs involving major renewals are required. Consideration has already been given to the type of locomotive which should be built for light line service in the immediate future. Limiting and, to some extent, conflicting factors determining the principal characteristics of the new type are (a) axle loading must be low enough to permit operation over all light lines, (b) tractive effort must be higher than that of existing tender locomotives, (c) it must be fast enough for passenger services, (d) it must have ample boiler capacity, (e) fuel and water capacity must be as large as possible, (f) total weight must be as low as possible. The Chief Civil Engineer is unable to sanction more than 9½ tons per axle on the poorer light lines and with this limitation a six-coupled engine cannot develop sufficient power. One is therefore restricted to the 4-8-2 type. The rear truck is essential to provide a large firebox and a leading four-wheeled bogie also is necessary to permit proper distribution of the total weight.

As my design staff is too small to undertake the task at present Messrs. Beyer Peacock & Company have been requested to submit an outline design and to reserve capacity for building 30 locomotives. Assuming that a firm order for 30 locomotives is placed they will not be available until the middle of 1950 by which time existing engines will be appreciably nearer as new conditions.

A further consideration enters when attention is turned to the light lines. Conversion of these lines from 45lb. to 60lb. material is a distant possibility but there is no probability that after conversion they will be suitable for locomotives heavier than the most recent types. Consequently no such conversion proceeds will afford a reservoir to absorb engines of present axle load limits. It would be wrong at this stage to assume any considerable conversion of light lines within 10 years but no and fast programme should be laid down.

Main Line Engines.

In so far as main line engines generally are concerned, Mr. Mills stated:

Turning now to the main line locomotives the picture is a little clearer if not brighter as types suitable for future needs have been evolved. Detail improvements must continue but in their general proportions the 'DD', 'PR' and '8' classes can be regarded as filling the bill for some years ahead. The question of whether more powerful locomotives should be planned will be dealt with later.

The next step is to determine the kinds of locomotives which should be built or acquired. On general grounds more powerful locomotives are required to put to work until tracks have been strengthened to carry them, sidings and yards have been lengthened to accommodate longer trains, and rolling stock drawing considerations. There is no prospect that materials will be available in sufficient quantities or men in sufficient numbers to accomplish any large scale strengthening of tracks or general increase of siding and yard capacity within 10 years. Possibly some sections will be more suitable for heavier locomotives in that time but that does not afford a reason for designing such engines now. Any locomotive programme devised to cover such a period must in any case be low so that it may be modified as changing circumstances demand and the present engine is proposed for retention afford a field for application of more advanced proposals.

It must be emphasised that the track problem is not the only large obstacle to the employment of heavier locomotives. Existing rolling stock, both carriage and wagon, is fitted with drawgear which is already loaded close to its limit. Stock built in recent years has been designed to take heavier drawgear but this cannot be applied until a general change becomes possible. Statements which will be tendered later show that only 1,843 of the 11,138 goods vehicles are less than 20 years old and there are few, if any, of the 0.295 vehicles of greater age suitable for stronger drawgear. It is at once apparent that large replacements of wagons must be made before the use of more powerful locomotives is practicable. Reference to the form of coupler will be made later.

Another new type of engine is the S class, which is used on main lines. The use of this type of engine is also at present forming the subject of investigation and we do not, therefore, wish to comment on its performance.

Mr. R. M. Evans, Chief Traffic Manager, when examined with regard to the most suitable types of locomotives, replied as follows:

By Mr. du PLESSIS: As regards locomotive or engine power, are you satisfied that the types of locomotive now being accepted as standard are the best from an operating point of view? I know that there is a quality problem. The engines being operated at the present state, with a few exceptions, are not satisfactory by any means. They are old and will not stand up to the demands being made upon them. They are altogether too light for some of our light lines.

Let us deal with the main line services first. What would you suggest would be the best types of locomotive for the various sections? Have you considered the matter at all? No, I must confess that I have not given a great deal of consideration to types other than those we have on order and that we are at present using. I regard the 'DD' class as being an excellent job on the South-West line on the level country. I regard the 'PR' engine which we run on the express as our best utility engine. It is fast and hauls a reasonably good load. The much-maligned ASS I regard as an excellent engine from a traffic point of view; that is to say, it is fast, hauls a big load, and need not be turned, and we can run it on light lines. That is really the answer to the traffic man's prayer in regard to the clearance of traffic on the light lines.

Drawgear Handicap.

A very serious handicap in the use of more powerful locomotives in the present type of drawgear on wagons, and in this connection, Mr. Mills stated:

This is a formidable argument against provision of more powerful locomotives in a few years. Equipping a proportion of the stock would not suffice. Every wagon must be suitable for attachment to any train unless traffic working is to be seriously complicated.

It is very important to recognize that provision of drawgear to take greater loads entails changing the form of coupler. The existing central chopper coupler is not capable of greater loads and is subject to rapid wear which prevents the employment necessary for heavier and longer trains. Adoption of the American type of automatic coupler would be necessary and some form of transition coupling must be used until the change could be made complete. It is possible to provide an attachment to enable the automatic coupler to engage with the existing buffer but the reverse is not practicable.

This problem has been considered on many occasions but the lack of any considerable proportion of wagons with suitable underframes has effectively prevented adoption of the heavier coupler. Action has been taken to the extent that every new wagon is fitted with a modified arrangement of drawbar and springs which is suitable for use with the automatic coupler and for only change necessary is the coupler itself. The object in view is no longer and heavier trains, which are considered very distant, but better coupling, reduced slack between vehicles, reduced maintenance and increased safety.
Shunting Engines.

Mr. Mills, when examined on the question of shunting engines, stated—

By Mr. du Plessis: As regards shunting power, you indicated in your evidence that you had decided upon a certain type of engine for shunting purposes?—No.

You have not yet designed any engine for shunting?—No; I have indicated what I think is the best of our existing shunters and its limitations.

You stressed the need that special engines should be designed and built for shunting?—Yes, but I have not yet got down to attempting to design such an engine.

But you admit it is essential?—I do.

You emphasise very strongly the fallacy of using old engines for the shunting yards?—I think “fallacy” is the correct term for it.

I think it is highly fallacious. I am sorry to have to revert to this from time to time, but there again you should be guided by the experience of other railway systems?—I agree with you entirely and would welcome the opportunity to gain that knowledge, either by myself or officers or anyone else going elsewhere and informing us what they have seen with their eyes and heard with their ears. It would be very much better than attempting to gain such knowledge by simply reading what is published, because what is published is not always by any means the full story.

Sometimes it is an artist’s dream—Yes.

You have mentioned incidentally the possibility of using diesels for shunting purposes and indicated that it might be possible to employ one man only in the cab?—It may be possible.

Are you satisfied that the staff unions will accept that?—No. I am not yet in a position even to discuss it. We have no design of that engine available and it is conceivable that the staff unions will have quite different ideas.

I think you will find they will object strongly. That rather detracts from the economy of using diesels?—Yes, it is a very material factor.

We would stress the importance of a suitable type of shunting engine being designed for use on these railways.

Economics of Engine Power.

There is a close relationship between economic and efficient operating and the use of powerful locomotives, and the operation of heavier engines is governed by such factors as the strength of the track, including bridges and culverts to take the heavier axle load, and a higher standard of track maintenance. If these railways are to be developed as an economic and efficient transport undertaking meeting the transport requirements of Western Australia, it is essential to increase train loads and run faster trains, and this can only be achieved by increasing theotive effort of engines. This again is bound up with such questions as the rehabilitation of the track; relaying with heavier rails; standard of maintenance to be adopted; length of crossing loops; remodelling of marshalling and shunting yards; remodelling of locomotive depots; and other matters, e.g., drawbar gear, coal handling, etc.

COACHING STOCK.

Sleeper Stock.

The latest type of main line saloon (AZ) appears to meet requirements, but the question of improving the pay load should receive consideration. In this connection we quote from the evidence given by Mr. R. M. Evans, Chief Traffic Manager:—

By Mr. du Plessis: In regard to the rolling stock, dealing with the passenger vehicles first. Are you entirely satisfied that your modern rolling stock meets all your requirements. I am talking from an operating point of view now?—Yes, I think that will meet demands, not in numbers or quantity but in particular type.

How many passengers can you carry in a first class sleeper?—On the express, 18 sleeping berths.

That is a very low pay load?—Yes.

Do you regard that as satisfactory from a traffic point of view?—No. We should get more sleeping berths from a lighter face. It always seems to me a tremendously big train in regard to the number of berths that we have.

In regard to the design of your coaching stock, did you support that design of main line coach?—I would support it, but whether it is feasible from an engineer’s point of view is another matter. From a traffic point of view the numbers are very low. Whether we can reduce the face with modern metals I could not say.

I have more passengers in mind. By putting only a certain number of people in the coupe it reduces the pay load very considerably?—We too, of course, have that in mind.

There is certainly a definite relationship between the pay load and economic operation?—There is a demand now for single berth cabins.

Yes, obviously, but if the public wants certain facilities they ought to pay for them. You cannot provide facilities uneconomically?—I think our sleeping berth fee for first class sleeper should be made £1.

Would that be sufficient compensation for this very reduced pay load?—I do not know that it would, but it would be an improvement on our present rate.

You would suggest, as a practical officer, that if you provide these facilities for the public that they must be prepared to pay for these facilities?—Yes, I would.

Improvements in Other Countries.

We think the time is opportune to make a study of improvements effected in recent years or which may be contemplated by railways in other countries which have adopted the compartmented type of coach, convertible from day to night use, as the standard type of vehicle where night travel is involved.

New Type Coach for Day Travel.

We have also seen the new type of coach designed for day travel which has been put into service between Perth and Bunbury. This is a great improvement on the old type of vehicle and should do much to popularise rail travel. We would, however, direct attention to the circumscribed use to which this type of vehicle can be put, as is evidenced by our examination of Mr. R. M. Evans, Chief Traffic Manager, quoted hereunder:—

By Mr. du Plessis: Do you use that train only on the one run from Perth to Bunbury?—No, we will extend its run, probably on the Bunbury line, particularly on holidays and on special occasions. Where we could leave again about 6.30 and get into Bunbury at 10 o’clock or 9.45, leaving, say, again at 10.30 and getting into Perth in the morning.

Do you regard that as economical use for an expensive train?—No, but we propose to use it as far as we possibly can. It has been fitted with very modern lighting for night travel.

Would you be able to use it on any other line?—It would be possible to run it to Northam and return.

Are you running trains on that trip today to do Northam and return?—Not to Northam only. We are running a train to Merredin in addition to the express.

Would you describe that coach as a general utility coach?—Yes.
You cannot use that for night travel?—Not for sleeping purposes but it can be used on times anything up to midnight.

You are definitely circumscribed with regard to its use in that you cannot use that type of coach as a sleeper.—Definitely.

Do you think it is desirable in your country to adopt the utility coach which is suitable both for day and night travel?—We have a number of coaches that are suitable for both day and night travel.

With this new type of coach, which will be restricted to day purposes only, inasmuch as you are going to subject the travelling public to the discomfort of sitting up all night, you can only use them for day travel?—You certainly cannot fit it up for night travel. It is purely for day travel or night travel, say, anything up to midnight.

WAGON STOCK.

We cannot too strongly emphasise the importance of having due regard to the adoption, as far as possible, of general utility types of wagons to avoid empty haulage of trucks, thus serving the dual purpose of (a) reducing the total number of trucks used on the system to an absolute minimum consistent with traffic requirements, and (b) avoiding empty haulage of trucks. We examined Mr. R. M. Evans, Chief Traffic Manager, on this aspect of operating and append the relevant extract from his evidence—

By Mr. du PLESSIS: As regards wagons, are you consulted with regard to any departures from the standard design?—Yes. When new rolling stock is to be built, the matter is referred to me for my views on the question.

The sheep trucks mainly used for sheep?—Sheep or pigs.

Unless you have a return load, which I think is very unlikely, those trucks would always go back empty?—Yes.

Would it be one-way traffic?—Yes.

So that you are forced to haul those trucks empty?—Yes, over long distances.

No matter what other class of traffic may be available, you have to haul those empty owing to the fact that they can be used for one purpose only?—Yes.

Have you gone into the matter of determining whether this is an economical type of truck?—I cannot see how we can provide a truck that could deal with both sheep and other traffic as well.

Your cattle trucks deal with other classes of traffic as well?—But they have not the second deck as the sheep trucks have.

Are you satisfied with regard to their economical running?—I certainly think that the matter of running our sheep trucks over long distances is very expensive, but I do not see how it can be avoided.

If you have to bring back empty trucks, that increases your load?—It is the reverse way; the empty trucks go out and are brought back with the loading. Take the line to Meekatharra, 600 miles, we have to haul the sheep trucks required there practically the whole of that distance.

Is there somebody in your office making a study of these economic problems?—Not specially.

Then, when you have to accept an innovation, how do you determine whether it is justified economically or not?—We have no choice in the matter. We have to provide the trucks. If we did not provide them, permission would be given for the haulage to be done by road, and we do not want that to be done.

If you had a different type of truck, not a double-decker, you could use it for other purposes as well?—Yes, but it would not carry anything like the same number of sheep.

What I am trying to get at is your basis for arriving at a decision that it is sound?—If it were possible to have a utility truck, I should say by all means have it, but in the case of sheep trucks, that is the only type of truck, with the exception of the SA coal hoppers and the coal shipping boxes, that is not a utility truck. All our other trucks are utility trucks and can be used for anything.

It is possible that whatever type of truck is placed in the service, you will still have to haul empty trucks very considerably, but the point I want to make is whether this matter is being properly analysed to determine whether you are proceeding on sound lines economically with your present types of trucks?—It is hard to say. So far as I am concerned, it has not been analysed. The business is there. We are asking for more sheep trucks because the number we have is too few. So far as I can see there is no way of hauling sheep economically other than by the use of the two-decker truck.

By the CHAIRMAN: Has it ever been considered whether it would be possible to make that a drop deck?—I do not know. I am not an engineer, but to me it does not seem to be feasible. Still, it might be possible? Engineers can do most things.

Need of Correlated Inter-departmental Traffic Survey

In the course of our examination of the Commissioner of Railways and heads of branches, we endeavoured to ascertain what detailed investigations, based on a comprehensive survey of the traffic—present and potential—had preceded the formulation of the management's programme and the replies to our examination were appended hereunder:—

Examination of Mr. J. M. Ellis, Commissioner of Railways.

By Mr. du PLESSIS: On the operating side I think you will agree that it will be necessary to make a very detailed and comprehensive survey of all aspects of traffic problems, that is, the movement of traffic, the potentialsities for further development of traffic, the possibility of introducing faster train services, the use of heavier engines with heavier trains loads, more intensive use of engine power, including longer engine runs. All this, of course, may result in some running sheds being eliminated?—Yes.

I think you will agree that such a general, detailed, intensive survey is necessary before you can finalise your reconstruction programme?—I agree with you that it must correlate with the reconstruction programme.

It is a necessary prelude to the reconstruction programme, otherwise you might not know what your problem is?—I divide the reconstruction into two, in my own mind. The present needs are so dire and urgent that they are assuming greater importance relatively than the major problem. I want immediate relief the quickest way I can get it, so that we can go about our business while we are reconstructing.

I have the same idea in that connection. Nevertheless, you cannot put off the more comprehensive investigation indefinitely?—I think some of it would be parallel. Of course, it would be logical, planned continuous thinking.

That is why I asked you just now, in regard to your operating side, whether you do not think there is need to strengthen that branch?—From that view, yes, because that is extra work. My reply was more in regard to the actual working of traffic.

The normal functions of the branch?—Yes. I agree that the same reasoning would apply as applies to the mechanical and civil engineering branches; in other words, I could not detach an officer of the Chief Traffic Manager's Branch to do that work without overwhelming him, or neglecting something.

I think you will have to consider the appointment of an officer who is an expert and who can delve into all these operating and traffic problems; he, together with his vis à vis on the civil side and on the mechanical side, will form a small committee to co-ordinate your whole
reconstruction programme?—That will be absolutely essential. It will be only an extension of what we have done with particular problems in a small way. We have appointed an officer from the civil side, the mechanical side, the traffic side and the signal side—to use a vulgarism—to tear the guts out of a particular problem.

So that there will be need for close liaison between the officers of the branches you have just mentioned?—I do not think there need be any closer liaison than exists now. There is close liaison at present.

I have in mind those three officers whose special duty it will be to finalise your reconstruction programmes?—They will have to sit together.

They will have to make a full investigation and do field work?—My view is that the man who is chosen for the planning of reconstruction work in any particular branch not only must be an expert in his own branch, but must have a very wide fundamental knowledge of all railway working. That would be the type of man I would try to get.

Examination of Mr. S. J. Hood, Chief Civil Engineer.

By Mr. du PLESSIS: What type of signalling have you in mind? Have you worked out a detailed programme?—We have not, but it is a matter we have under very close scrutiny and investigation at present. I have gone into the question of going as far as possible on the South-Western line as using C.T.C., or alternatively, auto-signalling, and improved signalling in the re-design with new yards, providing for relay locking, electric, where it is justifiable.

But those plans have not been finalised?—No.

It is possible, after the matter has been examined by the experts concerned, that the amount may be greater or less, depending on the type of signalling decided upon?—I do not think it would be much larger. I think that is a fairly reasonable cover. I do not think it will be much less either, if we reach the ideas put forward.

What provision has been made for communications, particularly from an operating point of view?—We are in a very difficult position there. When our electrical and signal engineer retired nearly two years ago, I recommended to the Commissioner that the department must have an electrical and signal engineer well versed in modern practice. We advertised in Great Britain, New Zealand and Australia. We have appointed an electrical and signal engineer from New Zealand. He is reviewing the system, but requires the services of a communications engineer. I recommended that appointment to the Commissioner and advertised in May 1947, throughout Australia for a communications engineer. I graded the position as Engineer, Class 3. We did not get a suitable applicant and I advertised in September last, raising the position to Engineer, Class 2.

You will probably agree that as far as signalling and communications are concerned, it is essential to send your officers overseas?—I do.

In that way they would become acquainted with the latest developments there?—That is absolutely essential.

You cannot possibly embark on your programme until you have all the information. You agree with that?— Entirely.

So the sooner the appointment is made, the better it will be?—I agree.

Examination of Mr. B. M. Evans, Chief Traffic Manager.

By Mr. du PLESSIS: In considering your reconstruction programme, have you taken stock of the position as a whole, that is to say, as to what types of engines you are going to use in future and whether you could have bigger train loads and probably longer sections between the locomotive depots? Have you considered all those aspects?—They have been discussed from time to time at our heads of branches conferences, which we hold approximately once a month. All those questions have been debated many times.

But has the position been analysed in detail?—No, for the reason that it is a question of taking what you can get. We have had these engines on order from the Old Country.

Both the Commissioner and you have indicated in your evidence that you have certain schemes that will involve an expenditure of £290,000,000?—Yes.

Have you made any investigations analysing the position very closely? If these schemes reach fruition, what is going to be your general requirements from the operating point of view, as far as engine power is concerned? These are vital matters?—Yes, I regard them as very vital. We are in the unfortunate position of not knowing what we can get and when we can get it. The total number of engines we require to do our business in about 400. We expected a great deal from the ASG as an answer to the light line problem, but so many restrictions have been placed on them that they are not giving us the results we hoped for.

So that if you put new engines into service you could not just change that policy by the stroke of a pen, if you found you had made a mistake?—No; that is quite true. The new types we get will need to enter for our business for 30 years. The new type that has been ordered for light lines I think will be very satisfactory, judging from my knowledge and from discussions I have had with Mr. Mills. The other type, for the main line, which will be similar to the PR, should be reasonably sufficient for our main lines. After all, in normal times our business is seasonal except on the South-West line where, in the process of opening up, we may have a continuous amount of traffic. But the wheat, under pre-war conditions, used to be shifted by the end of July or early August, and, until the next season came, a good deal of rolling stock was lying idle.

The point I was getting at was whether there had been an analytical investigation from the operating point of view; what your requirements are under the various categories I mentioned. So far as engine power is concerned you, as Chief Traffic Manager, must say what your requirements are, and then it will be a matter for the powers that be to decide what you can get. That is the position?—Yes. I have indicated from time to time the type of engine we want. Now it is a question of how soon we can get them. That question has been discussed at conferences many times.

I think you will appreciate the need for having in your branch an organisation that would enable you to deal with these matters analytically. You have that organisation?—No. I regard it as being necessary that I should have somebody to go into these problems and analyse them.

By the CHAIRMAN: That means statistics, of course?—Yes, but we have nothing of that nature at present.

By Mr. du PLESSIS: On the question of train control and signalling systems, are you satisfied that what you have is the best?—On the contrary, I think we are very deficient in our signalling methods compared with many other railways. We still operate the electric staff over long sections, and on most of our light lines, our branch lines, the staff, the ticket; but on the eastern line, between Midland Junction and Northam, we have automatic signalling, which is quite good and fills the requirements. On the suburban line we have Sykes 'lock-and-block', and we have Winter's three-wire instrument.

I think you were present when Mr. Hood gave evidence with regard to the signalling engineer, and indicated that he agreed entirely that before you adopted new signalling methods it would be desirable to send somebody to other countries to take stock of modern trends there. I suppose you heartily endorse that?—I do indeed; very heartily.

Excess that you would probably say you would want one of your operating officers to accompany that signalling engineer?—Yes.

That is essential?—I think so.
Otherwise, the signalling engineer would examine it only for signalling efficiency, whereas your man would examine it from the point of view of efficiency and the effect on your operating?—Yes, I think it is necessary that we call a traffic man should accompany the engineer because, after all, the traffic man has to operate it.

Would you still suggest that C.T.C. should be introduced as mentioned in your evidence-in-chief?—I am speaking without knowing very much about my subject. So far as C.T.C. is concerned, we have never had experience in this State, and the only man who has is Mr. Curtis, our signal interlocking superintendent.

He is an engineer?—Yes, and has had experience of C.T.C. in New Zealand, and speaks very highly of it.

Are you in a position to say, from your own knowledge, whether operating conditions in New Zealand are comparable with those in Western Australia?—I have not been to New Zealand, but I should say they are not.

It is a small country, thickly populated?—Yes, as against our large country with a sparse population.

I think you would probably agree that from the operating angle again there should be a little more investigation before you can plump on C.T.C.—I do indeed. Since the suggestion has arisen, I have read a considerable amount on the subject and, after having seen some of the graphs you showed me of the density of traffic on some of your lines, I am a little in the air as to the best method of signalling in the South-West. The service on the South-West is very dense and the slow motion of trains between sections restricts the train services on the line on that branch.

I think you have indicated that you feel strongly that the system of communications should be improved?—Yes, I think ours was outdated many years ago. It is a source of considerable trouble. When I want to get through, even to next door, it is quicker for me to walk than to use the telephone.

Communications are most important from the point of view of track distribution and control?—Yes.

And engine power, too?—Yes. Unless you can get ready communication, you very often lose opportunities.

In his evidence Mr. Hood indicated that the complete programme of rehabilitation and reconstruction might cost £20,000,000; I heard him say so.

That will very nearly double your capital?—Yes, and Mr. Mills has to have a rack at it.

An expenditure of that magnitude requires very careful planning?—Yes.

You cannot lightly go to the Government and say you want to spend all that money unless you are sure of the facts that you are putting forward to justify the expenditure?—Yes.

In view of the magnitude of that expenditure and the fact that the Government will have to find the money to meet it, would you suggest that, as far as you branch is concerned, you are in a position at this stage to give the Commissioner of Railways the final plans—properly analysed and based on investigations—so that he can justify to the Government?—We are looking into the future and are expecting a great deal of progress. If it eventuates, I think the expenditure will be justified, but it is a big thing to see so far ahead and say that we are going to get an influx of immigrants, and so much more business. Mr. Hood is concerned with the backward state of his road, buildings and so on. That, in itself, will cast a tremendous sum of money—even to bring it up to what is required for present expectations and to carry on our business as it stands at the moment.

Have you actually a marshalling yard?—We have one at Perth and one at Midland Junction, and they are the only marshalling yards, as such. We have places like Northam and Narrogin, which are big depots, with a lot of traffic in and out, but they are not actually marshalling yards.

A considerable portion of the expenditure will be on marshalling yards and remodelling marshalling yards and locomotive depots, building new locomotive depots, engine power, coaching and wagon stock, and so on. You are vitally concerned in all those matters?—Yes.

Have you put forward a general report covering your activities in detail?—Not as one comprehensive report, but from time to time we have indicated that we want more room at practically all of our larger depots.

Your investigations have been made piecemeal?—Yes.

You will go forward with a comprehensive scheme of reconstruction, involving this large expenditure, and you must view the thing as a whole and make your recommendations in detail on the scheme, as far as your branch is concerned?—As regards Perth, Midland Junction, Northam, Narrogin and Merredin, these matters have been discussed many times at conferences, and schemes have been prepared, in which I have concurred and the Commissioner, of course, would approve of them.

Are you satisfied that in putting forward your schemes you have taken the long view and that the schemes from the last point of view of economic and efficient operating?—Yes, we have looked into the future as far as possible, from our rather narrow point of view, and we deem that those plans will be sufficient for a good many years to come.

Have you gone into sufficient detail to be able to put forward a detailed schedule of showing the plan, this estimated cost and stating how long it will take to provide the facility?—No. I have asked for a certain amount of room and certain roads and accommodation in the yards, and the C.C.E. has prepared the plan. That plan has been submitted to you for comment. Having gone into the plan with my officers, we have come to the conclusion that with certain alterations and modifications it is suitable for a good many years to come.

Before we adjourned we were on the question of your detailed plans for rehabilitation and reconstruction. I take it you would agree it would be necessary for the three main branches, that is your own branch, the traffic branch, the civil engineering and mechanical engineering branches to combine and make a joint and detailed investigation before these schemes could be properly finalised?—Yes, I do agree.

Would you also agree that on the traffic side there is need for a senior officer to be appointed to undertake special investigation work?—Yes, I would say that he should be a senior officer. A man with a lot of experience.

And that will be the officer who will co-operate with the civil engineer on reconstruction and the mechanical reconstruction officer as far as the final planning is concerned?—Yes, that would be my representative.

Examination of Mr. F. Mills, Chief Mechanical Engineer.

By Mr. du PLESSIS: So it is desirable in these matters to make investigations before adopting any radical departure from standard practice?—Unquestionably. We must keep ourselves informed by every means available to us.

In your evidence at the bottom of page 10 you say:—

It must be emphasized that the track problem is not the only large obstacle to the employment of heavier locomotives. Existing rolling stock, both carriages and wagon, is fitted with drawgear which is already loaded close to its limit. Stock built in recent years has been designed to take heavier drawgear, but this can not be applied until a general change becomes possible. Statements which will be tendered later show that only 1,843 of the 11,385 goods vehicles are less than 20 years old and there are few, if any, of the 2,920 vehicles of greater age suitable for stronger drawgear. It is at once apparent that huge replacements of wagons must be made before the use of more powerful locomotives is practicable.

Have you any personal knowledge of the circumstances which led to the adoption of that type of drawgear?—You refer to the existing drawgear?
Yes—I cannot say I have any personal knowledge because it goes back too far. So far as I have been able to learn, that type of drawgear was introduced originally from New Zealand when the late Mr. Rotherham was appointed Chief Mechanical Engineer, and that type of drawgear was, I understand, in use in New Zealand until fairly recent times. I think I can say that that is the original type of it and it has persisted on these railways from about 1895.

Would you say that it has rather hamstring development from the point of view of using engines of large tractive effort and also bigger train loads?—Unquestionably it is a severe restriction. There are cases, for example, where we have severe grades on our main lines, 45 and even steeper. At different seasons of the year, traffic working would probably be increased by double-hanging some of those trains. But there is a decided limit to what you can do in that regard owing to the design of the drawgear.

Would you suggest that the adoption of that particular type rather indicates a lack of foresight on the part of the person who came to that decision at that time?—That would be a rather severe admission on men who lived 50 years ago.

Is there any means of overcoming that difficulty today?—There is no means of making a wholesale change, I mean to imply. It is difficult to explain unless you actually see the drawgear. We have quite a large number of wagons with wooden underframes and with what is called continuous drawgear. That means that two and two are put at the end of the vehicle by means of a turning buckle. You cannot put anything stronger there because there is no space for it. You rely upon a 2-inch Whitworth screw. On other wagons where continuous drawgear is not provided, the underframes are not such that a greater force can be placed on the headstock. In other words, if you put on to that wagon a greater pull than the drawgear will stand, you would simply pull the headstock off.

What we have been doing for some years is to abandon altogether the building of any further wooden underframes for the building of steel underframes with the centre longitudinals spaced 13 inches apart in conformity with the Australian and New Zealand standard, which enables the fitting of drawgear suitable to take the American standard coupler. We have gone to the extent of using that provision by putting in a drawbar which is very much stronger in the shank, and we have doubled the spring capacity. What we have not been able to do is to alter the coupler head. What we have done is to make the buffet plus out of high tensile steel to overcome the serious trouble experienced from the bending of those pins. So far we have not attempted to make the coupler or hook head out of high tensile steel, mainly because of manufacturing difficulties. They have to be drop stamped, and drop stamping of high tensile steel can be a very expensive business. The buffer head on the new design is made of rather higher tensile than before, but since it is a steel casting, there is difficulty in going very far in that direction without sacrificing some ductility. The position at present is that we have tried to explain in our reports that the great majority of our wagons are structurally unsuitable to take a heavier pull on the drawbar than the maximum which can now be permitted for that design of drawbar. Consequently, if we wish to adopt a stronger drawbar with the object of pulling greater loads and treating, there is no alternative to first providing wagons capable of taking it.

That is a very vital matter, is it not?—It is.

What investigations have been made by your branch, and through a branch with a view to finding—I will not say a solution of the difficulty—some means whereby at some future date you will be able to overcome the difficulty?—I would not say that we have made investigations; we have taken action. We are taking action to the extent that every new wagon built is suitable to take the stronger drawgear, and that is the only solution to the problem.

How long will it take to enable you to overcome that difficulty?—At our present rate of progress anything from 35 to 55 years.

That is not a solution, is it?—No. Even on the very large expenditure which I have outlined in my evidence, it would take 15 years.

By the CHAIRMAN: Has the situation been examined with regard to strengthening the underframes? Other systems have had to face this same trouble. It is a matter of 20 years since New South Wales faced up to the same situation with regard to the wooden wagons, but even so the situation should be examined?—From what I know of these wooden wagons—

Is there any means of getting continuity by way of coupling the two headstocks?—No.

Can you cross frame at all?—No.

I have seen trucks that have been adopted so as to hold the headstock and couple the two headstocks together so that the pull goes right through?—Yes.

By Mr. du PLESSIS: I am lending up to the question of the closest co-operation being obtained between the Mechanical Branch and the Traffic Branch in matters which superficially may seem not quite so important, but yet may have most far-reaching effects if some policy is not adopted that has been very carefully considered in all its aspects. That is why I suggest that in these matters regarding engine power, design of locomotives, design of coaching stock and wagon stock and drawgear, you should have the most exhaustive investigations. You should have officers, specially trained men accustomed to research work and investigation, and they must have their eyes on the traffic side also, men trained in research work. These are the men who should make these detailed investigations and, if necessary, go to other countries to see what is being done there, and then come back and submit their reports for consideration by yourself and the Chief Traffic Manager and ultimately by the Commissioner. Only when you have made assurance doubly sure can you arrive at results that will stand the test of time. You have given evidence about being hamstringed?—Yes. When you speak of the need for research officers, I must agree with you, but I should not like to leave you with the impression that merely because our wagons will not take heavier drawgear, there has not been consultation between the Traffic branch and my branch. There has been. But any progress we can possibly make towards the improvement of this situation has been conditioned entirely by what we can spend upon it. The question of adopting automatic couplers or not adopting them is not something that has been considered overnight, but has been on the tapis for many years, certainly long before I joined the department. I have had files going back 30 years on this subject, but no real progress has been made beyond improving underframe design for future construction and following that improved design, because there was no prospect at all of getting funds to replace badly outmoded wagons with new stock. The old wagons had to be kept repaired.

It is evident from these replies that before any attempt can be made to finalise the “blue print” stage of the complete rehabilitation programme, a comprehensive and correlated survey, embracing all branches, will have to be undertaken on the lines indicated in our examination of the witnesses. This we regard as being of paramount importance to ensure that the schemes for the complete constructive rehabilitation of the railways, which once finally submitted to the Government for consideration, shall (a) conform to a correlated plan based not only on the present traffic requirements, but also having due regard to the development of the State as a whole; (b) have regard to the use of road motor transport either to supplement or supplant existing railway services; (c) be the most economical and efficient and (d) avoid expenditure having to be wasted in the future by changes having to be made due to lack of foresight and careful planning.
It will be appreciated that these four objectives can only be attained by correlated and detailed investigation by officers of the three branches—civil engineering, mechanical engineering and traffic—who are thoroughly experienced and fully au fait with the requirements of their branches and are capable of taking an over-all view of the State’s transport requirements.

Investigations in Other States and Countries.

It is possible that before certain schemes can be finalised, it will be necessary for investigations to be conducted in other States, and also in other countries, in order to ensure that they will be in line with modern developments. In this connection we have in mind such matters as workshops and running shed layouts; locomotive design and practice; rollingstock design; signalling methods; communication systems; operating methods, etc. These are all matters which will require the most careful investigation before the complete reconstruction programme can be submitted to the Government in its final form.

This programme will have to be tackled with energy and, as previously stated, will require much careful planning to ensure not only economy in its execution, but, what is more important, that the optimum benefit will be derived from the expenditure of this large sum of money by the State, and in Chapter 8 we have indicated the organisation which should be set up for carrying it out.

Rehabilitation Programme to be Carried Out in Two Stages.

In view of the magnitude of the programme and the urgent need of restoring some measure of efficiency without loss of time, we recommend that it be carried out in two main stages, the first stage being the immediate improvement of the engine power position and matters incidental thereto. This will necessitate immediate attention, not only to the more urgent improvements recommended in the interim report of the Royal Commission on the Midland Junction Workshops (which has already been presented) but also the carrying out, with the least possible delay, of considerable improvements at some of the more important running sheds. The nature and extent of such improvements must be determined having due regard to the outcome of the general traffic survey mentioned earlier in this chapter.

The second stage will comprise the long-range reconstruction programme, and this will, of necessity, have to be spread over a lengthy period. The improvement schemes falling under the second category are in accordance with the evidence submitted by the Chief Civil Engineer and the Chief Mechanical Engineer, vide Appendix “B.”

Provision of 4 ft. 8½ in. Gauge Line—Kalgoorlie to Fremantle.

It will be observed that an amount of £9,399,500 has been included in the reconstruction programme in respect of the provision of 4 ft. 8½ in. gauge line from Kalgoorlie to Fremantle. This matter has been fully dealt with in a report dated 24th March, 1945, on the “Standardisation of Australian Railway Gauges,” submitted by Sir Harold Clapp to the Commonwealth Minister for Transport and External Territories, as well as in the report by a Select Committee of the Legislative Council of Western Australia appointed to inquire into Standardisation of Railway Gauge, Kalgoorlie to Fremantle, presented to Parliament on the 14th December, 1945.

When examined by us on this matter, the Chief Traffic Manager indicated that from the point of view of railway operating requirements, there was no need for the construction of this standard gauge line and an extract from his evidence is quoted hereunder:

By Mr. du PLESSIS: Have you any views from the operating angle insomuch as the unification of gauges is concerned?—I am in favour of a broad gauge from Kalgoorlie to Fremantle purely as a defensive measure.

I am asking from an operating point of view—No; I think the railways can be brought to a state of efficiency sufficient for our own requirements for a very long time.

From an operating angle, you cannot see any advantage in gauge unification?—No. I cannot say that I can.

By the CHAIRMAN: Have you investigated the cost of operating a 4 ft. 8½ in. gauge from Kalgoorlie to Fremantle?—No.

Do you think it would result in any saving of money?—No, I do not.

You do not think it would result in a saving of £30,000 a year?—No.

We do not consider ourselves competent to evaluate the defence requirements of Australia, as they affect the railway system of Western Australia, and, accordingly, we do not wish to make any comment on the question of gauge unification, except to say that a decision will have to be reached therein before the general reconstruction scheme, as affecting the railways, as a whole, can be finalised.

Housing for Staff.

We wish to stress the importance of giving immediate consideration to the provision of housing at those places where (a) the staff are forced to live away from their families under conditions which can only be described as extremely unsatisfactory and which are causing grave discontent; and (b) where men are employed in maintenance gauges either without houses having been provided, or have had to build their own “houses” of any material which they could secure locally.

We agree with the Commissioner of Railways who stated in his evidence that the provision of housing for the staff should be regarded as priority No. 1. In this connection we wish to refer to the evidence of Mr. R. H. B. Huxtable, Mill Manager, Banksdale Railway Saw Mill, as quoted hereunder:

To make the department independent of outside sources for the required supplies of joinery, it is proposed to explore the economics of creating a small factory for the cutting of matched end flooring and the milling, shaping and dressing of all dry timber required, thereby allowing for the organisation of a large-scale housing programme for the department.

By Mr. du PLESSIS: In paragraph 34 you refer to the possibility of the department being able to create an organisation for a large scale railways housing programme. Are you optimistic about this proposal—I believe there are about 700 cottages required and that, with the Housing Panel in its present position, where it cannot meet its own building programme, we will have
to help ourselves. By starting with a small staff and training them we could gradually augment the staff and would probably be able to erect a large number of cottages each year without calling outside assistance.

That may be a means of overcoming all the housing difficulties of the railway system. Is that not so?—Yes. And that of course would be removing one of the many bottlenecks?—Yes.

I take it that that matter is being explored with vigour? That is one of the reasons why I have milled those dry logs because I think that is eliminating all the troubles regarding seasoned timber which is holding up the railway building programme.

We feel that the possibility of building a large number of houses on the lines indicated by Mr. Huxtable should be pursued with energy. The secretary of the Housing Commission (Mr. R. J. Bond), indicated in his evidence before us that the Housing Commission would afford the railways every possible assistance, vide the following extract:

By the CHAIRMAN: You would be quite prepared, as a department, to confer with the railways and see what can be done about these houses?—Yes. The Housing Commission has authorised me to say that it will give every consideration to the housing problem, because it feels that if it acts in association with the railways, which could build houses for its employees, that would alleviate the position in some other direction.

CHAPTER 5.

CO-ORDINATED INTER-DEPARTMENTAL STATE PLANNING AND ESTABLISHMENT OF COMMONWEALTH RAILWAYS CONSULTATIVE ORGANISATION.

Planned State Development.

In the course of our inquiries we have found that, not only is there the necessity for the railways as a system more closely to co-ordinate the functions of its various branches in order to ensure a balanced development as a railway system, but there is need for much closer co-operation between the railways and other Government departments and also between these other Government departments themselves.

The full development of the resources of the State (comprising agricultural and pastoral, mining, forestry and water conservation) will require the services of transport, power and harbours. It appears to us that there is required a consultative expert body representative of the departmental interests concerned, for the purpose of surveying the needs of the State as a whole in the fuller utilisation of its resources.

The decentralisation of industry, and its consequent dispersal of the population, will introduce new factors into the problems of transport and power supply, and these problems are not in themselves to be solved by one department such as the Railways, the State Electricity Commission or the Town Planning Commission. They involve a very wide consideration of the work and functions of other Government departments.

So far as the railways are concerned, the Advisory Board of Directors, which has been suggested as part of the railway organisation, should be able to call upon this expert consultative body suggested above, for full reports as to the areas in which development might be expected, the nature and volume of the products to be obtained from the particular area, and the general services that the area will demand in order that they may determine and advise the Minister for Railways as to the nature of the transport which would best assist development (that is, road or rail) both in the early stages and with regard to its possible future growth. With this information made available, the policy of the Government can be determined on a more closely planned basis than appears to have been the case in the past, and the railway officers will be placed in a position to deal appropriately with the kind of service for which they are asked.

Commonwealth Railway Consultative Bodies.

In view of the large expenditure (over £20,000,000) involved in the complete rehabilitation programme envisaged by the railway management, the question naturally arises whether the spending of even a fraction of this amount is, in the present state of development of Western Australia, within the relatively limited resources of this State.

We are not competent to comment on this aspect of the matter, but the spending of such a large sum of money by one State—the need for which cannot be doubted if, on the one hand, the railways are to continue to play a vital role in the economy of this State, and on the other hand, are to meet the strategic and other requirements of the Commonwealth as a whole in time of emergency—must inevitably throw into relief the larger problem of the ultimate unification of the railways in the different States into one Commonwealth railway system.

The present may not be the opportune or appropriate time to settle this larger issue, but we feel it to be our duty to focus attention on some of the major considerations which arise; these are:

(a) Post experience has provided ample proof of the grave consequences, not only for the Commonwealth as a whole but also for the component States individually, of considering railway problems from a narrow State angle only.

(b) Australia's somewhat lopsided development cast in no small measure desecrated to the fact that there has not, in the past, been a "Commonwealth" plan for the construction and development of the railways in the different States.

(c) In some States—notably Western Australia—the further development of railways, and even the provision of such essential equipment as engine and rolling stock which conform to present day requirements, will put a heavy strain on the financial resources of the State.

(I) The lack of a "Commonwealth" railway policy must aggravate the problems referred to in (a), (b) and (c) above, and be a potential source of grave weakness, and even cause disaster, in time of emergency.

Establishment of Interstate Statutory Consultative Bodies.

We feel that consideration of these vital issues cannot be indefinitely postponed and recommend that for the purpose of bringing under effective review the matters falling under the categories referred to above, two statutory consultative bodies be set up, namely:
(i) A Commonwealth Railways Policy Council (C.R.P.C.) comprising the Commonwealth Minister of Transport (as chairman) and the State Ministers holding the portfolios of Transport or Railways.

The C.R.P.C. should deal with all matters of railway policy which have, or are likely to have a bearing on the interests of two or more States, or on the Commonwealth as a whole. In addition to dealing with matters submitted to them by the board referred to in the next paragraph, individual members will be at liberty to submit for consideration by the Council any railway matters which they think are of sufficient importance to warrant review.

(ii) A Commonwealth Railways Managerial Board (C.R.M.B.) comprising the Commissioners of the Commonwealth Government Railways and the railways in the different States, one of whom shall be designated chairman by the C.R.P.C., referred to in (i).

This body will deal with all matters of common interest to the railways of Australia, and more particularly with matters concerning the equipment and working of the railways, which will in any way jeopardise or hamper the operation of all the Australian railways as one unified system.

All recommendations made by this body should be submitted to the C.R.P.C. for consideration.

All recommendations of the C.R.P.C.—and for this purpose a majority decision of the council shall be regarded as a recommendation of the council—shall be forwarded to the Commonwealth Government and the State Governments for consideration, but no recommendation of this Council shall be binding on the Commonwealth or on any State unless it has been approved by the Federal Parliament or by the State Parliament concerned, as the case may be.

In order that the bodies referred to in (i) and (ii) above, may bring under constant review the matters falling within the scope of their duties and functions, they should meet at regular intervals, the C.R.M.B. meeting not less than once every three months.

Need for "Commonwealth" Railway Policy.

We feel that with the establishment of these two consultative bodies, and if due consideration is given to their recommendations by the Commonwealth and State Governments, it should be possible gradually to evolve a "Commonwealth" railway policy acceptable not only to the Federal Government, but, what is probably more important, also to the States.

Unification of all Australian Railways.

It is possible that the work of these two consultative bodies may ultimately result in a basis, acceptable to the Federal Government and the State Governments, being evolved for the unification of all the railways in Australia into one Commonwealth railway system. In that event, it is suggested that in order to preserve a very large measure of State autonomy, and at the same time ensure the maximum decentralisation of managerial control in so far as the transport requirements of the States are concerned, the well-known divisional organisation should be adopted, each State forming one or more divisions with a State Railway Board advising the Minister for Railways and a divisional general manager responsible for the management of the railways in the State. This will ensure some measure of State Parliamentary control of the railways being maintained.

CHAPTER 6.

FINANCIAL.

We have indicated earlier in our report that we consider the root cause of the present difficulties of the railways to be the severe economy practised by Governments in the past. This fin of economy, regardless of consequences, was probably applied to all Government departments and the need therefore became more pressing as a result of the financial stringency which prevailed during the depression years. Whilst, in the case of Government departments other than the railways, it is possible that no very great harm was done, the position is entirely different with a business undertaking such as the railways, which cannot remain static, as obviously adequate provision has to be made for wear and tear; hence the present run-down state of the railways which we have fully dealt with earlier in our report.


In his evidence on the financial stability of the railways, the Commissioner of Railways (Mr. Ellis) commented as follows:

Much of the revenue expenditure which must now be faced is not, in my view, a proper charge to railway working expenses. The bulk of it represents related repairs which had necessarily to be deferred over the war years and replacements which should properly have been taken care of, over the years, by a depreciation and renewals fund. Consolidated revenue, having benefited by the deferment, should, in my view, bear this charge.

Much of the criticism which has been directed at railway administrations over the year arises from the policy of providing transportation, in the interests of development and production, at charges which bear no relation to the cost of rendering the service. Primary production has been assisted by specially low freight rates both on the products themselves and on the requisites for producing them. Export has been encouraged by freight rebates on flour, fruit, timber, etc. Goldmining has been helped by reduced freight on machinery, and by low freight rates on ores and by-products and by fare concessions to mine workers on leave. Free and concessionary travel has been extended to school children and to juniors in business and industry, and many services are being rendered as a matter of policy, for which the railways receive little or no remuneration. Certain of our branch lines are being operated at a loss and from a strictly commercial viewpoint show no prospects to justify their retention as railways, yet have played their part in development and enhanced land values.

As mentioned in my evidence in the workshops inquiry, railway working results as presented to Parliament make no allowance for depreciation or for expenditure under the rehabilitation programme on deferred maintenance which accumulated over the war years. Had these items been included, the deficit for the year ended 30th June, 1947, recorded as £2,410,658, would have approached £2,000,000. Revenue on the other hand received no credit for services rendered at less than cost. Assessment with any accuracy of the amount which might reasonably be added to cover such services is not an easy matter, but when it is mentioned that rates and fares generally are below 1920 levels, and in some cases well below those which were in operation in 1914, it will be
realised that the railways are carrying a burden of increased operating costs which is considerably in excess of their capacity to bear.

In my annual report for 1943-44, after tabulating items which had added £1,035,000 (now increased to £1,600,000 as appears in my latest report) annually to operating costs since July, 1938, I suggested as alternative remedies for restoring railway finances:—

(a) Raising of charges.
(b) The crediting of revenue in respect of services rendered at less than cost.
(c) An annual grant to cover losses on developmental branch lines.
(d) The reduction or elimination of interest.
(e) A combination of any or all of these.

I see no reason to alter the views then expressed. In fairness to the administration, whose efficiency usually is judged—quite illogically in the circumstances—by the financial results of the undertaking, the railways should be expected to pay the costs of services which they are called upon to render. Any relief in the way of rail charges which it may be deemed desirable as a matter of policy to extend to industry or to other Government departments should be a charge against consolidated revenue and a credit given to railway revenue corresponding with the relief extended. Only by such means can the true value of the service rendered to the community be judged and only on such a basis can the standard of their performance be assessed.

As regards the general financial set-up as between the railways and the Treasury, it is my considered view that the railway administration should have control of its own finances, at least insofar as revenue and operating expenses are concerned. Had this been so in 1938 when the modest suggestion of spending £100,000 per annum on reconditioning locomotives was made the stock would not now be in quite the parlous state it is in today.

Responsibility for the working and maintenance of the system then would rest, as it should do, with the administration whose duty it would be to ensure that provision was made by way of depreciation for the replacement of plant and equipment which had reached the end of economical service. Charges would need to be sufficiently flexible to cover all outgoings, but whether the full cost of every service rendered should devolve on the recipient or whether it should be met in part from consolidated revenue would remain a matter of policy and would not affect the principle. A set-up of this kind has recently been adopted with the State Railways of Western Australia.

Mr. P. G. Raynor, personal assistant to the Commissioner of Railways, painted a very sombre picture of railway finances, as will be evident from his evidence-in-chief quoted in this chapter where rates and fares are dealt with. In the course of our examination he stated—

By Mr. du PLESSIS: On page 3 of your statement you say that it appears railway operating expenses of the future will have to carry an annual burden of £2,300,000 above the 1937-38 cost level. Have you any idea how you are going to meet that expenditure? You cannot make it up with increased rates—I have expressed the view that a 3½ per cent. increase in passenger fares and 2½ per cent. increase in goods tariff is as much as we can do without diverting traffic from the railways. I also pointed out that 3⅞ per cent. increased charges would give us something like £1,100,000. I suggested that before we decided on any increase in charges at all the first thing that should be done is that the losses on non-paying lines should be assessed and credited to the Railway Department. Secondly, that services which the department is asked to carry out as a matter of policy at less than cost should be assessed and the difference credited to the Railway Department. After these two items have been determined, then the amount of increased charges should be arrived at.

But do you think that even if you did that you would come anywhere near balancing the budget?—I think so. I quoted only four instances of non-paying lines. There are many more.

What are your total interest charges?—About £1,035,000.

What would be the reduction in charges if you got that relief—£200,000?—Possibly it would come to that much; that is interest. There is also the loss of operation of the lines. Those lines are not paying working expenses let alone interest.

By the CHAIRMAN: The estimated loss is relatively small on those?—Yes.

I do not think it would be more than £200,000 on the four lines listed. That is only a drop in the bucket. That is on present charges admittedly not very much. But there are quite a number of other lines in the same category of non-paying lines. There are interest charges on them. Those losses do not include interest charges. Even if that total is £250,000, there are losses on unremunerative services and they are very heavy.

Would you say that half your total mileage is non-productive?—I would not go so far as to say that without going into it more closely.

By Mr. du PLESSIS: You are faced with a deficit of over £2,500,000. Your present annual revenue is only about £4,000,000?—Yes.

Therefore it seems to me that financially you are as dead as a dole—I would not say it as bad as that. One gets that impression. By increasing charges 3⅞ per cent., we could raise an additional £1,345,000. That leaves £1,276,000.

Have you considered doubling your capital under the rehabilitation scheme?—I would not say it is necessary to double our capital.

That is the scheme put forward by your technical officers?—A lot of that expenditure suggested by the technical officers is obviously on revenue account and not loan.

You are presupposing you will get that nest-egg from the Commonwealth Government?—We are presupposing that the Government will at least pay for the deferred maintenance and expenditure needed to rehabilitate the system to pre-war standard.

By the CHAIRMAN: Even on your moderate program that amounted to £7,000,000?—Yes. That would not carry any interest charges.

Still that money has to be found. But it should not carry interest charges.

The plans to bring the railways to a proper state of efficiency require £23,000,000. That is another £16,000,000?—Yes. But I would expect efficiency to reduce working expenses.

By Mr. du PLESSIS: There would be mounting costs?—To some extent yes.

Then you are faced with the 40 hour week, which must obviously send up your actual wages costs, apart from increasing your costs of materials?—Yes. I have allowed £250,000 for that.

On what grounds can you then expect to reduce your working expenses?—I will take the activities of the Chief Mechanical Engineer, first of all. If we get new locomotives in replacement of those we have at present, I will be disappointed if we do not save something in maintenance charges.

Have you worked out the percentage as between costs of that nature and actual wages?—I have not gone into it as closely as that.

What is the percentage of your wages bill as against your materials bill?—Roughly, 60 per cent. wages and 40 per cent. materials.
It seems to me that you are faced with a possible deficit of over 2½ million pounds and your present revenue is just over four million. That position seems irretrievable?—Yes, the revenue is a failing item.

Coming back to hard facts. You were faced with a deficit of over 2½ million pounds on a current revenue of 4 million pounds. If you can tell me you have any hope of balancing your budget, I would like you to produce your financial wizard to do that?—It is going to be difficult, I admit, but we have got to face it.

You must have grasped the financial implications of the position some time ago?—We realize how serious it is.

These requests for a 40-hour week, for instance, involving an expenditure of £300,000? Were those discussed by the Government before that award was made?—The 40-hour week was conceded by the Commonwealth Arbitration Court in the first place, and it was a mere formality to extend it to this State and other States.

Did the Commissioner, as far as the railways were concerned, bring the repercussions of this award to the notice of the Minister?—I would not say that, but I do not think that the Commissioner had very much say in the adoption of the 40-hour week at all. The Government, as a policy, accepted it as a Commonwealth Arbitration Court Award. Whether the Government considered its impact as the Government undertakings or not I could not say, but I would not assume that it did.

By the CHAIRMAN: Could you say whether the Premiers' Conference was given the facts in regard to the railways' financial position at any time?—Each year, I, as the departmental representative, have to give the Commonwealth Grants Commission an account of the state of our maintenance, and every year since I have given that evidence I have put the actual position before the Grants Commission. 

Mr. W. B. Nicholas, the Auditor General, when examined by us on the finances of the railways, commented as follows:—

By the CHAIRMAN: Later, with regard to some of the costs of running certain sections, we found that no depreciation is charged and there is no reserve fund or renewals fund or whatever you like to call it that could be utilized to replace machines?—There is one small depreciation fund in connection with the Railway Sawmill.

The Railway Sawmill is the only place so far that I feel is working on a business basis. I have tried to find out the business basis on which the railways are functioning. How would the financial set-up of the railways be determined?—By the provisions of the tariffs governing the railways.

Would there be any limitation on the department as regards the adopting of business methods in setting up accounts and making provision for the future?—All the expenditure for the Railway Department is voted by Parliament and all the revenue goes into the revenue fund, and there is no possibility, except by a special vote of Parliament, of setting aside any money for depreciation.

I can understand that, but it tends to leave the asset in a very unsatisfactory condition?—Under the present financial set-up, that is inevitable. You must treat the railways as a utility for public service irrespective of what is insuring. The public has to meet the loss from revenue in the end, so does it matter? The money has to be found from Revenue. If it is desired to replace rolling stock when it is worn out, the money has to be found from the Revenue Fund. If it is desired to make additions or improvements to the existing rolling stock or permanent way, the procedure would be to draw up Loan funds. The Commissioner of Railways has not been placed on a commercial basis but he simply governs a department operating a public utility.

Yes, I can understand that, but when you find the asset wearing down and a deficit accumulating very quickly, what is going to happen?—What do you mean by 'deficit'? Does that matter? The money has to come from the General Revenue fund. If Parliament cares to vote money to the department to make replacements and put the house in order, that can be done provided the money is available.

What check can one obtain as to whether the money is being properly expended or the railways properly run? That seems to me to be leaving the matter wide open to ineffectiveness?—By the degree of service the public would receive.

There might be inefficient use of the money or provision of inefficient service?—That is so, without proper accounts. What you really want to know is whether they should put up such financial statements as would indicate the true position of the railways. Under the present financial set-up the submission of revenue accounts or balance sheets would be an absolute farce.

I am rather inclined to agree with you, but I am concerned with how we can remedy it?—You could probably remedy it, but other places have tried. New South Wales has tried to remedy it since 1928. In that year an amendment was made to the Railway Act creating a separate fund upon which the railways operate and they are required to put up a revenue account and balance sheets. I understand the Auditor General has never certified the balance sheet for another year. I think there was an amendment to the Audit Act in New South Wales creating or bringing under the Audit Act a railway fund in the same way as the revenue fund and loan fund of the State, and another fund which not only covers the railways but, I think, the Newcastle tramways and the Sydney Harbour. All money required by the railways there are voted by Parliament. They are required to keep within their estimates. Any excesses they incur must be appropriated by Parliament. Their revenue does not go into the revenue fund but remains in the railway fund and they have power to create a renewals fund. At least the Act provided for that power but I do not think that portion was proclaimed. That answers your question on depreciation. I think that Mr. du Plessis could give you information with regard to South Africa where they have a renewals fund for which money is set aside.

Are you familiar with the financial set-up in South Africa?—More or less, from what I have seen of the Auditor-General's reports and certain papers you made available to me. I like the South African set-up. I think it would admirably suit both our railways. Do you see any difficulty in applying a similar arrangement?—I think the conditions are very much different here as far as the railways themselves are concerned. In South Africa I think they are practically all main lines.

I have found it a little difficult in connection with railways to understand why there is no definite depreciation allowance charged against them?—Do you mean in the charges which are made against the public of freight and fares?

No. I cannot find anywhere reference to the setting aside from earnings of sums that would enable us to do necessary maintenance and in maintenance I include replacements of worn out materials and the keeping of this asset as close to—I do not like the expression 100 per cent efficiency—but to a straight-line value as close as possibly can?—Unless railways are a commercial proposition and are required to produce a revenue account or a profit and loss account, whichever you like to call it and a balance sheet at the end of the year, what is gained by creating a depreciation or renewals fund? Unless the railways control their own expenditure from their own funds there is nothing gained. At present the revenue fund has to meet all the losses and when it comes to a question of replacements the revenue fund is called upon to meet them.

I understand that the money can be found from State finance, but it makes it difficult to say where blame should be put for the gradual weakening of the asset?—I should say, as a personal opinion, that it is the administration's job to see that its asset is maintained. But if it cannot get the money it cannot maintain the asset.
This was for new equipment charged to capital account?—If you are discarding an old asset for a new, the new asset is not a correct charge against loan funds.

By Mr. du PLESSIS: Why not? It is to replace a worn-out asset?—But we are still not finished paying for the old asset.

You have no renewals fund. If you had it would be a different matter. You would have been taking from revenue something for that fund over the years?—That is so.

It would be beyond the financial resources of these railways to make provision for, say, £100,000 in one year to replace so many engines that had ceased to be economical in that one year. That is why it is unfair to say that should come from loan funds?—That is so. The annual revenue should charge a carrying charge sufficient to set aside money to replace assets. It cannot be done by a vote of Parliament under the present setup, unless the department has control of its own moneys.

In regard to the question of an autonomous financial structure for the railways, I think you will probably agree that a transport system ought to be regarded as a general principle, as a business concern. As any transport company must give service, so the Railway Department must give service to the public. Again, to avoid alacrity, and by this I mean the spending of too much money or not being too careful, it is a purely State concern, and there might be a feeling that the deficit might be made good by some other organisation or the Commonwealth and that there is not too much need to worry. From that point of view it would be desirable to have a separate financial structure for the railways?—More or less it is the only way. There has been that trend already. The electricity branch has been taken from the Railway Department and is working on its own funds, though it certainly cannot pay.

Do you agree that there is much to be said for such a suggestion?—I think you have practical experience to guide you there.

But I should like to have your views, as Auditor General, whether you think that would be an improvement?—As long as Parliament retains control over expenditure, I think it would be.

Mr. A. J. Reid, the Under Treasurer, when examined on the question of separating the finances of the railways from the Consolidated Revenue Fund, said:

By Mr. du PLESSIS: Do you see any merit in a proposal for separating railway finances from consolidated revenue?—The Minister for Railways would introduce a separate railway budget?—I think there would only be merit if the railways were financially self-supporting, but at present I could not see any advantage.

If the railways were a sound economic and financial structure, there would be merit in it?—I should say so. There would be merit from the point of view of the administration of the railways is that the railways would determine themselves what they would spend, as they do at present, largely because their revenue expenditure, once the Estimates are passed, is not subject to any review by the Treasury.

The railways would then obtain money for capital works from loan funds from the Treasury for which they would pay the ordinary interest charge?—That is so. I should imagine if they were financially autonomous they would probably have borrowing powers of their own.

The State can always borrow more advantageously than the railways can?—The State may be able to borrow at better rates of interest, but the general experience is that a semi-governmental body has borrowing powers, by paying a little bit more, it can get its loan requirements by borrowing; whereas it would not be able to get them through the State's loan allocation.

The railways would be a risk from an investment point of view at the present time?—I take it they would be carried by the State, of course.

You think, as a general proposition, it has some merit?—From the point of view of the railway administration, yes.

ESTABLISHMENT OF GOVERNMENT RAILWAYS FUND.

From the evidence placed before us, we are satisfied that if the railways are to function as a stable and economic business undertaking, it is essential that railway finances be divorced from Consolidated Revenue and, for this purpose, we recommend the establishment of a separate "Government Railways Fund" and that all revenue and other receipts (earnings) accruing to the railways should be credited to this fund, and, similarly, all railway expenditure should be met from the same fund.

To ensure stability in railway finance, a number of measures are necessary and these are dealt with hereunder:—

Capital Account and Deferred Maintenance.

The first and most important measure is a thorough examination of the Capital Account of the railways, which stood at £27,000,000 on the 30th June, 1947, and in that connection the question of deferred maintenance will require consideration.

We examined Mr. W. H. Bromfield, Comptroller of Accounts and Audit, on this point, and append hereto extract from his evidence:—

By the CHAIRMAN: You have prepared a statement for which you were asked the other day, dealing with railway capital, depreciation, replacements and renewals?—Yes. (See Appendix "D.")

By Mr. du PLESSIS: Does the £31,000,000 represent the total of your present capital?—Our present capital is in the vicinity of £27,000,000.

Including engine power and rolling stock?—Rolling stock is roughly £5,000,000 and £21,000,000 covers the rest, ways and works, buildings, tracks, etc.; we show the two totals separately in the balance sheet.

You anticipate an expenditure of £800,000 for 1946-47?—That is in relation to relaying in a face out of the proposed provision in regard to deferred repairs or deferred maintenance, that is, relaying where the rails have nearly reached their estimated life.

You estimate an expenditure of £20,000 per annum for five years?—That is for deferred maintenance, there are two or three factors. Last year our working expenses, ways and Works branch, totalled £800,000. The proposed in regard to deferred maintenance is that an amount should be supplemented over a period of five years by £200,000 a year, and indefinitely by another £200,000 a year, so that the deferred expenditure for the next five years would increase our £800,000 of last year to £1,200,000. At the end of five years it would drop to £1,000,000 to maintain the asset at the 1938 standard. Engineering advice is that there are sections of the track not up to standard in 1938; they were about 50 per cent.

For the next five years it will be £1,200,000?—For ordinary maintenance without regard to relaying.

In other words, deferred maintenance?—It will become current maintenance.

Your deferred maintenance would be £30,000?—That £800,000 in the first ten years would be followed by another £200,000 in the succeeding five years, but that would account only for about 1,700 miles of track. About 5,000 miles would be dealt with in succeeding years, but perhaps some of those tracks would not need to be relaid for 40 years, depending upon the density of traffic and climatic conditions.
By the CHAIRMAN: That is a long time.—We can still run trains on tracks that have been down longer than that.

By Mr. du PLESSIS: You say in paragraph 5 that portion of the assets represented by the total of £23,000,000 consists of items which can, when dealt with, be brought up to full value? In the annual report of the Commissioner for 1908-9, reference was made to that, as follows—

With reference to the replacement of obsolete rolling stock, the policy of providing for the replacement of locomotives after a life of 30 years in active service has been discontinued, the view that the sinking fund should be sufficient having been applied also in this case.

That applied also to relaying.

What is the sinking fund?—The State provides a sinking fund for the redemption of loans, amounting to half per cent. That is embodied in the financial agreement with the Commonwealth.

By the CHAIRMAN: That would not meet requirements.—No, but the policy at the time I have mentioned was that we should not provide for depreciation in view of the State making provision for the redemption of the loan money at maturity. That was in 1908-9.

By Mr. du PLESSIS: If the railways are given financial autonomy, there will be no need for a sinking fund provided you have a renewals fund.—That is so; it would be a question of depreciation automatically.

By the CHAIRMAN: You are fully seized of the position?—I expressed the view the other day that unquestionably each year should bear the full cost of the charges for relaying in that year arising from depreciation and wear and tear.

By Mr. du PLESSIS: In paragraph 22 of your statement you show £1,000,000 for buildings, bridges and culverts. That is what you want as your next-egg after starting off scratch?—That will not be covered by deferred maintenance. If we had a renewals or depreciation fund, or a combination of the two, it would not be necessary to provide for that.

You would have had that amount in the fund at this stage?—Yes, if we had adopted that basis. Some of those figures have been estimated with not very much data, but I hope they are intelligent estimates. Assuming that we make certain recommendations for financial autonomy by the Government, it would be a question of the Treasury and yourself determining details of the financial arrangements?—Yes, so that there will be no loadstone around the neck of the new administration. It would be a question of capital placement of locomotives after a certain age and it would have to be determined on an absolute basis, not subject to the Treasury and yourself determining the basis and requiring immediately a revision of the proposals. The immediate concern is to recommend grants which will enable the claimant States to meet their legitimate needs in respect of maintenance work deferred during the war years. In determining these needs the reserves of the claimant States cannot be accepted as a true measure of the absolute needs of those States on a sound basis, and it is clear that the Commission, in the final analysis, will have to base its judgment largely on expert evidence and partly on such examinations as existing statistics will permit.

The Commission desires to honour its undertaking that the claimant States, by reason of their inability to establish adequate reserves for deferred maintenance during the war years, would not be placed in a worse position than they would have been had they been allowed to set up reserves calculated to provide for reasonable deferred maintenance requirements.

Accordingly, in its assessment of the needs of each claimant State, the Commission will take into account the programme of deferred maintenance which it is reliably estimated can be carried out in the year in which the grant is to be paid.

The Commission also accepts the view that actual expenditure from reserve funds created by the claimant States in earlier years, but disallowed by the Commission, should be treated as expenditure from the current budget.
In view of this pronouncement, expenditure on deferred maintenance and regeneration is not being included in the ordinary working expenses and for the same reason it is omitted from this review. Clearance of accretions on these headings should have been provided for out of revenues of the past. It is obviously beyond the capacity of current and prospective railway revenue to liquidate them.

Summing up the foregoing submissions, it is felt that as a first step towards restoration of departmental finances the railways should be relieved of the obligation of operating lines which cannot be expected to pay their way. If, in the national interest, it be desired that rail services on them be retained, the railways should operate them as agents for the State—the latter recouping the department for any deficiency incurred in their working. Otherwise, the railways should be free to abandon sections which show no prospect of meeting outgoings and railway capital should be relieved of their cost less the value of any materials recovered.

It is clear from the evidence placed before us that a large sum is due to the Railways from Commonwealth or State sources for deferred maintenance and that the Capital Account should be written down, or other relief granted, in respect of non-paying lines which were built for developmental purposes. What these amounts should be, or what formula should be adopted for making an equitable settlement, can only be determined after careful examination of all the relevant facts by the Departmental financial officers concerned, including Commonwealth officers.

Renewals Fund.

There was complete unanimity by all the witnesses, who gave evidence before us, that an essential corollary to a stable financial structure for the Railways was the establishment of a Renewals Fund and we recommend the establishment of such a Fund for the purpose of improving and maintaining the Railways at a proper standard of efficiency. The object of this Fund shall be to secure an even distribution of the expenditure which has to be incurred by the spending of large sums at irregular intervals to meet the renewal of assets—

(a) which are no longer serviceable or which have reached the stage where repair is uneconomical;
(b) which have become obsolete by reason of altered conditions, progress in various directions and new inventions;
(c) which, though still usable, have become uneconomical to employ owing to
(i) increased cost of working and
(ii) introduction of more modern types.

With the establishment of a Renewals Fund, the lives of all assets will have to be assessed and this can best be done by an inter-branch committee representative of the two Engineering Branches and the Accounting Branch.

Uncontrollable Expenditure.

A disturbing feature of Railway expenditure is the considerable proportion over which the management has very little, if any, control, and in this connection we refer to our examination of Mr. Raynor, vide the following extract from his evidence:

By Mr. du PLESSIS: As regards the increases referred to on page 3, can you indicate what items represent Commonwealth awards where the State has had no choice in the matter?—The war loading was a Commonwealth rather than a State matter.

What about the basic wage?—That is a combination of Commonwealth and State.

The State falls into line with the Commonwealth in that respect.—Yes. Payroll tax is definitely a Commonwealth tax.

What about additional holidays to wages staff?—These holidays were allowed by the State Arbitration Court, but possibly followed a lead given by the Commonwealth Arbitration Court.

The point is that if the Commonwealth Arbitration Court makes a certain award and you do not follow suit, there would be tremendous agitation here?—Yes.

And you have to try to maintain a balance between the various States?—Last year the Commonwealth Court made an award which had the effect of increasing the basic wage by about 7/- a week. Applications were made in the State Arbitration Court and, as a result, the State basic wage was increased by about 5/- a week. Just who is to blame for that matter, the Commonwealth or the State, I do not know. So far as I am aware, it is the State Arbitration Court that leads us with the additional cost.

I am trying to get a picture as to what may be regarded as Commonwealth injunctions which have put you in the financial soup?—The only matters we can directly blame the Commonwealth for are the war loading and the payroll tax and some portion of the basic wage and award increases, because some of our men work under Commonwealth awards. In the main, the other increases are the result of determinations of the State Arbitration Court. Coal prices are largely the outcome of a contract that exists with the coal company, and of awards of the Commonwealth tribunal. Steel price increases are fixed by the Prices Commissioner, who is a Commonwealth official. The increased price of stores generally is consequent. Superannuation is a State responsibility. Sick leave to wages staff is another State Arbitration Court allowance.

Can you say what control, if any, the railways would have over these items of expenditure?—Now all at.

By the CHAIRMAN: Except that you would fight the claims in the court?—Yes.

By Mr. du PLESSIS: That would be your only means of resisting them?—Yes.

In one of the graphs (No. 4) forming Appendix "C" to this report, we have plotted the relationship between uncontrollable expenditure, in respect of salaries and wages, and total working expenses. It will be observed that uncontrollable expenditure under the above head now forms 67.23 per cent, of the total expenditure and the implications of this aspect of Railway expenditure will have to receive serious consideration under the new financial set-up recommended by us.

The position is all the more disturbing in the light of the extremely unsatisfactory financial position as disclosed by Mr. Raynor in his evidence which we quoted earlier.

Rates Stabilisation Fund.

The Auditor-General was examined with regard to the desirability of establishing a Rates Stabilisation Fund, and we append extract from his evidence:

By Mr. du PLESSIS: We come to the question of railway rates. Would you agree that, in the interests of the country, there should not be undue fluctuation of rates, that they should be stabilised. Suppose there were a number of years of prosperity and then another depression, which is quite likely. There would be only two ways of balancing the budget—by reducing expenditure and increasing rates. Suppose they cannot reduce expenditure any further. I do not think it would be contemplated that you would have a repetition of what occurred in the previous depression, of throwing men out of work. Rather than increase rates, a balance
could be made by drawing on this what might be called freight stabilisation fund which could be built up by taking a bite out of revenue in the good years with a view to weathering possible future storms.

The CHAIRMAN: It is a matter of seasons, too.

The WITNESS: It would only be sound business practice to do that. I was thinking along the lines of the fluctuations of the pound, wages go up enormously and we have already this year the introduction of the 40-hour week. What is going to be done then to meet a sudden emergency like that? Are we going to use the rates equalisation fund or raise the rates to what they should be in relation to the value of the pound?

But that would be a sound general principle—Yes; that is, to enable us to carry on over a period of depression.

We recommend the establishment of such a Fund, the object of which should be the maintenance, as far as possible, of uniformity of rates notwithstanding fluctuations in traffic.

We realise that it may be some time before railway revenue will be sufficiently buoyant to enable appropriations to be made from revenue for building up this Fund, but as the principle is sound, we recommend that the necessary provision should be made for the establishment of such a Fund.

Rates and Fares.

It is not without significance that, with one exception, no representations were received from the public on the question of railway rates. We think this is clear proof that the public generally appreciate the fact that railway rates in Western Australia have not kept pace with increased labour, material and other costs.

As an indication of the attitude of the public we quote hereunder from the evidence tendered by Mr. A. J. Flear, Secretary, W.A. Chamber of Manufactures, Inc., Perth:

By Mr. du PLESSIS: I think the better plan would be that when the Government considers the increasing of rates, there should be a proper investigation by a small committee of experts and you could be given the opportunity of putting your views before it. —We would be very happy to do so, and to explain the type of factories we have and their products.

You may explore the possibility of distribution rates for certain distribution centres with lower rates to enable the manufacturing areas to distribute to those areas at a fairly low cost—Taking Donnybrook as an example, it is not possible to distribute to areas in that vicinity, but our ultimate object will be a distribution from those centres.

You should have a low rate for that purpose—Yes, and embodied in the general revision of all rates with the idea of altering freight rates in the interests of the economy of the country.

You appreciate the need for a general revision and increase of rates—Yes, it is obvious that with increased labour and material costs it must come.

You suggest that when that revision takes place the opportunity could be taken of examining the whole of the rate structure—Yes, I agree that rates should be increased, but when they are increased, revision or consideration should be given to the several points raised.

By Mr. RAYNOR: I take it those references in regard to freight rates refer to manufactured goods—Yes, manufactured or processed goods.

That largely is the present practice in the freight classification?—No, from my experience they are charged the 'C' rate which is the same as that applied to all forms of manufactured articles.

Certain lines are 'C' class, but a lot are in the higher tariffs—Yes, they vary, but the majority of materials are carried at 'C' rates.

On the other hand you agree that rates should go up rather than come down—Yes, to take in increased labour costs, but even when the new basis is arrived at to take up those added costs we should have a revision of all freight rates.

As a general principle, the freight rate has relation to the cost of the manufactured article—Yes, but I would mention that baked apple juice, tomato juice and tomato cocktail are carried at 'C' rate, which is 41s. 9d. per ton. The revision made by your department was for an 'A' rate of 29s. 4d. per ton. We consider that some intermediate rate between 'A' and 'C' could be arrived at which would be satisfactory to both.

Mr. P. C. Raynor, personal assistant to the Commissioner of Railways, dealt very fully with the need of increasing rates and fares, and we append extract from his evidence:

The tariff structure of the department follows broadly the generally accepted railway rating practice of charging what the traffic will bear rather than relating the charge to the cost of the service, and because of its vital influence on the State's economy, primary production, as a matter of policy, received favourable treatment. Railway revenue is not reckoned for services rendered, in pursuance of this policy, at least than cost, nor is an adequate charge, as shown in Treasury and Railway accounts, in respect of the operation of development or other non-paying lines.

For the financial year ended 30th June, 1947, railway earnings failed to meet working expenses and interest by £1,410,836. Had maintenance to requisite standards been possible, and proper provision been made for replacement and renewal of plant and equipment, the deficit would have been very much larger.

The explanation of this adverse showing—and the position must deteriorate unless remedial measures are applied—is that, whilst costs are ever increasing, charges on the whole are at lower levels than in 1920. During 1919 and 1920, following steep rises in operating costs, fares and freight rates were increased to produce additional revenue estimated at £650,000 per annum, but subsequent movements in charge levels were mainly in a downward direction. The dates of these movements, the charges affected and the estimated annual effect on earnings are tabulated hereunder:

<table>
<thead>
<tr>
<th>Date</th>
<th>Charge Affected</th>
<th>Change</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925</td>
<td>1st May</td>
<td>Rates reduced on mining machinery, cyanide, explosives, etc.</td>
<td>Decrease, £28,500</td>
</tr>
<tr>
<td>1930</td>
<td>25th Sept.</td>
<td>'A' and 'B' class increased by 15%, handling charges increased by 3%.</td>
<td>Decrease, £30,000</td>
</tr>
<tr>
<td>1931</td>
<td>1st Oct.</td>
<td>Wool rate reduced.</td>
<td>Reduction, £15,000</td>
</tr>
<tr>
<td>1932</td>
<td>1st May.</td>
<td>Wool rate further reduced.</td>
<td>Decrease, £10,000</td>
</tr>
<tr>
<td>1932</td>
<td>1st July.</td>
<td>Suburban and season ticket fares reduced.</td>
<td>Decrease, £30,000</td>
</tr>
<tr>
<td>1934</td>
<td>1st July.</td>
<td>3rd class goods rate abolished and 'Smalls minimum' scale reduced.</td>
<td>Decrease, £20,000</td>
</tr>
<tr>
<td>1935</td>
<td>1st March.</td>
<td>Reclassification of goods in higher ranges of tariff.</td>
<td>Miscellaneous class up to 20 miles, and livestock rates reduced.</td>
</tr>
<tr>
<td>1935</td>
<td>1st Oct.</td>
<td>'M' and 'G' classes rates increased by 10% 'Smalls minimum' scale raised.</td>
<td>Increase, £40,000</td>
</tr>
</tbody>
</table>

Goods rates in operation in 1921 and at the present time are compared in a statement which I tender.
Actually "Manna" and "Wool" rates are lower now than they were, and the increased passenger fares, due to the reductions which were made in 1932 in order to conduct road competition.

Graphs which I tender show trends in wages, salaries, and materials costs since 1922. No attempt has been made to assess the effect of present operating costs of increases prior to 1st July, 1936, but since that date additional burdens which the Railways have had to shoulder and as tabulated in the Commissioner's report for 1946-47 now in the hands of the printer, have been:

<table>
<thead>
<tr>
<th>Description</th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic wage and award increases</td>
<td>20,000</td>
</tr>
<tr>
<td>Sick leave to wages staff</td>
<td>20,000</td>
</tr>
<tr>
<td>War loading</td>
<td>07,000</td>
</tr>
<tr>
<td>Supervenation</td>
<td>325,000</td>
</tr>
<tr>
<td>Pay rise</td>
<td>79,000</td>
</tr>
<tr>
<td>Additional public holidays to wages staff</td>
<td>108,000</td>
</tr>
<tr>
<td>Penalty rate for night work (wages staff)</td>
<td>26,000</td>
</tr>
<tr>
<td>Coal price increases</td>
<td>144,000</td>
</tr>
<tr>
<td>Sleepers price increases</td>
<td>74,000</td>
</tr>
<tr>
<td>Increased price of stores and materials generally</td>
<td>215,000</td>
</tr>
<tr>
<td>Annually</td>
<td>1,612,000</td>
</tr>
</tbody>
</table>

Unfortunately, the burden does not end with the increases recalled. Advances in the basic wage and alterations to industrial awards since 30th June last will add approximately £251,000 annually to the future working expenses of the Department. Applications awaiting determination by the Arbitration Court will add perhaps another £390,000. The effect of the introduction of the 40 hour week from 1st January next is assessed at £200,000, and its indirect effect on departmental purchases, although difficult to calculate, cannot be ignored. By and large, without looking further afield than the ground which has just been covered, and one would be a super-optimist to think that costs will not continue to climb— it seems that railway operating expenses of the future will have to carry an annual burden of at least £2,000,000 above 1937-38 costs levels.

The deficit on working for 1937-38, £19,053, was the lowest that the Department has recorded for ten years. The improvement was short-lived, however, and we had not advanced far into the war period before it became apparent that increasing costs could not be met at then existing charge level.

Representations to this effect were made to the Minister for Railways by me, dated 2nd November, 1942, in which it was pointed out that increases since 1st July, 1930, had added £1,357,000 annually to working expenses, and that in addition the Department was facing an accumulative liability for deferred maintenance and leave of £1,171,000 which could not possibly be met at existing charge levels. Subsequent minutes on the file which I will tender indicate that the proposals were referred to the Premier, but it was decided in March, 1941, on the suggestion of the Under Treasurer, that the matter would be re-examined in a month or two when a more accurate estimate of the result of our revenue operations for the year could be made.

The papers were re-submitted, in accordance with this decision, on the 29th June, 1944, but were returned without comment, 1st January, 1946, although earlier intimation had been given that the raising of charges would be inconsistent with an agreement which had been reached between the Prime Minister and State Premiers on price stabilisation policy.

The matter was revived by memo, dated 17th January, 1944, in which it was pointed out that increases since 1st July, 1930, had added £757,000 annually to working expenses, and that in addition the Department was facing an accumulative liability for deferred maintenance and leave of £1,171,000 which could not possibly be met at existing charge levels. Subsequent minutes on the file which I will tender indicate that the proposals were referred to the Premier, but it was decided in March, 1941, on the suggestion of the Under Treasurer, that the matter would be re-examined in a month or two when a more accurate estimate of the result of our revenue operations for the year could be made.

The position was summarized and put before the present Minister for Railways on the 23rd April, 1947, and advised on the 2nd September last that:

At its meeting yesterday, Cabinet decided that the question of increased charges be deferred pending the complete investigation of the Railways by the Royal Commission now sitting; and ascertaining what increased revenue can be obtained by increased and improved facilities, together with a full review of other instrumentalities, after which the Government expects that an increase in rates will be necessary in view of increased costs.

File R. 5699/39, which I have tendered, contains all the minutes which I have mentioned, as well as other relevant correspondence.

The following paragraph extracted from the minute of 23rd April 1947, to which I have referred, gives a very fair indication of the Railway Administration's view of financial policy affecting the Department. It reads:

The Railways are carrying all the increased costs which the war has brought, but in conformity with the Commonwealth price stabilisation policy no addition has been made to charges. As an inescapable result, the Railways are recording deficits, and although there are made good to the State by way of the Commonwealth Grant, the Government's decision not to credit the railways with any portion of the Grant is not helping to improve staff morale or promote public confidence in the service, but on the other hand the deficits are noted on by uninformed critics to the administration and reflect on the efficiency of the staff, whose efforts are in no way responsible for the adverse showing. A further illustration of the merit in the claim that credit should be given to the Railways may be had from the fact that representations were made by me to the Government that the loss of revenue sustained by the Department through the use of road transport for coal haulage during 1945 and 1946 be recovered by the Commonwealth, but on the 13th August, 1946, the then Hon. Treasurer advised that he had discussed the matter with the Prime Minister, who replied that he persuaded the amounts referred to were shown in the State's deficit, and as the Commonwealth had met the whole of that deficit the claim could not be met. As mentioned in my annual report for 1946, this department's loss was £203,804 and that of the State £321,750.
since June which must be taken into account in any attempt at restoration of railway finances, so that the amount by which last year's earnings must be increased to cover forecastable future outgoings becomes the total of—

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Recorded loss for 1946-47</td>
<td>£1,410,856</td>
</tr>
<tr>
<td>(b) Additional annual cost, over portion included in 1946-47 expenditure, due to increases during 1946-47</td>
<td>£93,600</td>
</tr>
<tr>
<td>(c) Under standard maintenance during 1946-47</td>
<td>£200,000</td>
</tr>
<tr>
<td>(d) Provision (not made) for renewals and replacements of capital assets, say</td>
<td>£250,000</td>
</tr>
<tr>
<td>(e) Basic wage increases and new awards since June</td>
<td>£231,000</td>
</tr>
<tr>
<td>(f) Further increases anticipated from applications for new awards awaiting determination</td>
<td>£120,000</td>
</tr>
<tr>
<td>(g) Effect of introduction of 40-hour week from 1st January, 1948</td>
<td>£100,000</td>
</tr>
</tbody>
</table>

Total | £2,621,856 |

To that must be added the increase granted last week at Collie, which will increase the coal bill by anything from £1,276,000 to £200,000 a year.

On the actual earnings of 1946-47, viz., £4,045,938, this additional £2,625,000 which will be needed to cover estimated future costs, represents an increase of virtually 65 per cent., and the question arises as to whether the traffic which is being carried on the lines now, should bear such an increase. As indicated earlier, my view is that an increase of 33 1/3 per cent. as proposed in December, 1946, is about as much as traffic rates in the higher ranges of our freight tariff can stand, whilst any greater increase than one-third in passenger fares and receiving rates would seriously endanger that business.

A 33 1/3 per cent. increase in all charges would, on the business for 1941-47, yield £1,940,000, leaving £1,376,000 of the £2,605,000 to be made up from other sources. Traffic in the lower ranges of the goods tariff is not so vulnerable to road competition as the commodities on which the one-third increase is suggested as the principle, and many of the lower freight items could stand a much heavier addition but here again there is risk, if the impost be too heavy, of diverting traffic—or even killing it altogether—as there are some commodities which the railways carry which will not stand high transport costs. Having regard to this danger, and in the general interest of the community, it seems pertinent before deciding the extent to which charges should be increased, to determine whether the railways should continue to be used as they have been up to the present, as a means of stabilising the impecuniosity of Government policy in matters which normally are beyond the scope of a transport organisation, or whether assistance rendered by the railways to primary and secondary industry or in the general interest should be properly costed and credited to the railways from State or Commonwealth funds.

In its thirteenth (1946) report the Commonwealth Grants Commission outlined (paragraph 48) the principle adopted in its third report and reaffirmed in subsequent years that—

Special grants are justified when a State through financial stress from any cause is unable efficiently to discharge its functions as a member of the Federation, and should be determined by the amount of help found necessary to make it possible for that State by reasonable effort to function at a standard not appreciably below that of other States.

Whilst rail charges were pegged under Commonwealth price stabilisation policy the Commission recognised the liability of the State to meet current expenditure from revenue and the annual grants which it recommended lavishly were sufficient, or if not, were supplemented to balance State budgets. Although railway deficits featured largely in the representations which were made in support of the grants, no portion of the amount advanced was credited to railway accounts, with the result that whilst the State squared its ledger, railway deficits remained to provide material for uninformed critics to assail the administration and discourage its staff.

Summing up the foregoing submissions, it is felt that as a first step towards restoration of departmental finances, the railways should be relieved of the obligation of operating lines which cannot be expected to pay their way. If, in the national interest, it be desired that rail services on them be retained, the railways should operate them as agents for the State, the latter recouping the department any deficiency incurred in their working. Otherwise, the railways should be free to abandon sections which show no prospect of meeting outgoings and railway capital should be relieved of their cost less the value of any materials recovered.

The next step should be the crediting to railway revenue of the value of services rendered as a matter of policy at less than cost. The department cannot at present day cost levels, carry superphosphate at the rate of 48/- per ton per mile, or wheat at 1.125/-, and if industry is to be assisted in this way, the assistance should be given through proper channels, not by means of unrecovered railway costs.

Assessment of the revenue which it would be reasonable to credit the railways in respect of non-paying lines and unremunerative services would clear the way for determination of the extent to which increasing the operating costs should be passed on to rail users. Obviously charges which have ruled since 1920, are altogether disproportionate to present and prospective costs, and increases, such as the department has been obliged to meet, cannot be absorbed without increasing charges.

In August last the New South Wales Railways increased fares by 20% and freight by 15% to 40% to gain additional revenue estimated at £5,500,000 per annum. In July, Queensland fares and freight were increased 10%, to yield an additional £250,000. Victoria has also been obliged to raise fares and freight and increases of approximately 15% have operated from the 1st October. From the 14th October, 1947, rates in New Zealand were increased as follows:—Fares by 15%, Goods, Parcels and Luggage 20%, wares 100%.

It may be and probably will be that, after adjustments have been arranged as between the State and the railways, some lower addition to charges than the 33 1/3% suggested, will be sufficient to cover costs, and to allow proper provision to be made for future renewals and replacements, but the necessity for such provision should not be ignored, even if the increase must be higher.

In reference to the exhibit just tendered you will notice that in every case the Western Australian rate for any distance shown is the lowest in Australia. The rates have not been specially selected and they represent every day lines of traffic and in most cases our heaviest lines of traffic: coal, wool, wheat and so on. There is one case there I notice where Victoria is lower as regards freight. I think that is the exception. In the suburban passenger fares Western Australia has the lowest. In regard to country passenger fares, South Australia is 1d. lower in first-class single fares for 100 miles and 3d. lower in second-class return fares for 100 miles. In every other case the Western Australian fare is the lowest.

Mr. Raynor also dealt with less-than-cost services rendered by the railways; he said—

Railway revenue receives no credit in respect of the operation, as a matter of policy, of lines which have no prospect of meeting costs, nor for the rendering of services in pursuance of Government policy at unremunerative rates. The traffic of many of our branch lines cannot carry the costs of their operation, and the Department incurs a heavy annual loss in maintaining services on them. Even with the 33 1/3% increase in charges, earnings on many sections would still be below working expenses without any contribution towards depreciation or interest. Unfortunately, sectional earnings are not regularly recorded, nor is it possible with
accuracy to determine sectional expenditure, but a close approximation of four typical sections was recently attempted with results which are indicated in a statement which I tender.

In the compilation of the results, earnings were calculated on an actual mileage basis with an addition of 10% in consideration of the section originating the traffic. Expenditure was calculated on the following bases:

(i) Actual train miles run, supplied from Traffic Branch records.

(ii) Operating cost, for traffic only, per train mile is based on the formula used by the Civil Engineering Branch from analysis given in standard textbooks on railway location. The figure is approximately 45% of the general train mile expenses, and for Western Australia under present conditions is taken as 6d. per train mile (i.e., 45% of 157.81d., the latter being the working expenditure per train mile, exclusive of interest, for 1946/47).

(iii) Maintenance of track per train mile is taken as:—

Number of sorters x £500—

Train miles run

The figure of £500 - per man is considered to include wages, materials, and a proportion of supervision.

The losses shown take no account of interest or depreciation. Time and staff limitations prevented the analysis from being taken further, but there are many other sections where results would be somewhat similar, and whose operation in the aggregate is a heavy burden on the department.

Then again there are many of our rates which are altogether incommensurate with present day costs. It is generally recognized that accuracy in the determination of the cost of freighting any particular commodity is impracticable of attainment, even with the aid of statistics which are far beyond the range of what are available to our service, but a reasonable approximation can be attempted if the basic hypotheses be accepted that each ton of goods or livestock, costs the same per mile to haul, and that there is no material difference in working costs per train mile as between goods and passenger trains.

The average receipt per ton mile from paying goods and livestock traffic handled by the department during 1946-47 was 1.79d. An increase of one-third would take the figure to, say, 2.39d. Commodities carried at rates which, with a one-third addition, would still have returned less than 2.39d. per ton mile during 1946-47 and the further additions which would be needed to raise the earnings from them to that figure, are tabulated hereunder:—

<table>
<thead>
<tr>
<th>Description</th>
<th>Ton mileage 1945-46</th>
<th>Earnings per ton mile 1946-47</th>
<th>After adding one Third</th>
<th>Further addition needed to bring earnings to 2.39d.</th>
<th>Annual amount of further addition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local coal</td>
<td>30,910,876</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>£136,095</td>
</tr>
<tr>
<td>Hay, straw, and fodder</td>
<td>4,093,068</td>
<td>1.30</td>
<td>1.43</td>
<td>0.13</td>
<td>£15,928</td>
</tr>
<tr>
<td>Wheat</td>
<td>62,208,057</td>
<td>1.27</td>
<td>1.39</td>
<td>0.12</td>
<td>£1,955,635</td>
</tr>
<tr>
<td>Flax</td>
<td>1,673,789</td>
<td>0.30</td>
<td>0.34</td>
<td>0.04</td>
<td>£60,282</td>
</tr>
<tr>
<td>Local Timber</td>
<td>31,092,896</td>
<td>1.70</td>
<td>2.05</td>
<td>0.35</td>
<td>£55,850</td>
</tr>
<tr>
<td>Fruit and Vegetables</td>
<td>19,050,479</td>
<td>1.60</td>
<td>2.13</td>
<td>0.53</td>
<td>£50,671</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>9,091,075</td>
<td>0.48</td>
<td>0.64</td>
<td>0.16</td>
<td>£17,344</td>
</tr>
<tr>
<td>Grain and Special Grain</td>
<td>7,751,870</td>
<td>0.75</td>
<td>1.01</td>
<td>0.26</td>
<td>£208,729</td>
</tr>
<tr>
<td>Total</td>
<td>20,195,049</td>
<td>1.19</td>
<td>1.69</td>
<td>0.50</td>
<td>£47,792</td>
</tr>
</tbody>
</table>

It is, of course, appreciated that some commodities provide more concentrated loading and are cheaper to handle than others, also that some require special precautions of wagons for their conveyance. To that extent calculation of costs on an overall basis admittedly is not without flaws, but the analysis at least is indicative of the fact that the railways are carrying a large volume of traffic at rates which constitute a substantial subsidy to rail users and if, as a policy, the subsidy is to continue, its extent should be assessed and credited to railway revenue.

There are services on the coaching side also for which full value is not received. As a matter of policy, children attending primary schools are carried free or at specially reduced rates. Concessions are extended to other students and to juniors and apprentices in industry. Workers and others in the Goldfields and pastoral areas are granted special holiday concessions, as are nurses, members of the Police Force, and others in travelling on leave. Women and children of the agricultural areas also are specially catered for. The value of these and other concessions granted as a matter of policy has not been calculated, but it is capable of assessment and must run into quite an appreciable sum for which the department should receive due credit.

There is precedent as well as equity in the contention that the State should reimburse the Railways in respect of services which they render, as a matter of policy, at less than cost. For many years the earnings of the New South Wales Railways have included an item of £200,000, representing a contribution from the Government towards losses on working of country developmental lines. Similarly, in Victoria, recoup to Railways from the Treasury has been made for some years on account of loss resulting from reduction in suburban fares and working of certain lines of railway. For the vear ended 30th June, 1948, the amount of remun was £25,904. In South Australia the Government has for some time regularly contributed an amount of £120,000 each year, to be applied towards paying 20 per centum of the prescribed freight charges on the rail carriage of primary products. In other Australian States the railways systems have been relieved of a considerable portion of their interest bill by the writing down of debt as shown hereunder:

Queensland:—Reduced by £28,000,000 as from 1921.
Tasmania:—Reduced by £4,738,000 as from 1936.
Victoria:—Reduced by £30,000,000 as from 1937.

In regard to Victoria, prior to the writing down of capital in 1937, recoup was made by the Treasury in respect of losses incurred in operating certain non-paying lines, and reductions in freight charges on pastoral produce, wool and livestock. In the preceding year these recoups amounted to £268,920.

Regarding New Zealand, the following extracts from the Railways Statement presented by the Minister for Railways, Hon. B. Semple, on the working results for year ended the 31st March, 1947, indicates the position in that country:—

"The final result was a loss on current operations of £94,213, and the full difference between gross revenue and gross expenditure, plus interest charges, amounted to £2,257,133. As mentioned in last year's Statement, it was considered that, in the interests of stabilization, rates and fares should not be increased, and therefore the deficit of £94,213 has been met from vote, 'Economic Stabilization'." Leaving out account the subsidy on development branch lines which operated between 1923 and 1929, the year 1948 was the year in which interest charges were paid in full since the reorganization of accounts in 1926. Having regard to the history of the construction of the railways and their developmental nature, it was considered that, so long as operating-costs were paid, stabilization considerations governed the situation and that the excess of interest charges over net revenue should be met from the Consolidated Fund, as has been the case for many years past.

An operating loss raises, however, other considerations, including that of the possible effect upon the morale of the service and its efficiency.
In all the circumstances, it is considered that an
endeavour should be made to meet operating-
expenses from revenue, and accordingly fares will
be increased by 1½ per cent. and freights by 2½ per
cent.

As this increase will date from 14th September,
1947, it is estimated that the sum of £544,000 will
be required from the vote, 'Economic Stabilisation'
for the year ending 31st March, 1948, but it is
estimated that the increases should be sufficient to
avoid the need for a subsidy during the following
year.

The capitalisation of the New Zealand Railways was
reduced by £16,400,000 as from April, 1931.

A factor which enters largely into consideration of
the question of rehabilitating railway finances is the
extent of assistance which may be forthcoming to that
city from the Commonwealth.

We feel an irresistible case has been made out for
a general increase in rates and fares, but before the
extent of such increase is decided, we recommend
the following steps be taken, viz.:—

(a) Investigations be undertaken by an Inter-
Departmental Committee, comprising the
Under-Treasurer, the Auditor-General and
the Comptroller of Accounts, and Audit, for
the purpose of settling the details of the
financial responsibilities to be undertaken by
the Government and the Railways respec-
tively, in terms of the recommendations
which we have made in this chapter, with
regard to:—

(i) Capital Account and deferred main-
tenance.

(ii) Relief in respect of non-paying lines;

(iii) Less-than-cost services rendered by the
Railways.

(b) Concurrently with the investigation referred
to in (a), a small departmental committee of
not more than three Railway Officers
should examine what adjustments—as dis-
tinct from a general increase of rates—
should be made in the rates classification.
This committee should take evidence from
the users of the Railways.

When the results of the investigations referred to
above are known, it will be possible to reach an
equitable decision with regard to the extent to which
rates and fares should be increased.

In view of the deplorable state of Railway finan-
ces, we would stress the urgency of arriving at an
early decision.

Drafting of Legislation.

It is realised the drafting of a Bill to implement
our recommendations for a new financial set-up for
the Railways, will be a task of considerable magni-
tude and will necessitate much detailed investigation.
We suggest the best course to follow would be for
the three Government financial experts referred to
above, after the completion of their detailed investiga-
tions relative to the matters enumerated, to draft
the financial clauses of the amending Bill before it
is considered by the Parliamentary draftsman.

CHAPTER 7.

CONTROL AND ADMINISTRATION OF RAILWAYS.

Statutory Provisions.

We have given close attention to the statutory
provisions under which the Railways are controlled
and administered. The main provision is Section 4
of the Government Railways Act, 1904, which stipu-
lates that all Government Railways shall be vested in
the Minister for Railways, on behalf of His Majesty.
Under the provisions of the Government Railways
Act, 1904-1909, Ministerial and Parliamentary con-
trol of the Railways covers the following matters,
viz.:—

Sections 7 and 13:—The appointment, supervision
and removal from office of the Commissioner of Rail-
ways is subject to the approval of Parliament.

Section 24 (1) & (2):—The making of by-laws for
the working of the railways generally, regulating the
traffic on them and the conduct of all persons employed
on or travelling on the railways: Control in this section
is exercised by virtue of the fact that all by-laws re-
quire to be laid before both Houses of Parliament,
which may, if it sees fit, disallow any by-law.

Section 57 (2):—The letting or lease of any portion
of a railway, with the rolling stock and other appurten-
ances thereto belonging, to any person willing to take
and work the same. The terms and conditions of the
lease must be laid before Parliament not less than
twenty days before tenders are called for.

Control is exercised by Parliament in respect of
finance as represented by the provision for depart-
mental requirements contained in the annual Estimates of
Revenue and Loan Expenditure submitted to Par-
liament by the Hon. the Treasurer.

Section 16 (Part 3):—The omus of management of
the Railways by the Commissioner is 'subject to the
provisions of this Act.'
Section 62.—Crowing of easements in, upon, through, over or under any railway land.

Sections 23 and 24.—The Commissioner is empowered to make by-laws upon various subjects, subject, however, to the limitation that no by-law made under Section 23 shall have any force or effect unless it has been approved by the Governor and published in the Government Gazette.

These are the statutory provisions relating to Parliamentary and Ministerial control of the Railways, and it might serve a useful purpose if, before commenting on the need for making any change in this control, we deal briefly with the advantages and disadvantages of State ownership of Railways.

Advantages and Disadvantages of State Ownership.

State Ownership of Railways:—

(a) Enables the country to be developed without the weighing of profits being the paramount consideration;
(b) Enables the general policy relating to, and the framing of, tariffs to be directed in harmony with a broad policy of State development;
(c) Enables costs to be reduced to a minimum by Government security and facilities in such directions as expropriation, legislation, simplification and cheapness of financing, etc.;
(d) Safeguards the interests of the community as a whole by ensuring equality of treatment for all, irrespective of the amount of traffic-covered or other influences;
(e) Ensures reasonable stability in times of depression when the State, with its larger resources, is able to finance a deficit which might wreck a private company;
(f) Ensures co-operation with State departments in such matters as labour policy, land settlement, assistance to farmers in times of drought, assistance in times of war, etc.;
(g) Ensures better facilities for obtaining information and studying methods in other countries, such facilities being more readily available to Government representatives than to private individuals;
(h) Results in constant study of transportation problems from the point of view of securing the utmost public benefit through the most efficient service at the most economical rates;
(i) Ensures reasonable security of tenure, equitable treatment and stability to the staff;
(j) Ensures full co-operation between the Railways and the Government in International, Commonwealth or State matters.

On the other hand, the disabilities inherent in any State-owned railway system are:

(a) undue political pressure, particularly with regard to such matters as tariffs, new lines and general facilities;
(b) political pressure in staff matters, and a tendency on the part of servants to resort to political influence to obtain redress of grievances or to secure concessions or preferential treatment;
(c) ventilation of staff and other purely domestic matters in Parliament;
(d) association of the management of the railways with the Government in the minds of the people, with consequent political attacks on the management;
(e) a tendency to over-regulation and to stifle initiative and progress by a too rigid insistence on uniformity;
(f) a tendency to stultify initiative and business acumen.

Private Ownership and Operation of Railways Not Practicable in Western Australia.

We do not think that with Western Australia only on the threshold of its development, and for other reasons which need not be enumerated, the ownership and operation of the railways in this State by a private company is a matter of practical politics.

In Chapter 4 we have dealt with the proposals for the constructional rehabilitation of the railway system. This programme envisages the spending of such large sums of money that it will place a heavy burden on the State; it might conceivably even be beyond the resources—financial, material and labour—of the State. Having regard, therefore, to the magnitude of these reconstruction proposals and the financial implications of their implementation on the State, coupled with the fact that the railways must continue to play a vital role in the further development of Western Australia, we cannot see how a weakening of Government control can be contemplated at the present critical stage.

Establishment of Advisory Board of Directors.

We do not suggest that the Government should assume more direct responsibility for the management and working of the railways—these we regard as the functions of the Commissioner of Railways which should not be interfered with; but we are of opinion that the time has arrived when the Minister for Railways should have the benefit of the advice of a Board of Directors—a Railway Board—which should advise the Minister on all matters of policy.

We recommend that this Board should consist of three members, appointed by the Governor, and that they should hold office for five years, but that on the expiration of their term of office, they be eligible for reappointment.

We recommend further, that the members should, as far as possible, be chosen, one for his knowledge of agriculture, the second for his knowledge of commerce and industry, and the third for his knowledge of labour and industrial matters.

Functions of Board of Directors.

We recommend that it be laid down in the Act constituting this Board that it shall be incumbent on the Minister for Railways to consult the Board upon all matters of policy concerning the administration of the railways, but more particularly upon the following matters:

(a) The general policy of the railways;
(b) any substantial alteration in the tariffs of rates, fares and charges of the railways;
(c) the Estimates of Revenue and Expenditure, including expenditure from Loan Funds, which are from time to time to be submitted to Parliament;
(d) all Bills affecting the railways which the Minister proposes to submit to Parliament;
(e) the expenditure of any sum exceeding one
thousand pounds in respect of any one railway work or service, other than a work or service expressly authorised by Parliament;

(f) the general policy regarding diminution of expenditure;

(g) any substantial alteration in the scales of salaries, wages or hours of duty of railway servants;

(h) any substantial change in the organisation of any of the branches of the railways;

(i) the investigation of such schemes of railway construction and development as the Minister thinks should be carried out;

(j) the administration of the different railway funds referred to in Chapter 6.

It is doubtful whether the Board will have sufficient work to justify the appointment of full-time members, and if an experienced railway officer is appointed as full-time secretary to the board, as well as secretary to the Minister, it is considered the members should be part-time only.

The Commissioner of Railways should attend all formal meetings of the board, at which the Minister will preside, so that he can give advice on any matters discussed.

In putting forward these proposals for the establishment of the board of directors to advise the Minister for Railways on all questions of railway policy, we are influenced by two main considerations which we regard as essential requirements for an efficient State-owned railway system, namely:—

(1) The Minister for Railways, in consultation with the board of directors, must continue to lay down railway policy and be responsible to Parliament for the efficient control and administration of the railways.

(2) The actual management and working of the railways cannot be undertaken efficiently by a body whose members have not an expert knowledge of railway management and railway operation.

We wish it to be clearly understood that it is our intention that the board of directors shall function purely in an advisory capacity to the Minister for Railways, and shall not have any jurisdiction over the actual management and working of the railways, which we regard as the function and responsibility of the Commissioner of Railways.

CHAPTER 8.
MANAGERIAL AND BRANCH ORGANISATION.
MANAGEMENT COMMITTEE.

In terms of section 16 of the Government Railways Act, 1904, the management, maintenance and control of every Government railway are vested in the Commissioner of Railways and, as we have stated earlier in this report, we regard the management and working of the railways as being the function of the executive head of the railways.

Managerial Head of Railways to be Permanent Railway Official.

In contradistinction to the practice followed by other State-owned railways in other countries, of appointing a permanent railway officer as the managerial head of the railways, the Commissioner in Western Australia is appointed for a specific period only, that is, five years, although in terms of section 11 of the Act, he is eligible for reappointment at the expiry of his term of office. The Commissioner of Railways (Mr. Ellis) when examined on this point, expressed himself as follows:—

By Mr. du PLESSIS: With regard to the period of your appointment, do you think it would lead to greater stability if the Commissioner were appointed in the same way as any other Government officer; that is, he would be a permanent head of the railways until he retired in the normal way?—It would, definitely, I think. It would strengthen the position. The independence of the Commissioner is naturally limited to his term of appointment; and it may be that, if he expressed views contrary to those held by the Minister in the case I have stated, Mr. Marshall—when his term expired he would not be considered as suitable for reappointment. Naturally, if that five year limit were removed, it would increase the independence of the Commissioner.

It makes one's position insecure at the present time?—Definitely. Might I say that it really means there is political control on a long-range basis.

We consider it to be essential in the interests of objective and efficient management, that the managerial head of the railways should be a permanent railway official, who will not be dependent for reappointment on the political complexion of the Government of the day. We accordingly recommend that when making future appointments to this position, the selection should be made from the ranks of the senior officers of the railways, and that the incumbent should continue in office until he reaches the normal retiring age, unless of course, he has to be dealt with for a misdemeanor under the provisions of section 13 of the Act.

General Manager to be Managerial Head of Railways.

We have endeavoured to trace the origin of the nomenclature “Commissioner of Railways” and Mr. Ellis, when examined on this point, replied as follows:—

By Mr. du PLESSIS: I would like to go back on to the question of the higher organisation. First of all, dealing with the title of Commissioner—I have not been able to find the origin of the title “Commissioner.”—Would I be correct in saying that it probably originated from the fact that the Commissioner is appointed or commissioned for a specific period?—Yes. I am like you. I do not know the origin of the title either. Originally the Commissioner of Railways was a member of the Government prior to a salaried officer being appointed.

That would be a correct deduction, to say that he is commissioned for a specific period to manage the railways?—Yes.

If the Commissioner became a permanent head of the railways, do you not think the title of Commissioner would be rather a misnomer?—I cannot see why it
is a word we are more used to in Australian railway circles than elsewhere. I know that in London, when I said that I was a commissioner, they thought I meant "Commissionaire."

It is not a material matter, but it just occurred to me that if, for instance, the Commissioner became a permanent head of the Railway Department the title would be rather a misnomer?—It may be, but I think it stinks Vitruvian because of its uniformity with other Australian systems. That is so, but it does create a sense of aloofness. If you had the title of general manager that, in effect, is what you would be if you were a permanent officer. That would be a more permanent title, taking into account that the Commissioner has a fixed tenure?—I do not think there is very much in the point.

If our recommendations, with regard to according the railways financial autonomy and making the railways financially self-sufficient (vide Chapter 6) are accepted, this important State department will be required to function as an ordinary industrial and commercial undertaking. In these circumstances, we feel the title "Commissioner of Railways" will hardly be an appropriate description for the managerial head of the new organisation.

There should, in our opinion, be no doubt in the minds of the public that the person occupying this responsible position is in charge of the State's largest business undertaking, and we, therefore, recommend that the title "Commissioner of Railways" be changed to that of "General Manager of Railways." If this change is made, we feel there will be no room for doubt with regard to the functions and duties of the head of the railways management.

Appointment of Assistant General Managers.

Some doubt has been expressed as to whether a "one-man" management of the railways is in the best interests of the State, and whilst this objection will be largely met by the appointment of a board of directors, referred to in Chapter 7, whose functions we have recommended should be specifically laid down by an Act of Parliament, we feel there is need for further strengthening the managerial control. In our opinion, this can be done only by the appointment of two officers as assistant general managers, one to be in charge of the commercial, traffic and accounting branches, and the other to assume control of the two engineering branches—civil and mechanical—as well as the stores branch.

We were in some doubt as to the justification for the appointment of two full-time assistant general managers, but in view of the difficulties mentioned by the Commissioner of Railways in his evidence quoted hereunder, and having regard to the many complex railway problems both on the engineering and commercial and operating sides, awaiting a solution, we feel the circumstances warrant strengthening the managerial organisation by making the two appointments in question on a full-time basis. The alternative would be to appoint one assistant general manager only, but we consider this would weaken the organisation in that either an engineering officer will then be required to deal with commercial and operating subjects, or a non-technical officer will have to deal with engineering matters; this we regard as unsatisfactory.

Examination of Mr. J. A. Ellis, Commissioner of Railways.

By Mr. RAYNOR: In the early part of the inquiry, Mr. du Plessis, in dealing with the question of future administration, asked your views on the appointment of two assistant commissioners, one of whom it was suggested might be the chief civil engineer as well as Assistant Commissioner for the time being. Have you given any thought to that matter since?—Yes. I do not think it would be practicable or helpful to superimpose the duties of assistant commissioner on one holding the office and confining to hold the office of head of a branch, particularly the engineering branch. The jobs of chief mechanical engineer and chief civil engineer are completely and wholly full time. I do not like the idea of duality at all. It would be better if I were given definite assistance in the way I have suggested frequently and before the Commission if it is necessary to depart from single man control. A board of control on the lines of the Victorian Commission or by the appointment of assistant commissioners to look after various phases.

By Mr. du PLESSIS: You make a comparison with Victoria which has a chairman and two commissioners. Do you think the comparison is justified?—I qualified that in evidence-in-chief by saying if it is necessary to dig away from single man control, our mileage is considerably greater than Victoria's, but its revenue is considerably greater than ours.

And its staff is considerably greater than yours?—Yes.

Could not you overcome that difficulty by having a technical officer and a commercial officer from branch heads and strengthening their organisation?—That would be necessary on account of the extra work to be done.

By the CHAIRMAN: You would have to strengthen the ordinary organisation?—Yes.

By Mr. du PLESSIS: You would not expect everything intended for you to pass through each assistant commissioner? There would be a sub-division of work?—It would be useless unless you had a sub-division of the work.

I was thinking that from time to time certain big matters would require attention and that once or twice a week you would come together and decide them?—We already do that. It is my practice if something of importance occurs on which there might be varying views to call the heads of branches together and have a discussion. I have one politician for this afternoon. I welcome the idea of assistance, but I do not think it would be practicable to have the assistant at the same time a head of a branch. If our system is not big enough to justify the adoption of the Victorian scheme, or if something of that nature is required by the Government, it would be better to give a personal assistant or assistant commissioners, or one or two, rather than try to economise—that is all it would be—and overburden the head of a branch and not provide the useful help that the Commissioner requires.

If one assistant commissioner were appointed, you would create a bottleneck, because all the work must flow through the one channel?—No, you could say definitely that one would have specific responsibilities, say, to look after all staff and labour matters and that they need not go to the Commissioner at all. Quite a lot of time is taken up at present in dealing with unions.

But things that must go to you pass through the bottleneck?—Anything of minor policy, yes, but there are not many things under that heading. It is the things of secondary interest that necessarily take up most time. I am quite sure that the idea of doubling up on the heads of branches would not work. I do not like it.

I can see the difficulty, but it had in mind that if you got assistance you could strengthen the branch of the man appointed. If, in course of time, you found that the arrangement did not work satisfactorily, you could take the next step, but at the present stage there might be some difficulty in justifying the appointment of two assistant commissioners?—I agree. I think the only practical way, if we are to have more than a single man control, is to make a definite appointment as assistant, under whatever guise or title you care to adopt. If the chief mechanical engineer or chief civil engineer should be chosen, relieve him of his job and do not give him dual responsibility.
The appointee would be either an engineering officer, a commercial officer or a traffic officer and his appointment would weaken his organisation—\( I \) do not think it would weaken the organisation to have him as assistant and fill his job. \( I \) am presuming you have in mind the man in question the chief mechanical engineer. His job should be filled by a man of adequate capacity and to manage. \( I \) know it could be filled; \( I \) have a man in mind. If he came over, it would mean extra expenditure, but we could get some benefit from it. If I simply overload the chief mechanical engineer by dragging him from his own job, it would not be workable.

Let us follow that through. Say you retired at some time or other and a commercial officer became commissioner. Your next senior man might also be a commercial officer and thus you would have two commercial officers at the head of affairs and the organisation would not be properly balanced—\( I \) should disregard seniority in a matter of such importance.

But you would do an injustice owing to fortuitous circumstances—\( I \) that is one of the strongest arguments for a continuation of single man control and of definite assistance being given to the Commissioner so that he could delegate authority to the assistant.

By the Chairman: Once you begin delegating authority you might as well create the officer—\( I \) agree, but the degree of delegation would depend upon the degree of responsibility taken by the appointee.

And unless he could take that responsibility, it would not be of much use—\( I \) think so.

With the appointment of two assistant general managers, the general manager, assisted by the two assistant general managers (these three officers will form the management committee), will exercise the functions hitherto vested in the Commissioner. For the purpose of focusing attention, on the one hand, on the fact that the general manager is the managerial head of the railways, and, on the other hand, to obviate any impression of aloofness or inaccessibility in so far as the public and the staff are concerned, we recommend that all documents, letters, etc., requiring the approval of the general manager, should be signed by the general manager under his own designation, or by one of the assistant general managers on his behalf.

It is recommended that the two assistant general managers be appointed as members of the management committee by the Minister, and that they hold office until they normally retire from service, but that they be also made subject to the provisions of section 13 of the Government Railways Act, 1904. To ensure a balanced organisation one of the assistant general managers should be an officer possessing a thorough knowledge of the commercial, traffic or accounting branches whilst the other assistant general manager should be a technical officer.

**Parliamentary and Finance.**

The preparation of the annual estimates for submission to Parliament, the drafting of financial and other Bills affecting the railways, preparatory to being submitted to the Parliamentary Draftsman for final drafting; the compilation of information for the annual railway Budget, and other data required by the Minister for Railways for the purposes of Parliament, as well as the preparation of the general manager's annual report, are matters which will require the personal attention of the management committee and we recommend that a post be created for a parliamentary and financial assistant, who, in addition to undertaking the duties which have been described, will also be the secretary of the management committee.

**DEPARTMENTAL ORGANISATION.**

The general organisation of the Western Australian Government Railways is based on the well-known departmental system, and whilst we consider that in the present state of development of the railways, this organisation is the most suitable, we feel that in certain directions there is need for strengthening some of the branches.

**COMMERCIAL AND STAFF BRANCH.**

There is, at present, no clearly defined organisation for controlling and directing the work in this important branch of the railways, although the secretary for railways is, to some extent, the responsible head of the branch.

**Appointment of Chief Commercial and Staff Manager.**

We regard both the nomenclature of secretary and the organisation, as doing less than justice to the importance of the work, and in this connection we have been impressed with the lack of business acumen, and the failure to "sell" railway travel, on the part of the management. This may, in part, be ascribed to the deplorable state of inefficiency to which the railways have sunk; but, whatever the causes are, we feel very strongly that the commercial or business organisation should be strengthened if the railways are to give efficient service to the public, and hold their own against road competition in the future. We accordingly recommend that provision be made in the new managerial set-up, for the appointment of a chief commercial and staff manager to replace the secretary. We are of opinion that by making this change, it will assist in constant attention being focused on the business aspect of railway operation and the need of giving better service to the railway users.

**Appointment of Commercial Superintendent.**

In order still further to strengthen the commercial side, we recommend the appointment of a commercial superintendent, who will be responsible to the chief commercial and staff manager for the control of all the commercial activities of the railways.

**Establishment of Tourist Section.**

Tourist traffic should be energetically fostered, and we recommend the establishment, under the control of the commercial superintendent, of a tourist section, to be responsible for all inclusive tours (rail, road, sea and air), the reservation of hotel accommodation for persons undertaking such tours, and the arrangements in connection with the running of special touring trains.

**Establishment of Publicity Section.**

Publicity and a close study of public relations, are matters which today call for special attention, and we recommend that a publicity and public relations section be established under the control of the commercial superintendent. This section should be entrusted with the task of publicising and popularising railway travel. Particular care should be taken to select the right type of officer to take charge of this section.
In making this recommendation we realise that a railway publicity committee is already in existence, but as will be evident from our examination of Mr. P. C. Raynor, personal assistant to the Commissioner of Railways, this committee does not meet the objects which we have in mind. We quote the relevant evidence hereunder:—

By Mr. du PLESSIS: Dealing with the composition of this committee, have you much faith in such a large committee? How frequently does the committee meet?

—Once a month now.

How long does a meeting last?—Usually all the afternoon, from about 2.15 to 5.30, and it is a difficult matter to get through by that time.

Could not one man who knew the job do it much more effectively?—We are expecting the permanent secretary to do quite a lot. At present it is a job that is taking up a lot of time of senior officers.

I do not know what contribution they could make to publicity?—The name is not fully descriptive of the committee. That is why I included the Commissioner’s personal message in full. It is more of a goodwill committee than a publicity committee.

I could understand a Public Relations Officer would do the job more effectively because he could get information and would know what to look for.—We have a Public Relations Officer attached to the Commercial Agent.

By the CHAIRMAN: Is he working in the department or outside?—Mostly outside. Various members of the Publicity Committee go into the country and call meetings of the staff. They address the meetings and try to get an understanding of the staff’s difficulties and feelings and do what they can to adjust little complaints and grievances.

By Mr. du PLESSIS: When I think of the Publicity Committee, I associate it with the public. This does not seem to be a committee of that sort?—It is not.

By the CHAIRMAN: If it is meant to get around amongst the staff, I think it misses altogether. You have all the heads of your departments, but none of them are necessarily very close to the staff?—I think they get closer to the staff in this way than would be possible in any other way. These meetings are after-hours meetings. We have gone to places on a Saturday and addressed meetings of railwaymen. We have gone to Narrogin, addressed a meeting, and come back the same night. It is overtime work for members of the committee.

It is a formal business for heads of branches to address a body of men?—I would not agree. I think we could do it better that way than any other way. That has been my experience at these meetings. You can get them to talk freely and have a better understanding of their feelings and grievances. I would like to see this committee made a permanent feature, not as a committee but as a section.

That is what I was aiming at when I asked you if you had a personnel officer. That will come naturally as soon as you get your staff properly organised?—I was not the original chairman of the committee. My predecessor, as assistant to the Commissioner, was the first chairman, and I took over from him. It is voluntary work done by men who have plenty of other things to do, and it has been done by them because we have no other staff available to do it. When we can build up a staff and get the right type of men, I would like to see some of the activities of the publicity department incorporated in the permanent section as full-time work. In fact, since I have been chairman, I have been able to get a permanent secretary appointed. We had a part-time secretary when we started.

What experience has he had?—Quite general. He was a traffic officer in the first place. When appointed, he was personal assistant to the Chief Traffic Manager. He has a diploma in journalism and has done quite a lot of work in debating clubs and that sort of thing.

By Mr. du PLESSIS: I probably misunderstood the position. To me, publicity included publicising the railways, but this committee is to make contact with the staff?—We have felt that it is a half-slip to publicise the railways. We have a lot of things to do to put our house in order. Publicity invites criticism, and we have a lot of cleaning up to do.

You must walk before you can run?—Yes. My feelings as Chairman is that we cannot, through lack of funds, manpower and materials, do much towards physical improvement of the department. But we can, by work such as the committee is attempting, help to build up the morale of the staff, or hold it together, until things improve."

Under the proposed organisation, in addition to the new sections mentioned above, the following sections should come directly under the control of the commercial branch, viz: Freight and fares; claims; records; dining car and refreshment services; railway institutes.

The work in the assets section is of a semi-technical nature and we recommend this section should come under the control of the parliamentary and financial assistant, the work coming under the general directive control of the assistant general manager (technical).

Advertising work should be transferred to the publicity section.

The control of the Port Hedland railway should be transferred to the chief operating manager.

Staff education and training work, at present undertaken by the secretary of the Railway Institutes, should be transferred to the control of the staff superintendent. The control of the ambulance section should also be vested in the staff superintendent.

STAFF MATTERS.

With the disappearance of the secretary’s branch, we feel the whole organisation in the Commissioner’s office for dealing with staff matters should be reviewed in order that this branch of the railway service may receive that measure of attention which the importance of the subject merits.

Functions of Industrial Agent.

The industrial agent is the most senior officer in the Commissioner’s office dealing with staff matters, but as he has to represent the management at the hearing of cases by the Arbitration Court, it is inevitable that, in the eyes of the railway staff unions, he should be regarded as the “nigger in the woodpile” in so far as their representations for increased rates of pay and improved conditions of service are concerned. The Commissioner of Railways, as well as the representative of one of the staff unions who gave evidence before us was examined with regard to this aspect, and we quote hereunder extracts from their evidence:—

Examination of Mr. J. A. Ellis, Commissioner of Railways.

By Mr. du PLESSIS: The staff aspect today is a very important matter. It is a very complex question and staff conditions, rates of pay, negotiations with the staff, relations generally are all very important?—I agree; they are very important.

Do you feel there is any need to strengthen your staff organisation?—Yes. I think we will have to strengthen that organisation. It will become increasingly important.
You will agree that so far as staff men are concerned, apart from possessing an intimate knowledge of railways, they should possess infinite patience and tact—Yes, that is a very necessary attribute.

And they should have a profound knowledge of human psychology—Those particular functions have been kept well in mind in building up a little the personnel of our staff and industrial branch. We are looking for the young men who are showing signs of brilliance, and we are in our small way very well served at the moment in that section.

Certain aspects of staff come under the secretary, and then you have the industrial agent. Does he also come under the secretary?—Yes.

Is he in effect, in charge of your office?—Yes, in charge of staff and industrial matters. Some years ago the two branches were amalgamated.

Would you say that so far as the staff is concerned the industrial agent is regarded as the "villain of the piece"?—I do not think he is regarded as that. He is regarded as rather helpful, even by the unions.

I think that is the impression. I do not think the staff as a whole regard the industrial agent as their friend, but rather as the man they have to fight in the Industrial Court—Of course, on principle, but I perhaps would take more of the particular individual occupying the position at the moment.

I am just dealing with the position as such. Would you agree, in view of the importance of staff matters, that there is a need to strengthen your organisation. I would not suggest by the appointment of the chief staff manager, but the appointment of a man above the industrial agent who will be able to deal with questions of staff policies—I think that is an inevitable trend.

Examination of Mr. A. R. Davern, President, Locomotive Employees' Benevolent, Firemen's and Cleancser's Union.

By Mr. de PLESSIS: Would you suggest that the agenda of the Arbitration Court is rather congested by railway items?—I think it is. The last case of the Amalgamated Society of Railway Employees, only a few months ago, had 160 witnesses and the case extended for two months.

It means a tremendous amount of time, not only for staff unions, but all concerned in the attendance at the sitting of the court.—Yes, and a lot of expense, not only for us, but also Mr. Raynor and his staff. It is really endless work and expense, and I think a lot of it could be facilitated if we had round-table conferences. It has often seemed to me that the Commissioner of Railways realises he is the biggest employer of labour in this State and has always been very diffident about giving us any improved conditions in case outside employees immediately wasted the same improved conditions. He has therefore, always been inclined to say to us that he would not give us the improved conditions but we could go to the Arbitration Court. Although at times I am sure he realises that the request is fully justified.

In other words it is the effect in practice that matters are not really considered on their merits but that it is left to the Arbitration Court to decide the matter on the arguments put forward. There is no railway atmosphere where you could meet at a round-table conference as railway men, discuss your problems, and decide them on their merits, which would be in the best interests of the staff and the service as a whole—I will not say that it has never been done, but it is always approached in the wrong spirit. For instance, we have an award published which we thought we ought to get a hearing before Christmas, but on account of the 40-hour week and the court being congested we are not likely to get a hearing before February or March. In the meantime we have been to the Commissioner and we told him that he has been very busy on the Royal Commission and is a bit out of touch with the award conditions. He said my advice to you is to go away with Mr. McKenna and see if you can come to some arrangement with him to iron out your troubles. Mr. McKenna takes his instructions from the Commissioner and is a very hard man, just as hard as the Commissioner, and was not prepared to give away very much. The Commissioner also told us that if we could not come to an agreement he was willing for Mr. McKenna to go with us and meet President Dunphy in Chambers to see if any suggestions could be made. We met President Dunphy in Chambers and there was a little bit, and have to meet him again at 9 o'clock. Even then President Dunphy has told us that he cannot give a decision on the matter until it is argued in open court and there have been witnesses for and against. He said, however, that if he was convinced that what we were putting up in Chambers was reasonable he would make a recommendation to the Commissioner, and that he thought the Commissioner would agree. There is nothing mandatory about it and nobody empowered, except the Commissioner of Railways, to do anything in the way of settling awards outside the Arbitration Court, and that means we have no appeal from the Commissioner of Railways except that court.

Later in our report we deal with three major questions affecting the relations between the management and the staff, namely, (a) the establishment of a railway conciliation board; (b) the hearing of promotion appeals by a body other than the Promotions Appeal Board and (c) an amendment in the legislation governing punishment appeals whereby such appeals will not be heard by the Punishments Appeal Board. If our recommendations in this connection are implemented, there will have to be a general overhaul of the organisation in the Commissioner's office for dealing with these important matters. The underlying object of our recommendations in connection with these matters is to establish departmental machinery which will ensure that all staff matters will be fully discussed and, as far as possible, settled by such machinery without involving the aid of the Arbitration Court or the two boards referred to.

Appointment of Staff Superintendent.

If these important matters are to receive adequate attention and the new machinery is to function smoothly, "departmental consideration, as distinct from consideration by the Arbitration Court and the two boards mentioned, will have to receive much more meticulous and sympathetic attention than has been the case in the past. We accordingly recommend the creation of a post of staff superintendent, the appointee to be an officer who, in addition to being thoroughly conversant with all aspects of staff work, must possess those personal attributes which are essential for the maintenance of harmonious relations between the management and the staff.

This officer should come under the control of the chief commercial and staff manager and great care should be taken to ensure that the staff section is staffed with the right type of officers. The industrial agent should, of course, come under his control.

Joint Staff Office.

At the present time each branch has its own staff section and whilst considerable economies could be effected by amalgamating these sections into one joint staff section, this is unfortunately not practicable under present conditions, due to the fact that the various branches are housed in different buildings which are considerable distances apart. In this connection we quote hereunder extract from the evidence tendered by Mr. C. Raynor, secretary for railways, as well as extract from Mr. Raynor's closing address:—
By Mr. du PLESSIS: Have you considered the desirability, from an economic point of view, of having one big staff office for all the branches which would be accommodated in your main building in Wellington street?—No.

Do you think that there might be some advantage in
that from an economic point of view and also from the point of view of ensuring uniformity and proper co-ordination of all staff work?—I think the present system is satisfactory in view of, shall I say, our small organisation.

By the CHAIRMAN: Have you ever tried to think up any different system which might be more satisfactory?

—Commissioners have, I asked you. Have you?—No.

Extract from Mr. Raynor's Closing Address.

Reference has been made to the staff section of the department. We have had suggestions made that the staff section should be amalgamated and centralised, and that the separate sections of the various branches should be done away with. The suggestions have merits, but unfortunately, until the administrative officers are gathered together in one central building, some measure of sectional work is unavoidable. We have the Secretary's and the Chief Traffic Manager's offices in the main building in Perth; we have the Chief Civil Engineer in Wellington street, the Comptroller of Accounts and Audit in Bridge street; and the Chief Mechanical Engineer and Comptroller of Stores at Midland Junction. Obviously one staff division for such a scattered service is not practicable.

Health, Welfare and Safety Sections.

The maintenance of harmonious relations with the staff and the need for giving due and proper attention to their health and general welfare, are matters which cannot be too strongly emphasised. We have found, in the course of our inspections, instances of an almost callous disregard for the most elementary human requirements, and whilst it is true that improvements such as housing, the provision of modern barracks and ablution, messroom and toilet facilities as well as better office and other accommodation at stations, locomotive depots, ete., have been under consideration for a considerable time, and would probably have been provided in some cases if World War II had not intervened, we feel that some of the conditions under which the staff was found to work and live are so bad that action should have been taken ere now to effect improvements.

We have seen men working under filthy conditions; men having to partake of their food in shacks devoid of all comfort; men being compelled to use ablution facilities which are dirty and are apparently seldom, if ever, cleaned and are in the last stages of decay. We have also inspected barracks long past the stage when they should have been replaced. We have seen men living in vans improvised as bedrooms. We have also found that insufficient attention has been paid to the housing of men employed in maintenance gangs. Many of the houses which have been provided have obviously not been renovated for years, and where there are no departmental houses for men employed in maintenance gangs, men have been compelled to build their own "houses" with any local material that may be available—kerosene tins, pieces of corrugated iron, old railway sleepers, hessian, etc. The conditions in some of these houses beggar description.

In view of these unsatisfactory conditions, we were not surprised to learn that at some of the centres visited, the men were becoming discontented, and that the greatest difficulty was being experienced in maintaining the strength of many of the maintenance gangs; indeed, we are surprised that men can still be found willing to take on these jobs where conditions, such as have been described, are prevalent.

We have indicated earlier in our report that after making due allowance for the fact that it has been difficult owing to shortage of labour and material, to bring about the necessary improvements during the last few years, we feel that some of the disabilities to which we have referred could at least have been mitigated by effecting minor improvements and giving some attention to cleanliness.

We would emphasise that these are all matters which have a vital effect on the health, welfare and general morale of the staff, and should be brought under constant review if the railways are to have a stable and contented staff. In order that these matters may receive proper attention we recommend the establishment of a health, welfare and safety section under the control of the staff superintendent.

We recommend, further, the appointment of health foremen, qualified in matters of hygiene, at all centres where district offices have been established. Health foremen should carry out their duties under the direction of the district traffic superintendents, and they should be required to pay particular attention to the cleanliness of stations, offices, toilets, ablution facilities, messrooms, barracks, depots, staff houses, etc. They should also investigate and report on all domestic water supplies, to ensure that the staff have adequate and pure water in their homes.

Appointment of Health Inspector.

We also recommend that a health inspector be appointed who, in addition to being responsible for health and welfare matters in the Perth metropolitan area and at the Midland Junction Workshops, should direct and co-ordinate the work of the health foremen. The health inspector, as well as the health foremen, should carry out their duties under the general direction of the health, welfare and safety section, and they should submit monthly reports covering their inspections—through the district traffic superintendents in the case of the health foremen—to the health, welfare and safety section, and such reports should be circulated amongst all heads of branches to ensure that energetic steps will be taken to bring about improvements indicated in such reports.

TRAFFIC OR OPERATING BRANCH.

This branch comes under the control of the chief traffic manager, and as it deals primarily with operating matters, we feel the designation "Chief Operating Manager" would more correctly describe the functions of the head of the branch. In this connection we quote the following extract from the evidence given by Mr. P. C. Raynor, personal assistant to the Commissioner of Railways:

By Mr. du PLESSIS: What is the strength of that commercial section?—15 or 16. It deals with all matters relating to freights and fares and refunds.

The effect of taking away that work from the Chief Traffic Manager means, does it not, that he is now in effect Chief Operating Manager?—Yes, that is probably a more descriptive title now.
Control of Locomotive Depots.

Under the present organisation, there is considerable overlapping of duties with the branches controlled by the chief mechanical engineer. In the latter connection, attention is directed to the comments made in the report of the Royal Commission on the Midland Junction Workshops with regard to the control of running sheds.

Whilst we agree that district traffic superintendents should be controlled by the chief operating manager, we are found in the course of our inspection tour, that there was evidence that some of the unsatisfactory features at running sheds, especially on the mechanical side, could be ascribed to the fact that the district locomotive superintendents come under the control of the chief traffic manager.

We examined the Commissioner of Railways, the chief traffic manager and the chief mechanical engineer with regard to these unsatisfactory features, vide the attached extracts from their evidence:

Examination of Mr. J. A. Ellis, Commissioner of Railways.

By Mr. du PLESSIS: Do the running sheds come under the control of the Chief Traffic Manager and the district traffic superintendents in the district offices?

—Yes. They come under the C.T.M. and D.T.S. but there is some duality of control in that respect. Some control is exercised by the C.M.E., the running staff, which is a matter respecting which I recently asked Mr. C.T.M. and C.M.E. to go into with a view to seeing whether any alterations are necessary or whether anything was necessary for the sake of clarity for the purpose of reiterating the instructions issued when the control of the loco staff passed from the mechanical branch that is in process now.

You are not satisfied that the present organisation is giving the best results?—I would not go as far as that, but I want to satisfy myself that there is a clear conception of the division of duties.

Do you think it sound for the running staff to be under the control of the chief traffic manager?—I would not go as far as that until I get the results of the inquiries now in progress. In the meantime I have an open mind on the subject.

Are you satisfied with the conditions at the running sheds?—No.

To what do you ascribe the existing conditions—Mainly the basic reason I put forward in my general statement—lack of funds.

Even with regard to the square that exists there?—I am afraid so. In isolated instances there may have been dereliction of duty on the part of the shed foreman or loco foreman, but by and large that is not so.

Do you know of any other railway system where the running sheds remain under traffic control?—I cannot answer that question. The Queensland system is the only other one in Australia with which I have been associated and there they have the divisional system of control. My knowledge or other systems is not sufficiently intimate to enable me to give you a direct answer to the question. It may be that Mr. Hood will be able to do so.

As regards the men actually in charge of running sheds, I think they graduate from the ranks of the drivers?—Yes.

Is that sound?—Not entirely.

But very largely?—Possibly. As a matter of fact I have been a bit doubtful about it for years.

Would you prefer me to put that question to Mr. Evans or to Mr. Mills?—I think it would be better from the point of view of obtaining a detailed reply, although on that particular question a matter of policy is involved. I am not entirely satisfied that we are getting the best results by putting in charge of the running sheds men who were almost entirely drivers.

You know that in New South Wales the man in charge is called a loco engineer?—Yes.

In the United States of America and Canada they are called master mechanics, which indicates what the men are?—Yes. In Queensland the man in charge of each division is a loco engineer.

I am speaking of the men actually in charge of the sheds?—Quite so.

Examination of Mr. B. M. Evans, Chief Traffic Manager.

By Mr. du PLESSIS: During our inspection tour we saw some unsatisfactory features at loco depots?—Yes.

Could some of those features be ascribed to the fact that the District Loco Superintendents are men graduated from the position of driver, and that they are the men who exercise the direct supervision over the loco depots?—Yes. All our district loco superintendents have come from the ranks of drivers.

If a man has been a driver, trained as such, he may not have the mechanical bent and where there is no direct supervision from the C.M.E., it is possible that the mechanical or repair side will be neglected. There is that danger?—Yes.

Do you agree that that risk would be aggravated because even the men directly in charge of the running sheds—apart from the district loco superintendents—come from among the drivers?—Yes. It is possible that men coming from the loco rather than from the engineering side may not have the knowledge to handle these situations.

Will you agree that there are definite weaknesses in the present set-up?—I have never been happy about it, with the dual control of the loco branch.

Would you say that district loco superintendents should be drawn from the ranks of mechanical engineers?—Yes, rather than from the fitting side. The man in charge of the loco branch should be an engineer. I do not think he should be a fitter. He should have academic qualifications.

Will you also agree that the men directly in charge of running sheds should be drawn from among the fitters?—No, for the reason that at many of our smaller depots the man in charge of the shed has frequently to do a certain amount of driving or shunting of engines about the depot.

I was not thinking of the general position. I was thinking of the larger sheds where you have a considerable staff. I think you call the officer in charge a foreman or a sub-foreman?—Yes, sub-foreman.

Have you a foreman too?—Yes, a shed foreman.

That type of man should not be a fitter?—I do not know what we should get any better results. If, as I say, the man in charge of the shed was an engineer, I do not think it would be necessary that the shed foreman should be a fitter.

Is not the position that the district loco superintendents are in charge of more than one depot?—Yes that is so.

Actually, he is in charge of a number of depots, and whilst inspecting them, he is away from his head office. There is even more need for these men to be drawn from the fitting staff?—Except that in many of those places you would have to have an extra driver to do certain work which is now performed by these drivers in charge of the depots in outback places. You was a place in point where we had a fitter in charge, but, because they were insufficient work to have a fitter and a driver as well, the man that was acting in the place of a fitter was substituted by a driver who was able to do some of the driving work. Have I made myself clear?

By the CHAIRMAN: Was he able to do some of the fitting work?—No. If they wanted any fitting work done, we would have to send a fitter there.

By Mr. du PLESSIS: In some cases, the driver's duties are more important than the repair duties?—Yes, the amount of repairs would be relatively light.
If you increased your repair duties at the locomotive sheds, that would change the whole aspect?—That would change things very materially.

I think you will agree that the traffic branch must continue to be responsible for distribution of engine power?—That is essential. You must.

As far as your own office is concerned, you will agree that if the district locomotive superintendents were locomotive engineers, you would want a man in your office drawn from the driver's grade who would be held responsible, under your direction, for the distribution of engine power necessarily?—Yes. It is quite necessary, that the operational part of the service should control the engines. That is where certain engines must be placed and the type of engines that you require.

And that would be the man who graduated from the driver's grade?—Yes.

Examination of Mr. F. Mills, Chief Mechanical Engineer.

By Mr. du PLESSIS: I think you were present yesterday when Mr. Bremner gave evidence on the question of the appointment of your district officers: that is, the type of man who has to be appointed as district locomotive superintendent?—Yes.

Do you wish to comment on that aspect of the control of the running sheds?—I would prefer to hold my comments until Mr. Evans and I have had a very brief conference this morning, and I hope we shall be able to carry it further after the adjournment this afternoon, when I shall be in a better position to offer comment.

Before you give your views regarding the control of these running depots, as between your own branch and that of the Chief Traffic Manager, would you indicate whether in principle you agree, first of all, to the district locomotive superintendent being a mechanical engineer?—In principle, I do agree.

Foremen and sub-foremen in charge of depots to be drawn either from the fitters or drivers grade, depending on the duties undertaken at that particular running shed. Do you agree with that?—I think it should depend upon the nature of the duties attaching to the shed and also to the type of men available. I think you would be governed mostly by the suitability of the men, and I would not like to make any fixed arrangement that it should be either a driver or a fitter. I think both should be considered. In the larger sheds I think it might be better to appoint them from the fitter's grade.

As far as the Chief Traffic Manager's Branch is concerned the locomotive running superintendent should be drawn from the drivers' grade?—That I think would presuppose the adoption of a scheme such as you outlined to Mr. Evans.

So you would not comment then. Then as far as your organisation is concerned, would you support the suggestion for the appointment of a mechanical engineer—motive power?—Following upon yesterday's proceedings, I discussed the matter with the Chief Traffic Manager and later with the Commissioner because I realise that neither the views of the C.M.E. nor the views of the C.T.M. would prevail regardless of the other. I think any C.M.E. would have a natural inclination to say that he should always have control of the locomotive. On the other hand, difficulties have arisen in the past where the man at the head of the train had been controlled by one branch, and the man at the rear of the train has been controlled by another branch. In discussing these points, we decided that the best terms and the most workable arrangement would be to have any C.M.E. responsible for all that is inside loco points at the depot, and the Traffic Manager to take over at the loco points and control the whole of the train operations. Under those circumstances the present locomotive running superintendent would continue to control all drivers and firemen. In my branch some change may be necessary—we have not got to that detail—but I think the compromise would be an improvement upon the present condition.

So that your branch would then control the locomotive from the time it leaves the shed to the time it returns to the shed?—No, the reverse. I would control the locomotive from the time it enters the shed, that is, its stabling, its washing out and assembly, and its preparation for the succeeding journey. The only condition that may require ironing out is that under our industrial awards and past practice the driver is responsible for the preparation of his locomotive. He would be under the control of the C.T.M.'s branch but he would prepare his locomotive on premises controlled by me. I think that is one of those minor difficulties in administration, which are continually cropping up and cannot be avoided.

By the CHAIRMAN: He would have to prepare his locomotive to the satisfaction of himself?—That is a responsibility which I do not have but which I would have to assume.

You feel that that is a responsibility which ought to be on you?—I do.

In those circumstances who would be responsible for the training of the cleaners, firemen and even drivers so far as the mechanical operation of the locomotive is concerned, leaving aside the safe working—training and knowledge of the locomotive as a machine I think, under those circumstances, should become the responsibility of the chief mechanical engineer. The training in the duties of drivers generally would be the responsibility of the chief traffic manager. It would lead, I think, to possibly better co-operation between the two branches.

I was not at all satisfied with the cleaning and the reason for which men are taken from cleaning to become firemen?—To a very large extent the state of affairs in the very immediate past has not been satisfactory to anybody, but it is explainable in a large measure by shortage of staff. During the war years particularly, it was virtually impossible to put able-bodied young men on to that kind of work. They were required of course for the armed forces. There again I think we are seriously deficient, as I mentioned in my evidence-in-chief, in apparatus for cleaning locomotives. I could never be satisfied with a plain steam jet fed from another locomotive to give satisfactory cleaning, or even if it gave a clean engine would it end up with completely satisfactory results. There should be a proper cleaning plant with overhead tanks and regurgitators.

Who would be responsible for the design of such a plant?—That should be my responsibility.

You have not been responsible for the plant we saw?—I take it you are still referring to locomotive cleaning. I think I should not evade that; I believe the responsibility does belong to me, but that is all we have been able to effect.

What about the arrangements, putting pumps down in the dirt, and with proper arrangements for removing the ashes, etc.?—The placing of the pumps has been done by the mechanical branch. The installation in every case has been made as cheap as possible. I think that is plain and easy to see. The cost has been the prime consideration.

Cost in those cases should govern the efficient placing or utilisation of plant?—I would not attempt to debate that question but we agree that the cost of a thing plays its part, whether we consider cost should or should not be the prime consideration, it has been the prime consideration.

By Mr. du PLESSIS: Under the compromise scheme, the district locomotive superintendent would then continue to be drawn from the drivers' grade?—Not necessarily. At present, he is drawn from the drivers' grade, but under the compromise scheme I would not insist on the continuance of that practice is essential. I think we would get better results if we had engineers, but I do not wish that remark to be interpreted as a lecture of the men now serving. We cannot blame them any more than we can blame any of the rest of our staff if the department has found they were not trained to meet the department's wants.

So you would leave that for the future?—I would.
And decide on the merits of the particular applicants who would aspire to these posts? Is that the position?
—That is what I should wish to do.

At the moment, with one exception, you have only persons who have graduated from the drivers' grade as district locomotive superintendents. The only exception is the superintendent of locomotive running. Every district locomotive superintendent at present is an ex-driver.

Including the man at Geraldton?—Yes. I think possibly some confusion has arisen regarding him. The present superintendent of locomotive running was originally fitter-in-charge at Mullewa, where he did a very excellent job. He was promoted to be district locomotive superintendent at Geraldton. That is the first time in many years that a fitter has been appointed to that position. From there he went to East Perth and then to his present position. Going back in our history, there was a time when we had men both from the fitter grade and from the driver grade as district locomotive superintendents. It is only of comparatively recent years that the positions have been reserved exclusively for members of the drivers' union, and I think that was an agreement entered into when the change-over from the mechanical to traffic was made.

You will admit, of course, that this compromise scheme entails dual control by two branches—it does entail some measure of dual control, but less than we have now.

How do you propose, then, to exercise supervision in the running sheds if you have no officer to undertake those duties?—Under this scheme, the district locomotive superintendent would be responsible to me for everything inside the locomotive points. He would still continue to exercise supervision in the sheds?—Yes.

By the CHAIRMAN: He would have two bosses?—He has now.

By Mr. du PLESSIS: Do you consider that that would be a satisfactory position?—It seems to be the best we can arrive at.

I do not know of any instance where dual control has been a satisfactory arrangement. It has inherent defects. That is undeniable.

So you do not intend to have any officer under your direct control from your staff who would be responsible for the supervision of repair work in the sheds?—Only to the extent that the district locomotive superintendent would be responsible directly to me.

He will not be a mechanical man. He is not now. Not one of these men is a mechanical man. I cannot quite see how we are to remedy that while we keep the drivers add fitters in the traffic branch. That is regarded as essential for satisfactory train working. We are working on the idea that the traffic manager must be responsible for all phases of train working, but the responsibility of the mechanical branch is to provide locomotives and rolling-stock in fit condition to run the trains. So we have a clear line of division there. But, since drivers and fitters are concerned for the bulk of their time in actually working trains, it seems right that they should be under the control of the branch responsible for that activity. On the other hand, the traffic manager is not and should not be responsible for the care of locomotives when not actually in traffic. So we have that line of demarcation that the responsibility of one branch ends and the responsibility of the other branch starts at the depot points.

So you are going to have a situation in practice of the District Loco. Superintendent playing the part of Dr. Jekyll and Mr. Hyde. He would be Dr. Jekyll, a man who repairs the locomotives, because he would report to you, and he would be Mr. Hyde when he reports to the Chief Traffic Manager. Is it not probable that that position will arise?—It could arise. The alternative is—and I think what you discussed with Mr. Evans amounts to this—that we should reverse what we did in 1929. Prior to that date the Superintendent of Loco. Running and all his staff were under the Chief Mechanical Engineer and for reasons which the administration then deemed sufficient and which to a considerable extent still obtain the change was made and the Superintendent of Loco. Running was transferred to the Traffic Branch. If we adopted the scheme which I think desires mainly from the London, Midland and Scottish Railway, of having Motive Power in place of Superintendent of Loco. Running, it would simply mean we would take over again from the Traffic Branch and place the whole of the locomotive running under the C.M.E. and it is questionable whether even that arrangement would be completely satisfactory.

I think there is every possibility of the compromise arrangement being a hopeless failure.—On the other hand, if we made a switch over it would give us unified control in the depots but we would have divided control in traffic working. I cannot look beyond personal experience very far prior to 1929. I must rely on what I am told, but my understanding is that real difficulties did occur because drivers in many instances were very reluctant to accept instructions from station masters who belonged to another branch and had nothing to do with Loco.

By the CHAIRMAN: Even so far as the actual running of the trains was concerned?—Yes. They would not accept instructions in some cases as to where they should take crib. They held that the station master was not in a position to give them orders on such a matter, that he belonged to another branch and had no jurisdiction.

By Mr. du PLESSIS: Having regard to the fact that your engines are in a really parlous condition, do you seriously suggest that the organisation you have outlined this morning is going to give you that very close attention to engines in the running sheds?—You would not give me all the control which I would like to have. But in an organisation like this no one head of a branch can have everything just all his own way.

When you deal with a certain problem—and at the moment the problem is the condition of the engines—should you not put the soft pedal on the traffic position and the loud pedal on the repair aspect?—We must do that but at the same time we must not do it to the injury of traffic working.

What is your difficulty with regard to an organisation such as the following? The loco. depots can continue to come under the control of the Chief Traffic Manager. That is one line of approach—and your district loco. superintendents should then, in districts, be mechanical engineers. Your running foremen or sub-foremen may be fitters or ex-fitters or ex-drivers. You have a man in your own branch, a mechanical engineer, trained for that purpose, with the closest possible supervision on your behalf at these depots. The Chief Traffic Manager will have a man of the driver type as superintendent of loco. running. These two officers, your own mechanical engineer and his superintendent of loco. running, will co-operate in the closest manner with regard to the control and the general running of your depots and your engines. That would give both branches the control they want and should ensure more efficient co-operation and more efficient operation of your loco. depots. What is the objection to that organisation?—It seems to me that that is very largely what we already have.

No, it is not?—Except for the one substitution of engineers for drivers in the position of district loco. superintendents.

That is vital to the whole scheme. It must be so because then you have an engineer who is qualified in his particular branch directly, looking after loco. depots, which is not the case today. Is that not the root cause of your trouble?—It has a bearing on it.

That changes things radically?—I can see very great difficulty in attempting to make such a change in anything but a fairly lengthy period.

You could not make it immediately because these men are in those positions. But you could strengthen the position by following the line I have indicated.
You would have a man on your staff who would live on the line and watch the working of the depots—we have that already. On my staff I have a mechanical inspector.

What type of man is he?—He is an ex-fitter, a man with considerable experience in loco. and main workshops, a man who has travelled the system extensively over many years and knows it very thoroughly. It is his job to go round depots and inspect loco. and main workshops, a man who has travelled the system extensively over many years and knows it very thoroughly. His job is to go round depots and inspect loco. and main workshops, a man who has travelled the system extensively over many years and knows it very thoroughly.

By the CHAIRMAN: It certainly does not function. No. That is why I think it would be an improvement if there were a definite line drawn as to where the responsibility of one branch ends and that of another branch begins. If we are going to maintain the idea that the Traffic Manager requires control of drivers and firemen for efficient working, it is difficult to see how any other than a compromise arrangement can work.

By Mr. du PLESSIS: Do you agree that fundamentally it is unsound to have dual control?—If we put it that way, that dual control is fundamentally unsound, the position is unarguable.

Take another possibility. An engine is on the road and some difficulty develops. At that stage the driver is under the control of the chief traffic manager. It is obvious that he will put all the blame on the depot because he is not answerable to the locomotive foreman or your side of the railways. He is answerable only to the district locomotive superintendent. That is the position. Yes, no.

So it would be most difficult to pin a man down.

By the CHAIRMAN: That shows in the condition of your engines and footplates?—Quite true, but I do not see how to get over the difficulty without making a complete change from one branch to the other.

By Mr. du PLESSIS: That is done elsewhere in Australia?—I know. It obtains in Victoria and New South Wales.

Have you any reason to believe it is not working satisfactorily there?—No, but it does not obtain in South Australia. The drivers in South Australia are under the traffic manager, while the chief mechanical engineer is responsible for mechanical maintenance, and I cannot say of my own knowledge that it does not work in South Australia.

Have you seen the condition of the sheds and engines in New South Wales and Victoria recently?—No.

You have no actual experience yourself to enable you to make comparisons?—No.

Would you accept the mere casual opinion of a layman that those locomotive depots are very well maintained and that the locomotives bear very favourable comparison with Western Australian locomotives?—In South Australia?

No, in New South Wales and Victoria?—Yes.

Which goes to prove that that organisation is working?—I would not say it is not.

It is possibly yielding better results?—I think you have mentioned that one of the most efficient railways is the London, Midland & Scottish.

That is a departmental railway!—That works on that system. They have an assistant chief mechanical engineer, who has no power.

Why are you bound to a fetish?—I am not convinced that I am. I am trying to meet facts as they exist, as I know them.

If you have proof that these railways—the L.M.S. is an example—by reason of experience and results achieved are more efficient than yours, why object on a theoretical, academic obstacle?—I cannot agree that I am objecting on an academic obstacle. The organisation which the L.M.S. has found efficient is departmental.

Like yours!—It is efficient under the conditions of the L.M.S. In many ways that railway is to be held up as an example. But I know more of Western Australian conditions and I know some of the difficulties. Some of them are difficult to express in definite language, but they do exist. There is little possibility of anything other than a compromise arrangement. The word compromise itself can be taken to indicate that whatever is done will not be perfect.

A compromise always indicates weakness. Yes, but I am faced with this undeniable fact: that the system you advocate was in force on these railways for many years—right until 18 years ago. After all that long experience it was decided the arrangement was not satisfactory and a change was made. Now you are asking me to declare that the change was wrong, that the policy of the Commissioner was wrong.

No. I asked Mr. Evans whether the present organisation might not be partly responsible for the shocking conditions that we saw at the running depots and he said "Yes." I think you also indicated that those conditions may in part be ascribed to the present organisation. In part, yes; not entirely.

Having had experience of the two systems, the two organisations, do you seriously suggest you should continue with your present organisation, plus that compromise?—I do. If I considered only my own personal views and my own interests as chief mechanical engineer, I would dislike any other chief mechanical engineer, that I should have complete control of the locomotives under all circumstances.

It is not a question of the interests of the chief mechanical engineer but of the best form of organisation for the railways that will yield the best results?—That is what I was trying to lead up to. The interests of the mechanical branch are not the only interests to be considered. We must arrive at what is the best for the whole of the railway organisation, and that forces a compromise at some stage or another. You have interests which to some extent conflict, and the only way out is a compromise of some description. It has been established apparently on this railway system that control by the chief mechanical engineer was not the proper organisation would lead one to expect. Therefore a change was made, and that change is not completely satisfactory. In those circumstances I am driven to suggest that there should be something in between the two. If one has been tried and is no good, and the other has been tried and declared no good, we must come in between them.

By the CHAIRMAN: The change might have been the fault of idiocy or the particular chief mechanical engineer of that time?—I could not possibly comment on that.

By Mr. du PLESSIS: It might have been some lack of strong control by the then Commissioner. One does not know?—Let us see what happened. It so happened that the Commissioner who made that change became Commissioner when he was promoted from the position of chief mechanical engineer. He was a man with years of experience of chief mechanical engineer who, when he became Commissioner, made the change to the present set-up.

If he had control under the chief traffic manager in his own office, he could pay much more personal attention to the running of the locomotive depots than if the chief mechanical engineer at Midland Junction was in charge of them.

By the CHAIRMAN: In that case I think he carried his idiocy, you as a mechanical engineer, to his major office?—If that is the case it seems to me that the obvious thing for him to have done would have been to station the chief mechanical engineer in Perth, where he could be in touch with him.

By Mr. du PLESSIS: Knowing human nature as I do, I think he knew that if that authority was still vested in the chief mechanical engineer he, the Commissioner, would not still have all his own way, as the chief mechanical engineer would oppose the idea if the authority was vested in the chief traffic manager, who was a layman, the Commissioner could do more or
less as he liked. I do not think we can take the matter any further, the compromise that I have suggested would make confusion worse confounded.

After due consideration of the matter we recommend that the following organisation be adopted, viz.:—

(a) All locomotive depots to come under the control of the chief mechanical engineer;
(b) district locomotive superintendents to be mechanical engineers and to come under the control of the chief mechanical engineer;
(c) supervisory staff directly in charge of running sheds to be recruited either from the fitters' or drivers' grade, the determining factor being the nature of the duties to be undertaken.

Later in our report, we have indicated the organisation which should be set up in the chief mechanical engineer's office for the control of running sheds.

We wish it to be clearly understood that whilst we consider it essential that the work in running sheds, more particularly the repair side, should come under the directive control of the chief mechanical engineer, the distribution and use of engine power should continue to be the responsibility of the chief operating manager. For this purpose the superintendent of locomotive running should continue to come under the control of the chief operating manager.

Line of Demarcation Between Operating and Commercial and Staff Branches.

There is need for a clear line of demarcation to be drawn between the operating and commercial and staff branches in so far as having regard to the nature of the subject to be dealt with. Transfers, appointments, the granting of increments and matters of a like nature, should be dealt with jointly by the officers of the two branches at headquarters, but matters purely the concern of one of these branches, should be dealt with by the appropriate branch. If suitable instructions are issued to district traffic superintendents and station-masters setting out the procedure which is to be followed in the future, this should overcome any confusion that may arise.

Communications.

We have found there is need of improving the methods of controlling the movement of traffic, as well as the general control and distribution of engine power and truckage, and as these aspects of operating are largely dependent on adequate communications, we recommend that these should be brought up to modern standards as soon as the necessary material and staff for carrying out the work can be obtained.

Appointment of Superintendent of Operating Research and Investigation.

Operating methods require constant review, and to ensure that the railways keep abreast of modern developments, we recommend the appointment of a suitable officer on the staff of the chief operating manager, to be designated "Superintendent of Operating Research and Investigation," whose duty it will be to make a close and continuous study of operating methods generally, with a view to improvements being effected where these are indicated to be necessary.

Operating Investigations Overseas:

Later on in the report, we have referred to the importance of railway officers being afforded an opportunity of studying railway practice in other countries, and we feel that this officer should be one of the first to be sent to selected countries, where the conditions are comparable with those prevailing in Western Australia, for the purpose of becoming conversant with the latest developments in operating methods in such countries. This is of particular importance at the present stage when the Western Australian Government Railways are faced with a comprehensive programme of reconstruction and when the provision of modern marshalling and shunting yards, up-to-date signalling and train working methods, as well as a review of operating methods generally, will have to receive the closest attention. These are all matters which will demand intensive research and investigation from an operating point of view.

CIVIL ENGINEERING BRANCH.

In view of the precarious condition of the track and the general condition of decay of many of the buildings and appurtenances, we examined the Chief Civil Engineer on the need for the appointment of a senior engineering officer in his Branch—an Inspecting Engineer—for the purpose of making regular inspections of all sections of the line and reporting on the condition of the track, bridges, culverts, buildings and appurtenances. In this connection we subjoin extract from Mr. Hood's evidence:

By Mr. du PLESSIS: There is no specific inspection by an officer of your staff of the whole of the system, because you have no inspecting engineer—No, only my own.

You cannot possibly make a detailed inspection of a bridge—No. I accompany the Commissioner on his inspections, and I stop at every gang and discuss the local problems with the ganger and I see anything he wants to show me, and I deal with anything with regard to staff. I also see the inspectors, as the next superintending officer, at their depots or headquarters. But I could not see the details of bridges and culverts.

By the CHAIRMAN: That would be a more leisurely inspection than the one made by Mr. du Plessis and myself—Yes.

By Mr. RAYNOR: On that inspection, you always take the district engineer—Yes, invariably, in his own district.

By Mr. du PLESSIS: That is only when you are travelling with the Commissioner—Yes, on the yearly inspection.

That must necessarily be rather perfunctory on account of the fact that the Commissioner has so much else to do on that inspection. You cannot possibly devote a great deal of time to inspection—I cannot make a detailed inspection of the line. I can only rely on my own knowledge and general observation.

You do not think there is an urgent need to appoint an inspecting engineer—I agree it would be a very desirable appointment.

You are unable to undertake a proper inspection of the track, buildings and appurtenances. So, the only officers responsible would be the district engineers. No one checks their work. There is no double check to ensure that your track, buildings, etc., are maintained at the proper standard? If you had an inspecting engineer, it would be his duty to check on the work of these D.E.'s, including their staff, permanent-way inspectors, and so on. You would then at least have this assurance that no officer of your staff is able to check
the work of the district engineers. That is very desirable.—Yes. I have given some thought to this question since you spoke about it yesterday, and I would like to make one or two comments. First of all, the district engineers are responsible officers and conscientious men. I know them personally. If I feel any doubt about a report or am concerned with anything in the reports submitted, I invariably check them. I agree that if I had the staff available it would be an advantageous thing to have an inspecting engineer to do that job, but I must also bear in mind the fact that your question stresses urgency. Therefore, I would have to be able to put my hand on a particular man to do the job at the moment, or soon. I do not know just where I could pick him up.

In the normal course, would not one of the district engineers get promotion?—Yes. And his place would be filled by the next man?—Yes. The point I want to make is that these men are faced with the responsibility of their duties. They are conscientious, and if I put one of them over in the other, I am not sure that a real advantage would be gained.

All human beings are fallible. You get a very good district engineer, but you cannot say that they are always 100 percent. You get good men and not so good men. You have no means of checking on the work of a man who is possibly not so good?—The great advantage I see is in connection with the point that men have a different sense of value in their job. One district engineer might be inclined to say, "That is all right." Another man might be keener. I would be assured if I had an inspecting engineer that a man would not be over-maintaining the standard—which is not very likely—or that another was under-maintaining, but that we would be getting a uniform job. That, as I see it, would be the principle advantage. From the point of view of safety, I think our district engineers are very capable officers.

I am not in any way reflecting on your district engineers, but I know that in any big organisation and in any railway system you get district engineers and other officers who are not as efficient as the rest.—That is right.

They have their limits?—Yes.

They are not always reliable. You have indicated, in the course of your evidence, that there is an acute shortage of civil engineers which means that men are promoted for work which, if the competition were greater, would normally not have been promoted?—Yes.

You have no means today of checking on the work or the reports of your district engineers?—That is so, except my own check.

Which you admit is very perfunctory?—Yes.

By the CHAIRMAN: What struck me in that regard is that there was a lack of seeing things on the part of your district engineers. I called attention to the lighting in some of the depots, to the lack of cleanliness of the skylights and to the fact that no attempt had been made to improve the lighting. In most cases, light lighting was poor. Do they take notice of these things or has the position become so customary that it is more or less accepted as being right?—No. They would take notice of these things and realise that much should be done, but their difficulty of course is that there are so many things to do that they have to concentrate on first things first.

You consider that these men are seeing the things but that there is not the money, the men or the materials to do them?—That is my view.

By Mr. du PLESSIS: I put it to you that it is essential for any railway organisation, but especially yours, to have an engineer to make an annual inspection of the whole system and submit a detailed report with regard to every aspect of the department's assets so that you can know exactly what the position is.—I agree that that is necessary.

Would you go so far as to say it is essential today?—I would agree even with that. How it is to be implemented, I do not know. It possibly could be.

Appointment of Plant and Inspecting Engineer.

In giving further evidence before us on the 9th December, 1947, Mr. Hood said, "I am also suggesting that combined with the design and maintenance work there be a plant and inspecting engineer." We are in full accord that such an appointment is necessary and recommend accordingly.

Reconstruction Programme.

As it will be impossible for the Civil Engineering Branch to undertake the heavy reconstruction programme envisaged by the management, vide Appendix "D" to our report, we examined the Commissioner of Railways and the Chief Civil Engineer on the matter and quote hereunder extracts from their evidence:

Examination of Mr. J. A. Ellis, Commissioner of Railways.

By Mr. du PLESSIS: The reconstruction and rehabilitation programme will be very important matter?—Extremely important. It is our life blood at the moment.

It is vital to you?—Yes, quite vital.

You have indicated what your proposals are and although they are quite comprehensive you will probably have to go much further and a large expenditure will be incurred in carrying out the programme?—I am afraid we will have to go a good deal further before we can regard our system as modern and efficient.

I think the Premier said recently that £15,000,000 would be necessary and probably that is no exaggeration—I do not think it is. The expenditure may be from £15,000,000 to £20,000,000.

Would you say that to carry out the programme, from the outset you would have to set up a special organisation to deal with it?—Yes, that would be essential. We could not superimpose the work upon our already limited resources otherwise the existing staff would be grievously overburdened.

With regard to the Chief Civil Engineer's branch, would you suggest the appointment of a reconstruction engineer?—Yes. I have already discussed that phase with Mr. Hood and it is something we have in mind for the future, more or less in anticipation of your report.

Where you have works at a particular centre, would there be an engineer in charge?—Yes.

With a proper staff?—There would be normal construction projects with an engineer in charge.

I am thinking where you have work in some particular area and did not have in mind especially any particular work. If you have a number of works going on in a particular area would there be one man in charge?—We have not done any large construction works in recent years, but that was the practice, whereas the district engineer carries out minor works in his district, if you have a big construction scheme involving, say, the building of a new railway or the the reorganising of a whole yard, a special engineer is put in charge of the operation. That has been the practice and that applies to both the civil and mechanical side, the assistance of which would be necessary.

And the assistance of the drawing office would be required as well?—Yes.

Examination of Mr. S. J. Hood, Chief Civil Engineer.

By Mr. du PLESSIS: We would also like you to indicate what staff you would require for both stages, technical and others?—I could do that. My vital necessity at the moment is to pump some life blood into the tracks and appointments. That is where I want men and material in order to carry out the requisite improvements. Naturally I must have first the technical staff to do the planning.
In his further evidence tendered on the 9th December, 1947, Mr. Hood stated:

I wish to tender this additional statement. (Exhibit D2). The first two pages cover the necessary professional and clerical staff to deal with implementing the £7,000,000 rehabilitation scheme. Indicating that I would like to say that although I put forward figures covering an £18,000,000 and a £7,000,000 scheme, the departmental view was that the only practicable proposition was the £7,000,000 scheme so far as the Civil Engineering Branch was concerned.

By the CHAIRMAN: In doing that you are making it quite clear that that is not going to bring the railways up to 100 per cent. efficiency—I think it will bring the railways up to meet the necessity of the next 20 years from the point of view of the C.E.E.'s Branch. I believe the £7,000,000 will serve all that is required.

That is your section of it—Yes. The £18,000,000 was the most advanced proposition, for the most modern 3ft. 6in. gauge system in the world, and was never contemplated by us as our view of what should be done in this State. The highlights of the first statement are that it would take 12 to 18 months and cost between £20,000 and £40,000 to provide the necessary buildings to house the design and extra staff to carry out this work. We would also require approximately 30 professional civil engineering officers on the work, and of those we could provide, either from broad gauge or our present maintenance staff, about 10 men. We would therefore require an additional 20 professional officers.

By Mr. du PLESSIS: Do you think you will get them?

—We have great difficulty. I have indicated tentatively the classes and positions of those men. I have suggested that there be an assistant Chief Civil Engineer in charge of planning and new works.

By the CHAIRMAN: You are seated with the necessity of building up a staff to do this job—Yes.

Are you not going to try to carry out the work with your present staff—It would be impossible. There is also a principal engineer and then three sections in charge of engineers, Class II, per. way, general structural, and architectural.

Appointment of Assistant Chief Civil Engineer.

We fully support Mr. Hood's recommendation for the appointment of an Assistant Chief Civil Engineer in charge of Planning and New Works, as well as the appointment of the additional civil engineering officers.

We cannot too strongly emphasise the need of ensuring that, on the civil engineering side, a strong organisation should be built up to carry out the heavy reconstruction programme which must be undertaken before these railways are once again to function as an efficient transport undertaking. To be "cheese-eating" during the "blue print" stage, when wide and careful planning is necessary, and also when carrying out the new works, would be short-sighted in the extreme.

MECHANICAL ENGINEERING BRANCH.

In the report of the Royal Commissioner on Midland Junction Workshops, he has commented upon certain aspects of the organisation of the Chief Mechanical Engineer's Branch. These are epitomised hereunder:

1. The technical staff covering design and drawing office work is inadequate and must be strengthened. Two more senior designing engineers at least are required, together with additional assistant engineers.

2. In consequence of this inadequacy of staff, the chief mechanical engineer is overloaded, and has personally to give too much attention to detail work which he should be able to end must be in a position to delegate to suitable assistants.

3. The general system of organisation of production involves the works manager, his assistants and the foremen in too much office work and is not conducive to efficiency.

4. The workshops as such can only be classed as quite unsatisfactory for the performance of the service they should provide to the railway organisation.

5. The depots are also quite unsatisfactory.

6. The reorganisation of the workshops and reconstruction of the depots will need to be spread over a period of years (probably at least five) in order that service can be maintained during reconstruction.

7. The planning of the nature of the reorganisation, extensions to shops, location of machines, improvement of internal transport, etc., etc., must be undertaken as a complete piece of work as that as alterations, improvements, extension, etc., within the workshops are taken place, they are in accordance with a predetermined and approved scheme.

8. For this purpose engineers experienced in shop equipment and layout are required and should be obtained as soon as possible in order that the necessary design and planning may proceed. There is probably twelve to eighteen months' work ahead on this alone.

9. Proper methods of costing work do not exist at present. Whatever method is adopted in this regard should be introduced slowly, otherwise disorganisation may result. It has to be remembered that the existing system of accounting and production must be allowed to die gradually while the new system of costing and planned production is being introduced. It must be borne in mind that men and staff have to be educated with regard to the use of a costing system.

10. The conference that has been held between the management and the unions with regard to the introduction of the costing system paved the way for the institution of works committees consisting of representatives of management and men.

11. This in itself will create confidence between men and management and obviate the irritations which give rise to complaints leading to serious disputes.

12. Management must manage, but it can learn much both at the higher and the lower levels from the working force, and can keep the working force informed as to its objectives and the means proposed to obtain them through such committees.

13. The necessity for obtaining the services of highly trained and experienced men for the positions of production engineer and personnel officer is urgent, as the planning of the activities outlined above should be undertaken with their assistance and advice.

14. There is no organised system for ensuring the proper education of professional and technical men for executive positions. The training of artisans is covered to what may be considered a reasonable extent in the light of the present educational facilities, but the more extended training of apprentices to equip them for semi-executive and executive functions requires consideration.

15. It should be understood that the planning of the reconstruction of the workshops and depots will include the provision of amenities, using this word in its widest sense.

16. Close co-operation between the workshops management and the Chief Inspector of Factories in connection with safety education, working conditions and amenities should be sought.

Appointment of Mechanical Engineer (Motive Power).

Earlier in our report, we have recommended that district locomotive superintendents, as well as all locomotive depots, should come under the directive control of the chief mechanical engineer. We have also indicated the need of much closer attention being
paid to the work in locomotive depots, especially from the repair point of view. To achieve this, we recommend the appointment of a mechanical engineer (motive power) on the staff of the chief mechanical engineer.

In view of the close relationship existing between the operating and mechanical branches in the operation of trains, there should at all times be the closest liaison between the superintendent of locomotive running and the mechanical engineer (motive power) and they should, as far as possible, carry out their inspections jointly.

Reconstruction of Midland Junction Workshops and Remodelling of Locomotive Depots.

In order to be able to carry out the reconstruction of the Midland Junction Workshops, as well as undertake the extensive remodelling of running sheds, the chief mechanical engineer will require additional engineering and other assistance, and a new works organisation will have to be set up on similar lines to what is proposed for the civil engineering branch.

GENERAL RECONSTRUCTION PROGRAMME

In Chapter 4 we have emphasised the need for a general correlated traffic survey to precede the finalisation of the comprehensive reconstruction programmes and, in our opinion, the officers who can best undertake this investigation will be the three officers in the three branches who will be most intimately connected with the work, viz., the superintendent (operating research and investigation) in the operating branch; the assistant chief civil engineer (planning and new works), in the civil engineering branch, and the engineer entrusted with new works in the chief mechanical engineer’s branch.

When examined as to this matter, the Commissioner of Railways replied as follows:—

By Mr. du PLESSIS: I think you will have to consider the appointment of an officer who is an expert and who can delve into all these operating and traffic problems; he, together with his vis-a-vis on the civil side and on the mechanical side, will form a small committee to co-ordinate your whole reconstruction programme— that will be absolutely essential. It will be only an extension of what we have done with particular problems in a small way. We have appointed an officer from the civil side, the mechanical side, the traffic side—and to use a vulgarism—to tear the guts out of a particular problem.

So that there will be need for close liaison between the officers of the branches you have just mentioned—I do not think there is need for closer liaison than exists now. There is close liaison at present.

I have in mind these three officers whose special duty it will be to finalise your reconstruction programme—they will have to sit together.

STORES BRANCH.

We were impressed with the lack of organisation and proper control of stores at out-depots and in this connection we append extracts from our examination of the heads of branches concerned:—

Examination of Mr. J. A. Ellis, Commissioner of Railways:

By Mr. du PLESSIS: Dealing with the question of stores do you think it might result in an improvement if the stores at the locomotive depots and at the inspecting offices were (as far as possible) under the control of the stores department?—No, I do not think that would be an improvement. I discussed the matter with the officers who are responsible and I think that by the re-appointment of the officers I mentioned this morning as inspector of stores, the position would be rectified and be better than it is.

I mentioned that point because officers of the stores department have a stores outlook and I think their main object is the conservation of stores, the efficient handling and control of stores. I think it is purely a matter of principle that in an organisation such as yours you should have your consuming departments such as locomotiveforemen and the civil engineer on the works side, in direct control of the stores. My idea is that the storemen would come under the supervision of the local officer, but actually the control would be vested in the stores department—My answer to your previous question is my considered opinion on this point.

When travelling through the Eastern States I was much impressed with the efficiency of the stores system in connection with the Victorian railways—I am fully aware of that system, which is admirable.

So efficient is it that the B.H.P. stores organisation is modelled on it?—Yes.

They feel emphatically that it is essential that the stores in locomotive depots should come under the control of the stores department—It must be borne in mind that when you compare our system with that of Victoria, ours is much smaller and is by no means of the same magnitude as the Victorian system. My proposal is for the appointment of one travelling inspector instead of having stores men in each district.

You would still require someone to be in charge of the stores issued?—There would be a store official in charge at each depot.

There would not be any additional staff?—I think there would be.

The present storemen would come under the stores department?—Then you have in mind the transfer of the present staff?

Yes—I did not understand your question. I would prefer to discuss this matter with the heads of branches before answering the question. I have not considered it from that point of view. I do not think it would be adequate without the travelling officer I have referred to.

You would have him in addition?—I thought you meant that it was the controller of stores responsibility concerning the stores actually used instead of having a branch inspector in control of the branch store.

It was not my intention to view it in that way then I will discuss the matter with the officers concerned.

Perhaps you could ask Mr. Hickey to reply to that point—I will discuss it with him before he gives his evidence.

Examination of Mr. S. J. Hood, Chief Civil Engineer:

By Mr. du PLESSIS: Regarding your works inspectors’ stores at district offices where stores are issued by storemen; do you think it would be an improvement if the storemen came under the control of the Stores Branch?—I do not think so. I have discussed this with the controller of stores, and under our stores system, stores are requisitioned from the controller of stores and issued out to the gang or the work requiring them. Normally they are only maintenance stocks and if it came under the controller of stores, the efficiency would be that the controller of stores would employ the storemen who would deal direct with the stores at Midland Junction, and then supply them to the district engineer’s office. The district engineer would not have the control to see that his maintenance stocks were kept ordered up.

Your stores department are specialists in stores work, and if your stores department is efficient, as it should be, then I think you can take it that the stores staff as a whole are in a better position to deal with the issue of stores. Regarding the controlling of the stores branches, the district engineers are the controllers of the district engineers, if all the stores there were controlled through the local storemen by the stores branch, the stores department would be in a better position to co-ordinate the ordering of stores. The stores branch would then be in close touch with the position at each depot. Do you not think that would be the effect?—Yes.
It would not humper your branced in any way because evidently your district engineer would still requation to the stores department for whatever stores he requires which would simply go to the store which would be under that storeman. The actual control would be vested in the stores branch;—Yes, it may be justified in but my view has been that the district engineers' stores are reasonably well run. There are some unsatisfactory things, but if such a system were adopted, and I say it may still be justifiable, I think it would be more expensive. It would involve a stores officer and clerical officer in charge of the stores at the depots, then the stores would be amalgamated with the C.G.E. and the Chief Civil Engineering branch and would still result in stores staff being required at both places, but probably there would be an amalgamation of the stores depots, so that there would be some losses.

There is no suggestion of any increase in staff or of amalgamation of your stores with loco. stores because that is impracticable; you must have your stores at these various depots. The suggestion is that the loco. storemen, who are at the present time dealing with that work, will come under the stores department. The immediate supervision would still be vested in the district engineer through the inspector of works or the locomotives foreman as the case may be;—I do not think the practical result would work out as well as the present system; as far as the civil engineers' branch is concerned.

How do you train your storemen?—They are usually men who have had depot experience in stores as assistants. That is a very limited experience;—Yes.

If you had a man from the stores department, how would that man be trained?—He would be a man who came from the controller of stores staff. He would be fully versed in all aspects of stores procedure. Obviously he must be more experienced than the other man who comes from a little tin-pot store;—Yes.

It is a matter which demands very close consideration and I suggest that both you and the loco. people should, in the meantime confer and then when Mr. Hickey gives evidence we can examine him on those points. In putting forward that suggestion I want to say that from what we saw in your stores depots they are reasonably well run when compared with the loco. stores;—Yes, very well.

By the CHAIRMAN: That is so. They use things in the order of the last to come the first to go. By Mr. du PLESSIS: I do appreciate that if the stores branch takes over this work they will want proper accommodation because they cannot control the issues of stores unless they have separate stores which are properly partitioned. The storeman then will be able to control the issue of stores in his particular store otherwise they cannot accept responsibility. Unless a man can lock up his stores, he cannot be held responsible. My point to you presupposes the provision of these separate stores;—Yes.

Examination of Mr. F. Mills, Chief Mechanical Engineer.

By Mr. du PLESSIS: Regarding the control of stores, at page 15 of your statement of evidence-in-chief, on the question of lack of standardisation of parts of locomotives you state—

This chaotic condition explains to some extent, even though it does not excuse, the condition of stores at many depots. It is a potent factor in causing indiscipline as the workmen only become familiar with fittings appropriate to the various classes of locomotives by years of experience.

What are your own views regarding the control of stores, as between the present system and the control of stores by the Comptroller of Stores?—Following some proceedings last week there was held a conference between the C.G.E., the C.T.M., the Comptroller of Stores, the personal assistant to the Commissioner and myself, on this very point. In due course Mr. Hickey will report to you, in his evidence, the result of that conference, but I think I can outline it briefly now. Those officers are agreed that improvement would result if stores-trained officers were placed in charge of depot stores provided—I emphasise the word "provided"—that adequate stores buildings are available. In some of those stores that you have seen it would be extremely difficult, if not impossible, to enforce proper storekeeping.

Do you suggest that you are going to continue with that system at Northam?—I think Northam is one place where a changeover is possible.

With all those separate stores there—about six, I think?—No. There is one store for the district engineer, which I think cannot very well be taken away, though the stores officer would be placed in charge of it. On the loco. side at Northam there is one store which houses spare parts, lubricating oils and so on for use in locomotives, so for practical purposes you have two stores, and certainly it could be made two stores.

By the CHAIRMAN: And the wagon examiners' store?—We will always have that, because it would be too small a show ever to have a storerman put in charge of it.

There is all the gear that he uses, which is a considerable amount of stores material;—Yes, but his work as a rule is done some little distance from the loco. He works in the yard and if you force him to go over to the loco. for his stores, that would be wrong.

The actual location of stores very often does not matter so long as they are properly housed, but the control of stores is a different thing;—I agree.

There is the lack of a store for the electrician's department, yet all those things should be stored?—The electrical stores to which you refer are really part of the district engineer's store. They are inside the same fence and controlled by one stores officer and I believe best. In regard to the other store, again we agree that a stores-trained officer would be very much better.

By Mr. du PLESSIS: You used the words "if a building is available." Do you say that accordingly?—I do.

Your suggestion, then, is not to make a special effort to provide those separate stores?—I would not say that. I think the provision of suitable buildings is an urgent necessity. My use of those words is significant to the extent that at this very moment it would not be practicable to place a stores officer in charge of mechanical stores at East Perth because there is no where there he could lock his stores up and be responsible for them. Until such provision is made, where that man can place his stores under lock and key and be responsible for them, he cannot be appointed.

By the CHAIRMAN: There is a number of the C.G.E.'s stores that you cannot put inside a building?—But they could be put inside a fence. They certainly should be inside a fence. Is there anything to prevent that being done?—It is done in large measure today.

Then they could come under the control of a storekeeper?—Yes. I would raise no objection, but I would prefer to refrain from debating questions relating to the civil engineer's stores. I am concerned with the mechanical engineer's stores. At East Perth, which is the largest of our depots, we have some of the worst conditions in that respect.

By Mr. du PLESSIS: I take it Mr. Hickey will deal with this matter?—Yes.

By the CHAIRMAN: Have you considered the necessity for including in all stores schedules of loco. parts?—Yes. Every depot and every one of those so-called stores has stores lists and checking forms such as you saw at Geraldton, and each one of them renders a monthly return.

I was thinking of having a schedule of loco. parts in such a way that a particular part referring to any engine could be readily obtained?—Yes.
I have seen the possibility of lost time due to the fact that a part being described does not produce the part required—True. That is the difficulty that I was driven into by my evidence-in-chief. I have remedial action in train.

I raised this point with you once before—Yes, and since I have been able to get one more man on my staff and a few young men to do a bit of sketching, we have started so that. I am aiming at a stores catalogue where every part will have a definite name and a stores number. When we can get parts ordered by a stores number of reference this ambiguity, which causes trouble, will disappear.

Yes, you have that in hand—Yes.

By Mr. du PLESSIS: Regarding the loco stores, are you satisfied that the present system can be allowed to continue?—No.

Without making a special effort to improve matters?
—No, I have never been satisfied with it, but I have never been able to get the stores buildings by means of which to make an improvement.

Have you any idea of the amount of money you are losing through neglect of stores?—No, I cannot estimate it.

I think it is a large sum—In actual loss of stores I suspect whether there is any serious loss, in over or under stocking there quite likely is a serious loss.

On what do you base that, when there is no control?—Only on observation, as you are doing.

But you have not been at the loco. depots for how long?—A long time.

Since before the war?—Yes, but I have seen and am familiar with the conditions at East Perth, the biggest depot.

That is under your nose, and you can go there.

By the CHAIRMAN: As that is the case, how did it get into the condition in which it is now?—Because there is not much means of making any improvement. I cannot enquire buildings out of this air.

By Mr. du PLESSIS: I am not criticisms you. What am I driving at is that when you see conditions regarding stores bordering on the chaotic, why is not an energetic attempt made to put those matters right?—There is no justification for assuming that the attempt has not been made. It has been made.

It has not succeeded—You will probably have greater success than I. If I have the backing of recommendations of this Royal Commission, to be allowed to spend a few pounds on improvements, I may get somewhere, but until someone will allow me to spend a few shillings here and there, I cannot get anywhere.

Examination of Mr. L. T. Hickey, Comptroller of Stores. It seems competent to discuss here whether greater efficiency could be achieved if a reorganisation of the method of control of this department's stores were brought about.

When the Commissioner of Railways was giving evidence recently he promised that he would arrange for me to appear before this Commission and give evidence as to the Department's future policy of conducting depot store organisations.

As already described there are three kinds of stores to be considered, I.e.—

(a) Permanent Way Stores holding permanent way material and tools, and works and building material.

(b) Mechanical Stores holding spare locomotive parts and repairs material.

(c) Running Sheds Stores holding oil, waste and fuel oil, and spare material for housing, and subject to the control of the Department's foreman, equal efficiency is possible where storesmen are employees of the branches concerned.

27. Proper housing is one of the main issues of this discussion. Where it is not provided, neither of the forms of control outlined above can give efficient service, nor put into practice that full measure of care and custody of material which is essential to a well conducted store. The lack of proper facilities for doing the job due to the lack of funds can only mean a continuance of the present unsatisfactory methods.

28. The re-introduction of the systematic inspection of branch depot stores which was a feature of branch store organisation until done away with in the depression years, is a vital necessity. A re-introduction of inspection of country depot stocks would have an immediate check on any attempt at overstocking or of hoarding. It would also be the means of expelling surplus and slowly moving stock, to say nothing of locating excess material held on depot which is badly needed by another depot.
29. Before finally leaving the question of staff it would be well to draw attention to circumstances which arise in connection with the control of stocks at some of the locomotive depot stores. Access to these stores must be had throughout the full 24 hours. When the storekeeper finishes duty (usually at 5 p.m.) the key of the store is handed to the shed foreman or sitter, and in turn passed on by them when their tour of duty finishes. Under such conditions responsibility for the custody of stores could not be vested solely in the storekeeper, unless two additional storekeepers were employed to control after hours issues. Such a provision would be costly in that the calls for material would be so few that the storekeeper would be standing by in idleness for the greater part of their time—on unfathomable proposition.

Summed up this department's view of the control of depot stores is—

(a) That a 'combined' store for all branches is not practicable for the reasons stated, and
(b) That separate properly equipped stores should be provided for—
(c) permanent way material,
(d) mechanical and running sheds stores,
(e) a separate store for stores inspector as outlined in subparagraph 29.
(f) That the facility of properly equipped store, and subject to systematic inspection and training there should be no less of efficiency by reason of a branch storekeeper being in charge of a depot store.

By Mr. RAYNOR: The views summed up in the last paragraph of your statement are as discussed by you with the Commissioner—that is so.

When Mr. Mills gave evidence yesterday I think he mentioned you would be conveying the impression view on this particular point, but he rather anticipated and gave some sort of a picture which was a little different from what you have put forward. Mr. Mills, and the other heads of branches, did discuss this matter with you?—Yes, they did.

Following that discussion you discussed the matter further with the Commissioner?—Yes.

And the views you now advance are departmental views?—Yes.

By the CHAIRMAN: These discussions have taken place since you previously gave evidence?—Yes.

Is there anything in your statement you wish to amplify?—I do not think so.

By Mr. du PLESSIS: Have you any knowledge of the stores practice pursued by other railways in Australia?—Very little. I have seen some stores, but only from a hurried visit. How long ago was that?—In 1915.

Where was that?—One of the stores was at Melbourne, Victoria, and the other at Esafield, Sydney.

What you have sought to emphasise in your evidence is the very acute shortage of materials and the difficulty of obtaining materials?—That is so.

I think the conclusion to be reached from your evidence is that the most stringent economy should be observed with regard to the use of stores and their control?—Naturally I do.

Did you ever travel about on the system and have a look of other stores?—I have only been inspecting of stores since the end of 1944. I have not been around the system since then.

Has any member of your staff been around the system at all?—No.

You have no knowledge of the conditions as they exist at the various outside stores?—None whatever. We did have an inspecting officer until 1931, when the position was abolished. His function was to go around the country stores and see that there was no under waste, surpluses or overstocking.

Since that date have you at any time—or your predecessor—made representations for that post to be restored?—I have not, but I do not know whether my predecessor did, but I do not think so.

Have you considered the advisability of it, or discussed it with your men?—I have discussed it with some of my officers about six or nine months ago.

Why did you not put that up to the Commissioner at that time?—I had no good reason for not putting it up except that I did not know the state of affairs was as bad as has been shown to me by evidence.

You have given evidence which draws a very gloomy picture of the stores position, as far as obtaining stores is concerned.—Yes.

You would not call it a rosy picture?—No, it is certainly gloomy, but it is without remedy.

By Mr. du PLESSIS: The views you put forward in regard to the control of stores at these outside depots are not based on your observations?—No, they are not.

They are based on what you have been told by others?—Yes.

Did you not think that in view of the discussion before this Commission and also the inspection by this Commission, it might have been desirable for you as a store officer to take a quick look and put in your own report, suggesting what you thought was the best organisation?—I did think of that, but I did not think it was necessary as we have the various heads of branches in control of their stores. But I did not get a report from them.

They would then be commenting on their own inefficiencies?—They would probably be drawing attention to any deficiencies.

Mr. RAYNOR: Under the present set-up Mr. Hickey’s responsibility for stores ceases at Midland Junction and they go into the branch store and become the responsibility of the branch.

Mr. du PLESSIS: What I am asking Mr. Hickey is, does he not think it desirable that section should have been taken to satisfy himself that what he put forward is sound from a store point of view?

Mr. RAYNOR: There was hardly time for it. It is only a few days ago that the Commissioner himself gave evidence.

Mr. du PLESSIS: He could have gone to one or two depots?

The WITNESS: I did go to one or two depots. I went to East Perth and the ways and works store in Perth, because they were handy.

Mr. RAYNOR: The first step in the improvement is obviously the provision of stores buildings. You cannot have tidy stores with the buildings we have, or any proper system of control over the stores in a place such as Northam.

The CHAIRMAN: I think you can get control of your stores without new buildings, if the meaning is you cannot let that position go on on the excuse that you cannot find suitable buildings.

Mr. RAYNOR: No, but I think any proper system of stores will depend largely upon the building requirements. I do not think there is much room for improvement under existing conditions.

By Mr. du PLESSIS: In paragraph 14 of your statement you say, 'Under normal conditions the quantity of permanent way material held by these depot stores is only sufficient to meet emergencies as they arise.' Do you have that statement on your own personal knowledge?—No, it is based on information received from the branch stores.

You have no personal knowledge that enables you to say that that is so?—No.

So that all you have said with regard to the outside stores is based on hearsay?—On official reports from responsible officers or the branches concerned.

You discard responsibility for the outside depots. In the circumstances would it not be more desirable for the outside branches to put their own evidence before the Commission, seeing that it is rather unfair to examine you on matters of which you have no personal knowledge?—That could have been done,
By the CHAIRMAN: It rather indicates that this is information that you feel should be supplied by you as storekeeper—I would feel more comfortable if I had had an opportunity to go round and see the stores outside.

There was nothing to prevent you doing that—only time and work.

By Mr. du PLESSIS: It would appear rather a waste of time to examine you on matters that are not actually within your own knowledge and in respect of which you have to depend on information received from the outside depots—I have no personal knowledge of the matters.

It is not your responsibility?—It is not.

From that point of view it detracts from the value of your statement, does it not. Of course it must do so because the information is not based on your own knowledge?—It is not based on first hand knowledge, certainly.

On page 7 of your statement you say, "Primarily there would be no saving of manpower as each head of branch consulted claims that his storemen could not cope with the work if the custody of the other stores were added to his duties." You cannot deny or confirm that?

I think you can comment on the aspect mentioned in your next statement, "Again the difference in the materials handled would require the services of a man with an exceptionally wide experience." Would you suggest wider than the experience of your storemen?

Yes?

He would require to know all about stores in connection with ways and works, building material and mechanical running shed stores, do not your men know that?

No, with the possible exception of the foreman. Of course some of them now have some such knowledge but a specialist in hardware, for instance, would not know about electrical material.

That is rather an admission that your men are not as experienced as those who, shall I say, are casual men employed outside?—They have bigger shops.

Bigger than yours?

No, what I suggest is that ours are bigger than theirs. Our sections are divided up and are bigger than those in an ordinary merchant store.

Is it rather an admission of weakness that you say your storemen are not as qualified as the outside men?

—I did not mean that. I was commenting on the possibility of bringing the three stores under one roof. My idea is that to handle the work would require the services of a man of exceptionally wide experience. He would need experience in the three different lines. He would have to know about ways and works, which includes timber; he would require to have mechanical experience, and he would require running shed stores experience. There is no man outside at the moment who could do all that work.

Before I asked you questions in that respect, I was dealing with the storemen and asked you whether they would be capable of doing the work and you said no?

—There may be two or three of them who might possibly be able to handle the whole of it.

My comment on that is that it shows great weakness in your stores staff if that is the position. Obviously it must be so. In paragraph 24 you refer to the amalgamation that has taken place. Can you mention one depot where the amalgamation has taken place?—Only on the basis of what the Chief Mechanical Engineer has told me and I think the depots concerned are Geraldton, Narrogin and Bumbury.

In the next paragraph you say, "There is a weakness in that the depot storemen would be operating many miles away from any form of branch control and in consequence might easily fall into careless ways." Surely that does not imply that there would not be proper inspections. You would not suggest putting men in charge of the outside depots if you did not inspect their work from time to time?—No, inspection is part of the work.

By the CHAIRMAN: But at present there is none?

—An inspection would probably be made at three-monthly intervals. Or course there is none at present by us.

By anyone?

—I do not know whether the branch inspectors do it. I do not know their practice.

By Mr. du PLESSIS: Surely your district traffic superintendent would regard it as part of his business to look at the stores and see that the men were doing their jobs properly?—Not unless instructed to do so. He is a traffic man.

You would not suggest that no one in the district would be responsible for looking into this matter?

—No. I take it if the ways and works matters would be under the district engineer.

Again, in your statement you say, "Then again the appointment of stores employees to the control of these depot stores would necessitate a complete change of accounting practice." You do not suggest that that is a material difficulty, do you?

No.

You say in paragraph (6), "Summed up then, the weight of evidence is against the appointment of stores branch employees at these depot stores, it being held that, given proper housing, and subject to strict and systematic supervision, equal efficiency is possible where storemen are employees of the branches concerned." Have you any knowledge that enables you to say that as evidence?

No. I can only say that is the conclusion that could be drawn from what I have been advised.

Then you go on to say that, "the lack of proper facilities for doing the job due to lack of funds can only mean a continuance of the present unsatisfactory methods." In other words you suggest that nothing should be done?

No.

What do you suggest?—That they should be brought up to date. There should be two stores as laid down in my recommendation. I say there that separate properly equipped stores should be provided for (1) permanent way material and (2) mechanical and running shed stores.

In paragraph 29 you say, "Under such conditions responsibility for the custody of stores could not be vested solely in the stores branch unless two additional storemen were employed to control after hours issues." You have that on what you have been told?

—Exactly. I was informed by the storeman at the East Perth loco shed that it applies there and he hands the key over to the fitter when he comes on the afternoon shift.

Would you be surprised if I put it to you that that is an irresponsible suggestion regarding something that does not arise in practice because it is quite far from the actual position?—It is the position as I have been informed of it.

It does not make sense?—In what way?

It is ridiculous to suggest you would have three storemen there?—If you read on you will see that I proceeded to say, "Such a provision would be costly in that the extra for material would be so few that the storemen would be standing by in futilities for the greater part of their time—an unthinkable proposition." So you will see I did not suggest that at all.

You mention it as a difficulty?—In this instance from the information I have been given I have tried to put a sort of balance sheet before the Commission.

Which is valueless because it is not based on your own knowledge?—It is certainly not based on my own knowledge.

By the CHAIRMAN: There are some matters that will be within your own knowledge with regard to Midland Junction. The same position applies there. I gathered from your last examination that once an article leaves your store you are finished with it?—Yes.
Yet you have stores under your control in various locations about Midland Junction?—Yes.

Do you find any difficulty in keeping control of these stores?—No.

Would you imagine there would be any difficulty at depots in keeping control if their locations were not in one place?—No, there would be a certain amount of control.

You have it now and you can have some better control?—Yes.

In the meantime you have stores under your control that you have to account for?—That is so.

I am not satisfied that you can always account for them. You also see at Midland Junction the amount of scrap in the sheds and scattered throughout the place?—That is so.

Control of Locomotive and Civil Engineering Stores to be Taken Over by Stores Branch.

We feel strongly that the present position is most unsatisfactory and wasteful, and recommend that as soon as this can be arranged, the control of locomotive and civil engineering stores, together with the staff employed in such stores, should be taken over by the Comptroller of Stores. It is a matter of urgency that the staff employed on this important work should be properly trained in all aspects of the duties of storemen.

Appointment of Stores Inspector.

The Comptroller of Stores, when examined on the need for regular inspection of stores at out-depots and taking steps to salvage usable scrap, replied as follows:—

By Mr. du PLESSIS: That being the case, as comptroller of stores, you would not consider it your duty to pursue every possible means of conserving stores?—Yes, I would. If you are referring to the inspection of stores in the country I want to point out that it is only recently that we have had our full staff in the store. We, like everybody else, suffered manpower troubles during the war years. To appoint the man I have in mind as inspector of stores will make a very serious gap in the administrative staff of the stores branch.

You have said that the Government does not interfere with the appointment of staff, and it is purely a matter for yourself and the Commissioner?—Yes, if I consider my staff is required I put it up to the Commissioner and if he approved I am free to engage them.

You have not put up the proposal to appoint a stores inspector?—No, for the reason that we are going through the most busy time that the stores have ever experienced, and that has made me postpone it.

How long are you going to postpone it?—I am not going to postpone it, I have got the Commissioner's agreement to it.

Has the staff position improved in the meantime?—It has to a degree.

When were you appointed?—The end of November, 1944.

If you had put the question up in 1944, you would have had the necessary trained staff by this time?—Yes, I suppose I would.

The longer you put off the appointment of staff the greater the difficulty to put things right. In that not the position?—Yes. Of course I was unaware of what the position was like in the country.

Did you not gauge from the orders coming from the outside depots that there was need for putting on the brakes?—The orders were the normal orders that one gets in any course.

You regarded that as normal. You did not regard the number of orders which came from those depots as abnormally high?—No, I did not.

Have you considered the question of scrap material and seeing whether there was any of this material which might be reclaimed from the outside depots?—We have asked the Chief Engineer to find out on his inspections, whether there is any scrap material, such as scrap rails, for disposal in his country depots. The last inquiry we had received a very limited response from the country depots.

You have not arranged that your branch should carry out a station to station inspection?—No, that was part of the stores inspector's duty, to see if there was any scrap about.

You have taken no action so far as your branch is concerned to ensure—

(1) That there was no inefficient control of stores, and that there was no wasteful use of stores.

(2) That there was no scrap lying about which could be reclaimed?

It was not my function to inspect stores in the country. The inspection had been done away with as I have pointed out.

At no time did you make representations to the Commissioner—no matter how desirable it is—for inspections of that nature to be carried out?—Because I could not spare the men I wanted to send out.

How long would it take one of your stores officers to make one visit to all these out-depots?—There are about eighteen of them and I suppose it would take him from three to four months to do the thing properly.

Of course you would not let him stay away from the office for that period. You would do the thing in bits and pieces?—That would be the best idea.

It may be away for about three or four days at a time?—I should think he would be away for a week at least.

If he had been to Northam I think the result of his report might have indicated to you the urgency of restoring the position?—I may have done.

You stated you had been to Victoria and that you saw the very efficient stores of the Victorian Railways. Did you also see what they were doing in regard to the reclamation of scrap?—No. I did the trip in my own time as a matter of interest. It was the only time I had at my disposal.

It did not occur to you to see what they were doing in regard to scrap?—No, I was not there officially.

You were having a business's holiday?—Yes.

Neither you nor your officers have been sent over there officially?—No.

In his final evidence before us, the Commissioner of Railways indicated that it had been decided to reselect the appointment of a stores inspector! We quote extract from his evidence hereunder:—

"By Mr. du PLESSIS: You do not think there is any necessity to improve the organisation with regard to stores?—Since I gave my evidence in-chief you have had the considered opinion of Mr. Hickey whose evidence was given after consultation with me.

He told me he knew nothing about outside stores?—We had a conference of the whole of the heads of the branches concerned. We could not see that it was feasible to amalgamate the three sections into one central store. We thought that would lead to more waste time rather than to the saving of time.

That was not my suggestion?—What was your suggestion?

My suggestion was that the loco. stores should remain as they are but as far as possible stores should come to one building and be properly controlled by one storeman. I suggested further that the civil engineer's stores should also remain where they are at present. I have never suggested they should all be concentrated in one centre. At the moment I want your view on the conditions we saw at Northam where there was no direct
control over stores and where a man could come in, take what he wanted and might or might not sign the book for them?—If a man did that and there was no control, it was bad and I would not defend that sort of thing.

The only place where I saw proper control was Geraldoon, and that man knew his job?—Yes, I knew that fairly well. Following the raising of that point, we have arranged to re-appoint a stores inspector. That position was abolished before I became Commissioner.

By the CHAIRMAN: Were those things never brought under your notice, I mean the way your stores were being handled in the outside depots?—On my inspections, I have not come across instances such as you quote, where men could go in and get stores without any signature or check. For that to happen is definitely bad. The condition of the stores definitely needs improving. Where you have a small depot and work going on at night or during the week-end, there must be some arrangement whereby men can get stores.

CHAPTER 9.

STAFF CONSILIATION, NEGOTIATION

We have been much impressed with the need of improving the relations between the management and the railway personnel and, for this purpose, we feel if the departmental machinery can be strengthened for bringing railwaymen together as railwaymen to discuss all aspects of their work—i.e. their rates of pay; their general conditions of service; general and particular disabilities which they may be experiencing; general and particular conditions of work; improved methods of working; economies in working; improved train services—it will be a big factor, not only in improving the relations between the management and the staff, but also in giving better service to the public.

Railway Conciliation Board.

Negotiations with regard to rates of pay and conditions of service easily lead to friction, and we have given consideration to the possibility of establishing a purely railway body to consider such matters as staff rates of pay and conditions of service. We examined a number of organisation charts and extraction of the relevant evidence is appended hereto:

Mr. H. Hyde, General President, W.A. Amalgamated Society of Railway Employees.

By Mr. T. G. DAVIES: You state in the final paragraph of your typed evidence—

The co-operation between the department and the workers through their unions will have to be very much more pronounced than it has been in the past, and then, and only then, will these railways be put on a sound footing which will allow them to compete with road transport and other competitors.

I wonder if you would amplify that statement, expressing the considered opinion of your union, concerning the very top of the administration of this railway system. You are aware of the situation at present, I wonder would you please before the Royal Commissioners the union's views as to what should be done in the way of management and consultation between workers and the management?—I believe that on all occasions where there is an innovation, which the Commissioner of Railways or the head of one of the branches desires to make and which is known to be against the policy of the union, especially where it has already been expressed, there must at least be a conference with the union before the matter is given effect to. That has not been done in the past. Even at the present time you may have seen in the paper reference to girls being employed in dining cars. Some six months ago my union presented a log to the Commissioner in which objection was expressed to the employment of females in dining cars. That log has not been sent back, although the Commissioner has had it for three or four months, and he is now employing females, knowing full well that the union takes very strong exception to the practice. We not only take exception to the employment of females on these cars but also very strong exception to the Commissioner providing sleeping accommodation for females. Those changes in nomenclature have never been much more pronounced than it has been in the past.

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THIS change of nomenclature was abolished before I became Commissioner.

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The co-operation between the department and the workers through their unions will have to be very much more pronounced than it has been in the past, and then, and only then, will these railways be put on a sound footing which will allow them to compete with road transport and other competitors.

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Supposing, as a matter of policy, something has been determined by the Commissioner and the union objects. What happens after that?—If, after a deputation to the Commissioner we cannot come to any agreement, there is only one thing left for us to do, and that is to go to the Arbitration Court and probably get the Arbitration Court to have it fixed.

You mean a dispute within the meaning of the Arbitration Act?—Yes.

Does that, in a large number of cases, mean litigation as between the union and the Commissioner?—Yes. I have no doubt that a dispute will be created on this occasion. The union will tell the Commissioner that, if he puts these females on the trains, the dining car will not be attached.

And in the ordinary course of events, a dispute having been created, the Court of Arbitration, or some authority set up by that court, would then hear and determine the dispute?—Yes. I am inclined to think that there are ways and means by which such matters can
be fixed up before the dispute. On this occasion we asked the Commissioner to place the matter before a Board before it came to a dispute, but he refused. He said the matter came within his jurisdiction and he intended to give effect to it.

Has the Railway Department, in the matter of industrial relationships, any sub-department other than the Railway Department dealing with industrial matters and industrial law?—No. We only have the industrial officers, namely, Mr. McKenna and the others.

Is there any welfare division?—No.

Is there any system laid down for a consultation at any time?—No. It only comes about by a request from the union when it thinks for a dispute to be either a head or branch of a dispute to the Commissioner.

By Mr. du PLESSIS: Would you support any proposal to set up a body, representative of the staff, the unions and the management, to deal with such matters as we have discussed with respect to the dining car and other matters affecting groups of servants as distinct from individuals, that body to make its recommendations to the management?—Yes, I would welcome such a body within the framework of your arbitration machinery. That is a very big question, but I think it would get the support of our union. We would support anything that would bring about the better working of the railways. I am only speaking for myself now.

Would you welcome the setting up of such a body, which would prevent numerous disputes between the management and the unions that might possibly result in a strike, to put it crudely?—Yes. We would welcome anything of that nature. As I said in my evidence-in-chief, I believe that co-operation between the department and the union must be more pronounced. I think you will agree with me that in matters which affect groups of the staff, railwaymen, as railwaymen, are probably in the best position to dispose of these matters. Do you agree with that suggestion as a general principle?—Yes, I think railwaymen have a greater knowledge of railway working than outside bodies have.

Would you welcome a body of that nature, set up within the framework of your arbitration machinery?—Yes. I think it might lead to something good, if it could be done within the framework of the Arbitration Court. That might lend to the quicker dealing of disagreements that arise.

Mr. J. A. Ellis, Commissioner of Railways.

By Mr. du PLESSIS: Do you think there is a possibility of some interim machinery being established to deal with questions of reductions and alterations of service before going to the Arbitration Court to be considered by that body?—Yes. That has distinct possibilities and is in line with the modern trend of conciliation rather than arbitration.

You have not discussed that aspect with the staff.—No.

If you have the necessary esprit de corps in the service and mutual confidence between the management and staff, it should be possible for such a body to function satisfactorily?—I think so.

Mr. A. R. Davies, General President, Locomotive Engine Drivers, Firemen and Cleaners' Union.

By Mr. du PLESSIS: The next step would be the question of staff matters, such as rates of pay and so on. I would like to explore the possibility of preventing such matters going to the Arbitration Court. Would you welcome the setting up of a purely railways conciliation board, with representatives of the staff unions and of management?—Yes.

A board where you would have the right to raise matters of leave, pay and other conditions of service—It would be an excellent idea.

If the decision of that conciliation board is unanimous I feel sure it will carry due weight with the Commissioner?—You have touched upon a very interesting subject because at the present moment—as you know the 40-hour week is to be introduced in January—President Dunphy of the Arbitration Court has told us that he has 500 inquiries a day just about this. He said he has no possibility of adjusting even a fraction of them unless the unions and the management can come to some temporary arrangement and he will go into the matter after the Christmas recess and straighten out any disagreements. Acting upon his advice we have met the Commissioner's industrial agent, Mr. McKenna, but the position is there are about eight different unions in the railways and he does not meet us altogether, although it is on the one question. In fact while we were talking to him on Friday the telephone rang and it was a call from the chairman of the Metal Trades Council in the Metals workshops asking him to meet them. Mr. McKenna said that he already had one union with him and that he did not think he could fit them in. It seems to be done haphazardly, on a question like that. Where it is a general question, it would facilitate matters if we could all get together and meet something like a board which had authority to do something.

By the CHAIRMAN: That becomes a railway matter and not a matter of any particular section?—That is true. After I had secured a decision from the Court in respect of the 40-hour week that was introduced before it, we had a realisation of the difficulties that would apply. The papers were swarmed on the industrial agent of the department and in the course of conversation with him, I pointed out that not only would there be difficulty so far as the railway staff is concerned but there may be difficulties in readjusting train timetables to meet the new situation. I consider that a classical instance where some consultations would have solved two difficulties. First of all the railway's own immediate problem, and secondly possibly working out the altered timetables required to accommodate the changed conditions.

By Mr. du PLESSIS: Would you suggest that the agents of the Arbitration Court be reappointed railway items?—I think it is. The last case of the Amalgamated Society of Railway Employees, only a few months ago, had 100 witnesses and the case extended for some months.

It means a tremendous amount of time, not only for staff Unions, but all concerned in the attendance at the sitting of the Court?—Yes, and a lot of expense, not only for us but also Mr. Raynor and his staff. It is really endless work and expense, and I think a lot of it could be facilitated if we had round table conferences. It has often seemed to me that the Commissioner of Railways realises he is the biggest employer of labour in the country and has never been very particular about giving us any improved conditions in case outside employees immediately wanted the same improved conditions. He has therefore always been inclined to say to us that he would not give us the improved conditions but we could go to the Arbitration Court, although at times I am sure he realises that the request is fully justified.

In other words it is the effect in practice that matters are not really considered on their merits but that it is left to the Arbitration Court to decide the matter on the arguments put forward. There is no railway atmosphere where you could meet at a round table conference as railway men, discuss your problems, and decide them on their merits, which would be the best interests of the staff and the service as a whole—I will not say it has never been done, but it is always approached in the wrong spirit. For instance, we have an Award pending, and we thought we would hear before Christmas but on account of the 40-hour week and the court being congested we are not likely to get a hearing before February or later. In the meantime we have been to the Commissioner and he told us that he has been very busy on the Royal Commission and is a bit out of touch with the Award conditions. He said, "My advice to you is to go away with Mr. McKenna and see if you can come to some arrangement with him to iron out your troubles." Mr. McKenna takes his instructions from the Commissioner, and is a very hard man, just as hard as the Commissioner, and
was not prepared to give away very much. The Commissioner also told us that if we could not come to an agreement he was willing to confer with us and meet President Dunphy in Chambers to see if any suggestions could be made. We met President Dunphy in Chambers and have advanced a little bit, and we are now ready again at two o’clock. Even then President Dunphy has told us that he cannot give a decision on the matter until it is argued in open court and there have been witnesses for and against. He said, however, that if he was convinced that what we were putting up in Chambers was reasonable he would make a recommendation to the Commissioner, and that he thought the agreement was fair. There is nothing mandatory about it and nobody empowered, except the Commissioner of Railways, to do anything, in the way of settling awards outside the Arbitration Court, and that means we have no appeal from the Commissioner of Railways except that court.

By the CHAIRMAN: You quite understand that the management has to manage. The Commissioner or his senior officers have to make a decision and it is much easier to come to a decision after you have talked it over with the people concerned. Sometimes it is a matter of not being able to see eye to eye, and sometimes and being able to reach a compromise on conditions which will suit the service, because these things should be done to the benefit of the service. Incidentally if you helped the management you helped the individual.

By Mr. du PLESSIS: I take it you have sufficient confidence in your railway men, as railway men, to suggest that this conciliation board would have the effect of reducing the work of the Arbitration Court very considerably. It would be a great thing.

I think it is to be expected that this board would deal with the subjects on their merits and come to a decision which is fair to the men concerned and also to the management and the service as a whole. Yes. There is an instance of that in the coal mining industry in this State. It has its own tribunal, known as the Coal Reference Board. It deals with nothing but coal mining. There are several unions associated with the industry and that body deals only with the mining troubles they bring forward. Judge Drake-Brockman was here two or three years ago and my union approached him. We have always been under the State Arbitration Court although registered with the Federal Court. We approached him to sound him out to see how we would get on there if we went to the Federal Court. Western Australia is more or less isolated from the Eastern States and some of our conditions, although perhaps they could be better, are different from theirs. We have had those conditions for so many years that some think we would be lost without them, although I have my doubts about some of them. I believe, however Drake-Brockman if, in the event of our going to the Federal Court, we would lose those State conditions. He told us that if we went to the Federal Court we would have to take a chance and we might or might not lose them. He said he was a believer in uniformity and that if we went to the Federal Court and secured Eastern States conditions we might lose some of our special local conditions.

You could not pick out the eyes—that is an. In my opinion some of our conditions are of doubtful value, but our members seem to place great value upon them. If we could get set up under the State or Federal Arbitration Court, the matter of conciliation, like the body operating at Collie, I think it would be a very good thing.

By the CHAIRMAN: I am anxious to get away from the view that this is a disputes committee. I do not view it that way. We want to make a distinction between them. There would be a board dealing with industrial matters. There is another consideration regarding the efficiency of the railways and suggestions for improvements—I understand.

Mr. T. G. Davies, the Advocate for the railway staff unions, in his closing address, referred to the evidence which we have quoted, in the following terms:

This inquiry has proceeded for a number of months and during that period you, Mr. Chairman, and Mr. du Plessis have travelled on the system for many miles. You have made inspections at out-depots and at the larger stations, and had the larger stations, and had been examined by the Commissioner of Railways. In addition, you have had a mass of evidence and data placed before you covering all angles of railway administration in this State, railway systems and administrations in other States and countries. It would be absurd to attempt to review all the evidence placed before you. I should say that my position is not to be placed in a conflicting position, but I shall make a recommendation to the Commissioner, and I believe I have been so true to say that they have specific and particular interest in certain matters that you. It is on those matters particularly that I desire to address myself, and to those matters I refer. Mr. Chairman and your colleague have also asked me to examine. There are three points, the first being the Arbitration Act of this State with particular reference. If I understood rightly what was passing through the mind of Mr. du Plessis, in relation to a proposed form of conciliation committee which would have reference to the railway system and railway matters. The second matter was that of the Promotions Appeal Board and the Act. The third is the Punishment Appeal Board which is provided for in the Railway Act. On the first point we find ourselves in a somewhat peculiar position. There are no less than eight unions in the staff of the Commissioner of Railways. One of those unions is the Professional Officers’ Union, which is registered with the Commonwealth and, and it has no registration with the State Court. All the determinations covering members of that organisation, who are employed by the Commissioner, are governed by Commonwealth law. Then we have the Railway Officers’ Union, which is not registered with the Commonwealth Court, nor yet with the State Arbitration Court, but as a consequence of peculiar legislation receives its determinations from the Railway Classification Board. It is perfectly true that the Arbitration Court of this State has some jurisdiction over that union to the extent that if there were a dispute which was likely to affect a stoppage among the members of that union or the workers with whom they were associated, the President of the Arbitration Court has power under the Act to step in and require a compulsory conference to be held so as to bring the parties before him. Proceeding for that particular provision in the Act, the Railway Officers’ Union is not bound by the State Industrial Arbitration Act.

All the other unions covering the men employed by the Commissioner of Railways are registered with the State Arbitration Court. When Mr. Davies, the Locomotive Engine Drivers’ Union, were put to him certain questions with respect to conciliation committees and you will remember that he said he thought it was quite a good idea that we referred to the local board of reference covering the coal mining industry. I should point out that so there can be no misunderstanding about it that the local reference board was established under the regulations issued by the Commonwealth with peculiar jurisdiction only. The composition of the local reference board is two representatives of the employers and a chairman. In this instance, as is usually the case with all conciliation bodies, the chairman is a gentleman with judicial experience. In this State it happens to be Mr. Ralston who is a magistrate. There is nothing in the Industrial Arbitration Act to prevent a conciliation committee being set up by the Minister in that respect. I particularly refer you to Sections 120 and 121 of the Act. The Minister can appoint a conciliation commission in any district. The Minister can direct conciliation commissions to examine certain matters of difficulty within an industry. The Minister, on the creation of a conciliation commission, can permit the appointment of two workers’ representatives who would mean that it would be a railway conciliation commission or committee, would be railway men; two other representatives of the Railway Department who naturally would be railway men, and the chairman appointed by the parties. Failing agreement in the matter of the selection of the chairman, the Minister himself would select the chairman.
You may have noticed in the Press yesterday that the President of the State Arbitration Court announced that in the case of the tramways, which is a sister organisation to the railways, and is under the jurisdiction of the Commissioner of Railways, that it had been decided to create a conciliation commission. In justification for the appointment of that body, His Honour, the President, said that there had been for many months a large number of disputes as between the Tramways Union and the Commissioner and he felt that his time as President of the Court was being used unduly in the settlement of those disputes, and so in accordance with the Act a conciliation committee has been set up. I see no reason why a similar conciliation committee could not be set up in connection with the Railways. The only legal or technical impediment might be that you have occurring in this instance a union not registered with the State Court or with the Commonwealth Arbitration Court, another union that is only partially bound by the State Industrial Arbitration Act, and six unions that while registered with the State Court are separate entities. The impediment might be such as to make it impracticable to appoint a conciliation committee for each of these unions and the industries that they cover. I just do not know how that particular feature of the Act can be overcome.

By the Chairman: Could you form a delegates board?

Mr. Davies: No, I think the Act precludes that from being done, but I suggest that if the Royal Commission is of the opinion that a conciliation committee should be appointed for the purposes of the railway industry and by continuously looking at the problems confronting the Commissioner of Railways and the workers themselves, I have no doubt that they could be dealt with and not be allowed to continue until they develop into septic sores. If the Royal Commission believes it is desirable to have a conciliation committee of that kind, then I suggest it might be done, should it be found that there is a legal impediment in the way at the present time, by a simple amendment of the Industrial Arbitration Act. In any case, I leave the point to you, gentlemen, to consider. I am firmly of opinion that conciliation should precede arbitration. In my experience I have found that if you can get men with conflicting opinions on a particular matter or a group of matters, to sit around the table and get them to talk over their difficulties, very frequently those difficulties are resolved. That is the spirit of conciliation. I have stressed, and I believe it is right, that conciliation should always precede arbitration. If it is conducted in a proper spirit it very often makes arbitration unnecessary and it certainly creates in the minds of the workers and the minds of the representatives of the workers, as it does in the minds of the employers and their representatives, a faith in each other. It certainly generates a knowledge of both sides of the problems, which, all said and done, are not the problems of one side of industry but problems of industry itself.

We understand the Arbitration Court is called upon to adjudicate on such a large number of railway cases that there is at times considerable congestion, with the result that the hearing of cases is frequently delayed for lengthy periods. This must inevitably give cause for dissatisfaction amongst the staff concerned.

In order to overcome the difficulties referred to above, we recommend the establishment of a Railways Staff Board of Reference and Conciliation, with the following statutory functions:

To consider and make recommendations to the Minister for Railways on all important matters concerning the rates of pay and conditions of service of the railway personnel, which may be referred to the board by (a) the Minister, (b) the management or (c) a staff union.

We recommend further, that the board be constituted as follows:

(i) eight persons, elected by the staff unions, each union to elect one member;
(ii) eight persons, nominated by the management committee of the railways;
(iii) a chairman, nominated by the President of the State Arbitration Court,

it being understood, however, that the members referred to in (i) and (ii) shall be permanent members of the railway staff.

Elected and nominated members shall serve for a period of three years, provided, however, that at the end of the first year half the elected members and half the nominated members shall retire, such retirements to be drawn by lot. The retiring members shall be eligible for re-election or re-nomination, as the case may be.

Finally, we recommend that all recommendations of the board carried by a two-thirds majority, shall be binding upon the Minister for Railways and the staff unions. In the event of a third-thirds majority not being secured for any matter placed before the board for consideration, such matter shall, at the request of the staff union concerned, be referred to the State Arbitration Court for judgment. In all such cases the minutes of proceedings of the board shall be registered with the Arbitration Court.

Conferences with the Staff.

In the evidence placed before us, considerable stress has been laid on the need of frequent conferences with the staff, on the various levels, with regard to matters other than conditions of service, in which railwaymen in the world over are interested. In this connection we quote extracts from the evidence which we heard:

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Mr. J. A. Ellis, Commissioner of Railways: You set great store on the achievement of harmonious relations with the staff.—Yes, I think it is an essential part of management.

You realise, in that connection, that a proper consultation with the staff can do nothing but good?—Yes.

You start with the lowest level of the officials and then go to the depot officer, then to the branch head and to the Commissioner, and possibly, with regard to certain matters of policy, to the Minister for Transport?—Yes.

You agree that those consultation should be conducted at these different levels within their particular sphere?—Yes.

You would not take trivial matters to the Minister for Transport?—No, only matters of policy.

Do you encourage these consultations?—Yes. Most of them are, perhaps, more personal than official, especially with the lower levels. In normal times I make a practice of covering the whole system, by an inspection tour, at least once a year, and I discuss local problems with all the railway officials. I take with me the district officers so that they are in a position to give me advice on their local problems, and we can discuss matters of general interest beyond the confines of their division. Higher up, we have a monthly conference with heads of branches with the Commissioner, at which I always tell any newcomers to the conference, that I regard the conference as the board of directors' meeting of the Railway Department, and that they are at liberty to offer any remarks on any subject that comes up on the agenda, or that is raised, irrespective of whether it belongs to their particular branch or not.
In order to encourage the staff to take an interest in the railways, would it not be desirable for the district officers periodically to convene conference with the representatives of the staff in their particular districts to discuss not only grievances, wages and so on, but operating problems and improvements in barracks. There would be matters which are of interest to the efficient running of the railway. The staff at such conferences could submit matters for discussion. —Yes, I think we are doing it. I am not sure that we have regular conferences, but we have occasional conferences at the standard perhaps twice a year. We bring the traffic superintendents up to Perth and have a discussion on the haulage of wheat and super for the coming season. Your idea is to take a step further and have these conferences in the districts and I rather like the idea.

It is to encourage the staff to take an interest in their work and to maintain close contact between your district officers and the staff —it is an extension of a policy that I have tried to adopt by taking the staff into my confidence.

It is very important to consult the staff and the unions, but I would say that I would have on such conferences representatives of each section. Take Geraldton as a case in point. Obviously you should have the staff unions, and the conference should be fully representative, not the idea of getting them as an organised group, but as railway men to discuss local railway problems —The last time I was in Geraldton I think that was fully exemplified. I think I had four deputations—one from each of the branches organised unions and two from individual members wanting to see me on matters affecting their employment.

I am thinking of the lower level first —I am speaking definitely of the lower level.

I am talking about the local officials —I think it is a principle operating right through that as far as one can and should take the odd fellow into his confidence, that is the general policy. I do not think we are doing it as you suggest it should be done in an organised way in having regular meetings and I am prepared to admit that it might be done more in one district than another because the man in charge of that district might have slightly more liberal views than the man in charge of another.

You would also suggest that there might be room for more discussions of that nature on a higher level with the heads of branches concerned. The Chief Traffic Manager could come from time to time arrange discussions with the staff in his departments. Men drawn from the various depots together with the representatives of the staff unions which would be fully representative discussions in so far as the Traffic Branch is concerned, and I think the idea of creating a useful purpose —That is being done as far as possible during inspection, but as I understand it you are suggesting that we do it in two stages —That is that the station masters and other senior staff have frequent conversations with the district traffic superintendents and the district traffic superintendents have conferences with the Chief Traffic Manager.

You would have your district officers and the three men in charge of the district. It would be a joint conference concerning the three branches and it would be a general stocktaking of railway problems in that district affecting all three branches. Then you would have the next step, your Chief Traffic Manager, or Chief Civil Engineer or other branches where they will from time to time convene conferences. This time they will be in the depot station masters or the men lower down and they would then have a discussion on the higher level. The final stage would be the Chief Traffic Manager and the heads of the other branches at a conference with the Commissioner and they would deal with matters on a higher level which would require the Commissioner's ruling —In principle I agree with it. As a rule, I think as a rule we should take the employees as much as possible into our confidence. It struck me that we have in a small way through the publicity comittee that I instituted some years ago with Mr. Haynes as chairman and committees which have been set up in all the important depots, something of the set-up that you envisage in the particular districts. It may be that some expansion of that would be beneficial.

Mr. A. K. Davies, General President, Locomotive Engine Drivers and Firemen's Union.

By Mr. du PLESSIS: Apart from matters such as railway regulations, diesel tuition and so on, which I do not regard as staff conditions, where there is no routine procedure for the convening of periodical conferences, are there conferences convened at which matters concerning the management, from an ordinary point of view, are dealt with as matters of ordinary routine? —No. It is very unsatisfactory. Some sort of a board should be set up to adjudicate on these matters. In our industrial awards there is a provision that in the event of any dispute arising out of the interpretation of clauses, the parties to the award have two alternatives. They can either go to the Arbitration Court for an interpretation or they can ask the court to set up a board of reference. If these boards of reference could sit periodically and adjust the matters that we have not been able to adjust with the Chief Traffic Manager or the Commissioner, it would be a solution.

I have not reached that stage yet. I am concerned at this stage with the ordinary board matters which are common to the running of all railways. They are not really matters of dispute between the management and the staff such as grass in the ordinary course of running a railway system —Yes, but they cause a great deal of discontent.

They do not cause disputes. Before we go any further I want to know whether there is any system whereby these conferences are convened between the representatives of the staff unions—the running staff in this case—and the District Traffic Superintendents and the Chief Traffic Manager, and possibly also the footplate inspectors, so that they sit around a table. You would go there as staff unions and there would be present the footplate inspectors, the superintendent of locomotive running, the Chief Traffic Manager, and the Commissioner. You could discuss all relevant matters and express your views on the various branches. Have you such a conference at present? —Only as regards mechanised. Once a year there is a conference of district locomotive
superintendents and traffic superintendents. There might be 30 departmental officers present, and we have only one representative there. As a result of requests over the years, we have been allowed one representative at the conference.

I am concerned with the matters of ordinary daily importance to railwaymen throughout the world?—We have no such conference, although it would be very desirable.

Is there any means by which your district locomotive superintendents meet the staff unions from time to time?—Not periodically, but if a branch secretary wishes to meet the district locomotive superintendent, that officer will tell him when to come along. Generally, the chairman and secretary of the branch wait on him, but as a rule he has no power in matters involving the expenditure of even a few pounds. He will say he has to refer the matter to higher authority. In purely local matters there is that contact. Yesterday, our Perth branch carried a motion regarding too many week-ends away from home on a certain roster. Representatives of the branch will meet the District Locomotive Superintendant next week.

You appreciate the need for such consultation?—It would save us and Mr. Rayner's office a lot of work.

Would you suggest bringing in the Chief Mechanical Engineer and Chief Civil Engineer so that you could discuss matters relating to the track, for instance, or types of engines that were giving trouble—those matters would be put before the Commissioner and his senior officers?—There has never been sufficient co-operation between the staff and management. The management has not displayed much willingness. They meet us when requested, but rarely ask us to meet them.

By the CHAIRMAN: We are not dealing so much with matters that are likely to be in dispute, but matters that might lead to improvement, including issues that might develop into disputes. My feeling and experience are that if such matters are taken in time they do not develop into disputes. I want to see your reactions to the proposals Mr. du Plessis has put to you?—My reactions are favourable. I wish we had machinery by means of which to review such matters, if not periodically, at all events, frequently.

By Mr. du PLESSIS: I would not narrow discussion down unduly. The staff should be at liberty to put forward such matters as the condition of barracks, water supplies, the development of boiler troubles, and routine matters found in all railways?—That would be most desirable.

We attach great importance to the value of periodical conferences with the staff, where they will be afforded an opportunity of discussing (a) with their immediate supervisory officers, (b) with controlling officers, (heads of branches) and (c) with managerial officers, (management committees), such matters as general and particular disabilities which they suffer, improved facilities and amenities; improved methods of working; suggestions for effecting economies; improvements in train services; improved service to the public, etc.

We recommend that such conferences on the three levels—viz, district, branch and managerial—should be convened at regular intervals, but not less than annually, and that the staff concerned be asked well in advance to submit items for discussion at such conferences.

We are confident that a frank exchange of views on the three levels mentioned will do much to promote espirit de corps in the service, as well as bring about greater efficiency and improved service to the public.

Staff Unions Consultative Committee.

In order to facilitate negotiations between the management and the staff unions, we recommend that the unions appoint a staff union consultative committee, representative of all the unions—each union to elect not more than three members—which shall be the recognized body for conducting negotiations with the management on staff matters affecting more than one union.

CHAPTER 10.

STAFF PROMOTION AND PUNISHMENT APPEALS.

From the evidence placed before us, it would appear that there is considerable dissatisfaction with the two bodies known as the Promotions Appeal Board (constituted in terms of Act No. 38 of 1945, which came into operation on the 21st January, 1946), and the Railway Appeal Board (constituted under the Government Railways Act of 1904).

Promotions Appeal Board.

We quote the following extracts from the evidence in connection with the Promotions Appeal Board:

Mr. J. A. Ellis, Commissioner of Railways:

By Mr. du PLESSIS: Have you any views about the Promotions Appeal Board?—Yes. I was opposed to it before it was established because of my experience of the working of a similar board in Queensland. It is an extremely difficult matter to convince a layman that what you know, almost instinctively, about a particular applicant is right. It is not easy to put a case before a layman in a sufficiently lucid and cogent manner so that he will make a just decision.

If you were able to make the railways an attractive career for men joining the service, would it be in the interests of the railway administration that all domestic differences should be settled in the bosom of the railway family?—I think we should settle as many as we can, within, as you say, the bosom of the railway family.

That would enhance the espirit de corps in the service?—Yes. I think such a system operates in New South Wales and Victoria with a staff board system.

Have you discussed with the men the possibility of similar machinery here?—No, but I have always encouraged them to discuss things with me or with the industrial agent rather than take any precipitate action.

Would you suggest that appeals against promotions should be restricted to the railway service?—That is, that you have a Railway Promotions Appeal Board only?

Yes?—I think that would be an improvement on the present set-up.

Do you think it is wrong that a body should adjudicate on a matter, but have no responsibility with regard to the running of the business?—By and large it is definitely wrong.

That is the effect of it?—Yes.
The body adjudicates and takes no responsibility for the effect of its adjudication. That is the position?—Yes. That was fully expressed as the views of the administration prior to the passing of the statutory authority constituting the Promotions Appeal Board.

Have you any views that you want to put before us as to what sort of body you have in mind?—No. My views are that there is no necessity for any Promotions Appeal Board. But I would give some consideration to an interdepartmental body such as you suggest. I think that would be an improvement on the present set-up.

If you had a Commissioner with two assistants, with this separation of railway finance from Consolidated Revenue, do you think it would be possible to confine appeals to these channels?—I think it would, following on the remark you made that if there were an assistant Commissioner he could be the executive head to handle staff matters which would cover promotions and appeals.

If we have the position with regard to appeals, that there was a board advising the Minister, on which the staff was represented, that should be satisfactory to this stuff—I know it is working elsewhere.

You think your approach to the subject on these lines has possibilities?—I do.

By Mr. DAVIES: There may be some confusion arising as to the nature of the Promotions Appeal Board. I think a few questions to Mr. Ellis may clear up that position. What is the composition of the Promotions Appeal Board?—There are three members. A magistrate is the chairman, there is a representative of the Railway Department and a representative of the employees.

So in effect you have two railway men on the Appeal Board and a chairman who acts in a judicial capacity?—Yes.

What other type of board would you consider which is more characteristic of railway men than the composition of the existing Board?—Personally, I do not want any board. The working of the Promotions Appeal Board is simply that the chairman is the deciding factor. It is rarely that the departmental representative and the employees' representative agree.

Because they do not agree, then you have someone with judicial training and outlook who gives the determination for the department?—But not a man with a railway background.

In matters of this sort, is it absolutely necessary, or even desirable, to have a chairman who is a railway man, or to have a man with a railway background?—I think it would be advisable to have such a man.

If that be so, when would you suggest as chairman one of your senior officers?—No, I do not think that would be fair or acceptable. In connection with the professional officers there is a classification board, of which the chairman is a railway man, the General Manager of the Midland Railway Co., Mr. Brisbane. He, I should say, would be quite a suitable man for a job of that kind.

The argument might be put up by the other side that Mr. Brisbane, being a railway manager, would have a managerial outlook towards any appeal that was made?—That is quite possible.

That is really the reason why you have an chairman, someone who is quite beyond reproach; that is to say, he is not prejudiced, he has a legal training and is able to sift the facts?—Yes, that is so. Of course, I am not challenging the probity of the chairman.

Of course not. The Promotions Appeal Boards do not function under the authority of the Arbitration Court?—They function under a special Act.

And are in no way related to the Arbitration Court, or the functions of the Arbitration Court?—I believe that is so.

By Mr. R. M. Eveing, Chief Traffic Manager.

By Mr. DAVIES: You do not like the Promotions Appeal Board?—No, I cannot say that I do.

Would not that go for almost every head of a branch?—Yes. I am not so foolish as to think that all the moves I make are absolutely correct. I cannot be expected to know everybody, but I have had a long experience in these railways, covering some 47 years, and during that time I was a relieving District Traffic Superintendent for a good many years. That gave me an opportunity of knowing most of the men in my particular branch. When I was out as a District Officer I made it my business to become acquainted with the men and I met them both in their jobs and in my sporting activities, and so on. I came to have a good knowledge of my particular staff, and in making these promotions I make an honest endeavour to fill the positions to the best of my ability.

I do not doubt that in the least, and I know your reputation and about your going out among the men, in the way that you have, but even those opportunities were limited?—That is true.

You know that, prior to the Government of the day bringing down the Promotions Appeal Board legislation, there had been for a long time agitation on the part of railway men for an Act of that kind or of similar description?—Yes, I am aware of that.

Is the hostility to it one of sheer prejudice?—No. My reaction to it is that I claim to have as good a knowledge of the qualities of the men concerned with the job as probably anyone in my branch, but when I am making an appointment, if I have any doubt in my mind at all, I call in my Assistant Chief Traffic Manager, and also the Chief Staff Clerk, and I get their opinions. The final decision rests with me, but it is not until I have definitely got their opinions that I make my decision. I go further if it is in another man's district, and call in the opinion of the District Traffic Superintendent, or the District Traffic Superintendent. All these transfers are made with as much care as possible.

And, despite that, some applicants have succeeded before the Promotions Appeal Board?—I do not think that is very hard to understand. The case is put before the Board by the union advocates and by our own advocates.

Do you have an advocate?—Oh, yes.

Does that happen with appeals made by loco. men?—Not where a loco. man has been transferred to the salaried staff. When we appoint a driver to the position of foreman or sub-foreman, he leaves the union; he leaves its ranks and becomes an officer, and in those cases the loco. union do not interest themselves.

Would I not be correct in saying that the loco. union does not appear for any applicant, and that it is part of their policy not to appear?—That is so.

Leaving the loco. union out, you say that unions do appear?—Yes.

How do you say, then, that it is in natural that some of the applicants succeed?—The chairman is a non-railwayman and, although we have instances where we do not consider that a man is qualified for a particular job, it is often difficult to convince the magistrate that one man has better qualifications than another. Some have the attribute of being able to put up a good case. Other men, although having better qualifications, are not quite so expert in putting a case before the board. In many cases, I do think that the magistrate is influenced by the matter put before him.

So far as the department is concerned, they appoint a representative of the Commissioner to appear before the board?—That is the Commissioner's representative?

By Mr. du PLESSIS: Coming to the question of the Promotions Appeal Board, how is the Board constituted?—There is a magistrate as chairman and a representative from the union and the department,
When any particular matter is under discussion, a representative of that particular union and a representative of the department sits with the magistrate?—Yes.

So it is a panel of members representing the head of the branch affected and the union affected, with a magistrate as chairman?—Yes.

By the CHAIRMAN: That might keep a man occupied for days?—Yes, if he has to go to Kalgoorlie or even further afield, he might be away for four days.

By Mr. du PLESSIS: Has it happened that a senior officer has been slated by the advocate of a union at the hearing of these appeals?—Not to my knowledge. There is some straight talk goes on but I would not say it is so severe as to be termed slating.

Do you think there is any tendency on the part of senior officers on account of these matters being argued on the legalistic basis at these hearings to follow the line of least resistance and appoint a senior man under all circumstances regardless of merit?—No, it is not acute. I have had to withstand a tremendous number of appeals, and we have not lost too many.

Do you feel happy about this board?—No, I do not.

Have you given any thought as to whether it is possible to devise some departmental body which would be acceptable to the staff unions?—I think it should be possible. I have given quite a lot of thought to this matter but the composition of the board would be a difficult matter. I think I know the attitude of the unions. They seem to regard present set-up as the best case—or independent man from outside. I cannot admit that other than a railway man can adjudicate on railway matters, especially of that particular type.

You have not given thought to the setting up of some alternative system?—No.

The CHAIRMAN: I would like Mr. Davies to realise that I have view this matter,—or I do—with some concern, owing to the fact that it takes away from their work at frequent intervals highly trained technical men. You have not many of them and it may very seriously interfere with our working efficiency.

Mr. DAVIES: Admittedly it does but whether it should be a different proposition which I am prepared to argue at a later stage. I would point out it takes away men from the unions too, highly technical men who are doing a job of work every day to keep the wheels of industry going.

The CHAIRMAN: I would like you to give it some thought to see whether we cannot work out some way by which it will not interfere with the duties of the men to such an extent.

Mr. DAVIES: I am prepared to go into that but it requires some evidence.

The CHAIRMAN: Sometimes it is not a matter of evidence so much as deriving some way in which it can be done and which is acceptable to all.

Mr. DAVIES: That is a point I am going to argue. I could equally say that a lot of technical officers spend their time doing clerical jobs.

The CHAIRMAN: That is also the case and I have complained about it. That came up in connection with the workshops inquiry. We must get rid of that.

Mr. DAVIES: I agree. I am prepared to let you have some little evidence.

Mr. du PLESSIS: When the unions give evidence they could deal with those two points specifically. If you have any ideas those ideas could be put forward in evidence.

Mr. DAVIES: I would prefer to assimilate the evidence of Mr. Boylan's witnesses and our own, and out of what we receive from all of them, put up some sort of story to you based on the facts as we know them and as given in evidence.

Mr. du PLESSIS: I do not think anybody is happy about this. That is why I am so anxious to get something that would be more practical and also more satisfactory from the point of view of the railway administration and the staff.

Mr. DAVIES: Apart from all considerations we have been dealing with, this is an Act of Parliament which applies not only to the railways employees but to all Government departments with one exception and that is the water supply, sewage and drainage employees who were excluded.

Mr. du PLESSIS: That should not be inapplicable. If the unions accept some other basis, and it is obvious that the Government would have to introduce some legislation to implement the recommendations of this Royal Commission, it would be simple to introduce an Act of Parliament setting up a special organisation for the railways.

Mr. DAVIES: As a matter of fact, without examining the matter closely, I would say it would be possible if some alternative system were set up by regulations for the railway unions to be specially excluded from the conditions of this Act as was done in the case of the Water Supply Union I mentioned earlier. I think that is possible.

Mr. I. Travis, Engine Driver.

Promotion or the selection of officers are not governed by any agreement or award.

These officers are selected for reasons which are not known, but I will say that the predominating fact is seniority.

It is the prerogative of all applicants to lodge appeals against promotion in accordance with the Government Employees' Promotions Appeal Board Act, 1945, in which the grounds of appeal are clearly set out.

Section 14.

(A) Superior efficiency to that of the employee promoted.

(B) Equal efficiency and seniority to that of the employee promoted.

The promotions appeal board is independent of the Railway Department, being administered by the Public Service Commissioner and consists of:

1. A police court or stipendiary magistrate who will act as chairman.

2. A representative of the recommending authority.

3. A representative of the appellant or appellants.

Many appeals have been heard against appointments in my branch of the service, locomotive power section, and none have been upheld. Much importance is placed on the classification of the appointed party.

Mr. A. R. Davies, General President Locomotive Engine Drivers', Firemen's and Cleaners' Union.

By Mr. du PLESSIS: Mr. Travis, in the course of his evidence, rather indicated that there was a measure of dissatisfaction amongst the staff regarding the Government Employees' Promotions Appeal Board and the suggestion was that in view of the fact that matters are adjudicated upon by the Board the tendency was for boards of branches to follow the line of least resistance and appoint the senior man and not to have due regard to the claims of probably more efficient people—The Promotions Appeal Board Act is a new measure and I do not know if it has had time to be really tried out. It does give the employer the right to appoint the most efficient man and I think seniority is mentioned last.

I have read the Act and I am concerned about the practical effect and the possibility that in view of the fact that there matters are adjudicated upon by an outsider body where the decision rests with the chairman who is a non-railway man, the management plays safe and says, "We know the senior man is not 100 per cent., but there is nothing against him and we will appoint him," well knowing that a couple of men below him are probably more efficient. There may be that danger—I think that might always arise. As a union we have taken no part in these cases. We think it would be unfair for us to do otherwise. We think if a man goes for promotion and gets it and three or four other members of our union appeal against his promotion, how could we take part in the proceedings? Whose case is it? We are put up an equally good fight in all the cases and so we as a union stand apart and let each man put up his own case and appoint his own advocate.
Mr. T. G. Davies, the advocate for the staff unions in his closing address, said—

The second point to which you asked me to direct attention concerns the Promotions Appeal Board. Mr. Raynor has said that a strong case had been made out for the simplification of the procedure by which appeals are made to the board. I should like to point out that my earliest recollections of the agitation in the railway service for a promotions appeal board was in about 1928 when there were discussions on a Ministerial level. The Minister of the day found that it was not practicable to introduce legislation to set up such a board. A Bill was introduced in 1945 and was assented to in January, 1946. Another amending Bill was introduced late in 1946 and the measure was assented to in January, 1947.

The amending Bill provided that members of a union who were governed by the promotions appeal board could, if they so desired, with Ministerial approval, be statute barred. It also provided that with Ministerial approval they could subsequently apply and become subject to the Act. I would say in passing that the Promotions Appeal Board Act covers not only the railway system, but all Government employees. If any union feels for any reason that it should not be bound by the Act, all it need do is to make application to the Minister and it would immediately become statute barred. That has already been done by the Water Supply Union.

The second point is: The Promotions Appeal Board Act is an experimental piece of legislation. It follows that this agitation, which has been proceeding to my knowledge, since 1928, and probably long before, was the result of the railway men thinking, whether rightly or wrongly, that in the matter of promotions they were engaged in a career industry, and that frequently kissing went by favour. Now, they have an Act of recent origin. After all is said and done, it is reasonable to believe that the Act has its imperfections. I think experience will probably compel reconsideration of the measure. A strong case could be made out for a simplification of the procedure. It has been said that too many man-hours are lost by responsible officers in the department in these appeals, but the department has the remedy in its own hands.

Early this year—I think in February—the Secretary for Labour informed me that a conference was being convened by the Public Service Commissioner at which he would present the industrial agent for the Commissioner of Railways and the Secretary for Labour. That conference was going to examine the Act with a view to framing amendments for consideration by Parliament this session. I was told after the conference was concluded that we, on our part, would be entitled to frame amendments. The authorities would then confer and try to arrive at unanimous conclusions, with a view to knocking the amendments into shape. It is not our fault, nor do I suggest for a moment that it is the fault of the department, that that conference has not been held. It simply has not been held. I agree that many responsible officers of the department have lost much time as a consequence of the way in which this Act works. But that remark would be equally true of union officials, who in this post-war period and owing to the relaxation of Commonwealth regulations, are faced with problems they never previously experienced and who have insufficient time to attend to them in the way they should. Therefore, it cuts both ways. But the fact that this Act is an experimental piece of legislation, I submit, makes it necessary for the parties to confer in order to find a way out of the difficulties, so that joint representations might be made to the Minister for necessary amendments to the Act.

Exhibit “DW” put in reflects the following information:

The following statistics show the operation of the Act from 21/1/1946 until 31/10/1947 as far as this department is concerned. The figures include both salaried and wages staff promotions.

(a) Number of promotions made

(b) Number of notices of promotion sent to unsuccessful applicants (Form P.A.B.1)
CHAPTER 11.

STAFF EDUCATION AND TRAINING.

We have been much concerned with the inadequate nature of the training of the railway staff at the various levels of employment and responsibility.

Training of Apprentices.

In his report on the Midland Junction Railway Workshops your Commissioner dealt with the matter of staff training as follows:

Staff and Staff Training.

Taking the railways as a whole and including the workshops, it might be stated that it is a career industry and that those entering the organisation have, and rightly should have, expectation of advancement to the higher and executive positions of the service if they have qualified by education and experience to occupy them. From the evidence before me at the present time, there do not seem to be available men who would fully qualify by training and experience to take senior executive positions should it become necessary. Inbreeding may be responsible for this. I am very much concerned with regard to the training facilities that are available for executive officers. Training in the detail of the actual operations that have to be performed by the ‘rank and file’ appears to be reasonably sound although there are many directions for example, locomotive drivers and attendants, where more specific training in the technique of their work might lead to considerable improvement in the efficiency of operation.

The particular example quoted will receive closer attention when matters concerning the supply and use of coal by the railways are discussed, but it is not intended to deal with this matter in this interim report.

The general training of apprentices, so far as workshop practice and their skill as artisans is concerned, probably meets requirements, but the provision that is made for the higher general and technical education of those destined for executive positions is not satisfactory so far as the Chief Mechanical Engineer’s Branch is concerned. This whole matter has caused me some concern and evidence with regard to it has been obtained from Technical College authorities, unions and railway officers. This evidence is not yet complete but the officer appointed by the management committee, who shall be chairman, and a member of the staff union of which such servant is a member.

The proceedings of such Appeal Board, which shall contain the finding of the board, shall be forwarded to the management committee for consideration. In the event of the appellant being dissatisfied with the decision of the management committee, he shall have the right of appeal to the Board of Directors, whose decision shall be final.

When such appeal is heard by the Board of Directors, the appellant shall have the right to appear in person before the board and, if he so desires, he may be assisted by another servant or an official of the staff union of which he is a member.

We recommend, further that each staff union shall elect its representative on the Appeal Board and that when hearing appeals the member of the board, other than the chairman, shall be the representative of the staff union of which the appellant is a member.

EDUCATIONAL ENTRANCE QUALIFICATIONS. Junior Workers.

The minimum educational qualification for appointment as junior worker is Standard VII and the only fault we have to find in this connection is the maximum age stipulation for admission to the service which is in force. We examined both the Chief Traffic Manager (Mr. R. M. Evans) and the Secretary for Railways (Mr. C. Reynolds) on this point, and the following extracts from their evidence
Mr. R. M. Evans, Chief Traffic Manager.

By Mr. du PLESSIS: Can you throw some light on the fact that you fix an age as at their last birthday of 16 years maximum and 15 years minimum for a boy applicant?—That is approximately the age that the boys pass their junior. They must be between 15 and 16 years of age, but must not be 17.

Why should that be an important factor in the Traffic Branch?—It is a policy that has been adopted.

A policy must have some justification?—It is between the ages of 16 and 21 that a lad becomes a fairly competent railway officer before we fully appoint him. We do not appoint a shunter or an officer until he becomes 21 years of age.

That restricts your choice?—Not in past years. It will have this effect, that a boy who decides to remain at school a little longer to reach a higher standard of education, will be debarred from appointment. That is not a desirable factor?—No, I agree. I think we have got to more or less modify our regulations in that regard.

Mr. C. Reynold, Secretary for Railways.

By Mr. du PLESSIS: As regards recruitment of staff, is there any sound reason for having a maximum age of 16 for junior workers for admission to the service? What is the object of that?—We have to be very honest and say the salary attached thereto.

Does not that rather have this result, or it may have this result, that you debar from your service boys who would have remained at school longer and who would have a higher educational standard when they join your service? Would that not be an advantage?—Yes. I explained in evidence the other day that in calling applications for junior clerks we had omitted the age 16.

You have wiped that out?—Yes.

It has not appeared in the papers?—No. The advertisement might be in this week's paper. The schools are closing shortly and that is where and when we obtain our junior clerks.

By the CHAIRMAN: You see the advantage of increasing the age?—Yes.

By Mr. du PLESSIS: Are you wiping out that age maximum so far as the junior workers are concerned?—No.

Why are you not prepared to concede that point, too, as it would enable you to get a better educated youth as a junior worker?—As regards the junior worker, we consider that a lad who decides to take on a life-long career, as it were, would only be hindered if we set an educational standard. He would not apply for a junior worker's job if he had better qualifications. The educational standard is lower for his job.

But your junior worker grade is your general reservoir for the whole of the rest of your service?—Yes, and the junior clerks for the office.

They are your reservoir for checkers, shunters, guards and for all the traffic staff, except clerical staff?—Yes.

Those are very important posts, are they not?—Yes. A lad going in as a junior worker is not going to continue with his education and then apply for a junior worker's job; he will apply for something bigger than that. There are many boys who want to get away from school and who will take on some job.

That is so, but many of these junior workers can even become clerks. You will so in your evidence?—Yes.

Many of them who are educationally qualified prefer to start work immediately; in due course, when you advertise for junior clerks they will, if educationally qualified, become junior clerks?—Yes.

What is the advantage of having this maximum age? Is there any advantage in it at all?—Of course, the wages to be paid must affect the position. A boy of 17 is paid more than a boy of 16, and a boy of 18 is paid more than a boy of 17.

It is the rate for age scale that is the determining factor?—Yes. That is one of the factors, and to get boys who want to go into some other avenue in life's journey that does not require so much education.

Forget for the moment the question of the rate for age scale. There might be advantage in wiping out that maximum age?—Yes.

Efficiency advantages?—Yes. I do not want you to think for a minute that I believe education is a damning factor. On the contrary, I believe in an educated staff we would have a better service, one that would be run better and the staff would be better satisfied.

We consider the imposition of a maximum age stipulation of 16 years to be unsound, in that it has the effect of keeping out of the railway service, youths with educational qualifications higher than Standard VII, and we recommend that this stipulation be abolished.

Junior Clerks.

We consider it essential to attract to the railway service well-educated youths, and, for this purpose, we recommend that, except in the case of matriculated applicants and persons holding an appropriate university degree, admission to the clerical staff shall be by means of a competitive examination. This examination, which we recommend should be undertaken by the State Education Department, should be in the nature of a general knowledge test, and only youths who are in possession of a Junior University or a higher school certificate shall be allowed to sit for such examination.

In the case of youths holding the Matriculation Certificate, we recommend new entrants should be given a commencing salary of one grade above the scale for age. In the case of persons holding an appropriate university degree, we recommend new entrants be given a commencing salary of three grades above the scale for age, or if he is over 21 years, three grades above the basic salary.

DEPARTMENTAL TRAINING.

Railway Institute Council.

The 'railway' training of staff is today under the control of the Railway Institute Council, and in this connection we quote from the evidence placed before us by Mr. F. J. Meredith, General Secretary of the Railway Institute:—

By Mr. RAYNOR: Mr. Mills does not think much of the staff training that is being done through the Institute?—No more does the Institute Council.

How is the council constituted, and what are its functions? The Institute Council has done an excellent job with the material available.

Will you explain its constitution and limitations? I have prepared a statement, as far as I can.

Main Object: To promote the intellectual, social, physical welfare of its members; diffusion of library, scientific and useful knowledge, especially such as relates to railways, by means of circulating and reference libraries, lectures classes, etc.

Control of the Institute is vested in a council elected from its members, together with four representatives appointed by the Commissioner.
Finance: The Institute is financed by a subscription of 13s. per annum paid by members, together with other moneys derived from social events and a subsidy of £4,000 per annum paid by the Commissioners. Branches are also in operation at Midland Junction and Kalgoolie with full-time secretary-librarian and attendant; Northam, Merredin, Bunbury and Geraldton, with honorary secretary and attendant.

Education: Correspondence and oral classes are conducted in safe working, station accounts and locomotive, whilst oral classes only are held in telegraphy and oxyacetylene. Correspondence classes only are held in internal combustion engine, time-keeping, permanent way and plate-laying, timetables and rostering, ticket collectors and engineers courses.

The classes are conducted for a period of six months by honorary instructors, and students attend in their own time.

The syllabus and detail of instruction is arranged by the various instructors in accordance with departmental requirements and is revised each year.

At the conclusion of the class term, the various heads of branches are asked to appoint an examiner, and prepare a suitable examination paper in accordance with the instruction given and suitable to meet departmental requirements. The Institute does not take any active part in the compilation, this being conducted by the department. All examinations are conducted in departmental time.

Whilst the foregoing has been satisfactory to some extent and has acted as a temporary expedient, it is not considered sufficient to cover all that is required.

In view of such it is considered essential that permanent instructors be appointed to conduct the three essential classes, i.e., safe working, station accounts and locomotive, and that they operate for the full period of the year embracing theoretical and practical instruction. This arrangement is operating with success in the Eastern States. Under this proposal students would be brought in for concentrated training in groups of approximately 30 and would attend daily for a period of two months before being examined and taking up their respective departmental positions. This method of training was carried out recently under rehabilitation and proved very satisfactory. In safe working particularly the results were outstanding, the lowest percentage obtained being 89 per cent.

It is also thought that more opportunity should be taken to train further students who have shown outstanding ability in any particular subject in order that they may specialise in that class of work.

In order to provide the requirements of education and amenities generally, better and more up-to-date accommodation is necessary at most centres. This particularly applies in Perth where the accommodation is the same now with 4,000 members as it was with less than 1,000. The classrooms are small and badly lit and do not offer much inducement to students.

A proposal was in hand to build a modern and up-to-date building on a suitable site but that was stopped by the war.

I would like to stress the fact that the Institute realises that further education is required, particularly in the practical way, and that the matter has been submitted to the Commissioners with regard to the appointment of full time instructors who would be attached to my staff in Perth.

By the CHAIRMAN: Just give us the gist of it?—We assessed the fact that training generally was not up-to-date and quite a number of questions were being asked in the papers that were out of date, and the whole thing wanted revising. We were keen that as soon as we could get a correct and up-to-date syllabus or what was necessary to cover departmental requirements in regard to the training of locomotive men we should have good papers prepared and instruction given.

We recognised that the basis of examination was wrong; that under the award these locomotive men are covered to the extent that they must be issued with a model set of questions and answers. Providing the training being given they were more or less getting actual questions and answers and learning them parrot fashion. If that came out in evidence the other day, we felt that was wrong and wanted revising. Our idea was that these locomotive men should in their own time be asked to get a certain amount of theoretical training through the Institute which embraces six months' training. At the completion of that period they will be brought in for further concentrated training and then there at all times to give advice and knowledge and then come before a properly constituted board of examiners with representation from the Chief Mechanical Engineer, the Chief Traffic Manager and the locomotive running section and be asked questions of a practical nature appertaining to those particular phases of the work. We feel that if something of that kind were done it would complete the training of the locomotive men. On the other side of the service generally, particularly with regard to safe working and station accounts I say without hesitation that they are getting the best results, that the examinations conducted are satisfactory. We feel that with regard to locomotive training it is not up to standard from the point of view of tuition and examination and that something of the kind I have suggested would overcome the difficulty.

By Mr. RAYNOR: Did the Council suggest that something be done in the matter?—Yes. From the interview with the Commissioner it was gathered that he was aware of the position and he felt that the matter would be taken up and we would be advised as early as possible what the department intended to do.

Was there not a suggestion that you yourself should do work in connection with that scheme of staff training?—Yes, the Commissioner intimated that again last week. I am going in January.

By Mr. DAVIES: I think you were going to say earlier in your evidence, when Mr. Raynor interrupted you, that the Institute system was not sufficient, and that accommodation for classes was limited. Will you now amplify your remarks concerning that?—The Institute council has for some considerable time been of opinion that the training we are giving is not sufficient, particularly from a practical viewpoint and from the practical aspect, we are doing all we can. We have felt for some time that the practical side should be brought in very definitely, and the only way that can be done is by the appointment of instructors, in safe working, station accounts and locomotive working, who will be attached to the Institute at Perth, and there be brought in concentrated courses in various phases of railway working, particularly in regard to locomotive working, in which members are receiving no training whatever.

Who can join these classes?—They are open to members of the Institute as it stands now, and as long as they are departmentally employed. They pay an enrolment fee of 2s. 6d. and, in the case of correspondence students, 4s. enrolment fee, which covers the cost of their exercise books.

Is it a practice that an engagement by the department a man becomes a member of the Institute?—No, it is purely voluntary.

It is possible that some persons in the employ of the Commissioner of Railways would receive no education at all from the Institute?—Quite possibly.

You believe it is most unsatisfactory that certain persons employed by the Commissioner are not able to secure tuition or take examinations in such important matters as safe working, station accounts, and so on, and your Council put a proposition to the Commissioner that in a compulsory way it should be a contract of service to become members of the Institute and thus be eligible to receive that tuition. You say all that is unsatisfactory. Did your Council go any further than that? For instance, did it suggest to the
Commissioner that it should discharge its functions by resignation and thus throw the whole responsibility for education in these matters on to the Commissioner himself—which is a point which has recently come under consideration. My council feels that under dual control we are more or less in the throes of stagnation as we have been for some years, and that we should become purely departmental and operate as a departmental institute or that we should operate from our own angle by being made an incorporated body. Then, if the Commissioner wishes the Institute to be responsible for this education, he should subsidise or pay for that service. Failing that, he would have to face the position of providing the education himself. That is under consideration. It will not be finalised until after I make my visit to the Eastern States in January to see how they are working there. On my return I will present a comprehensive report to the Commissioner. The Commissioner has been most anxious to assist at all times and he has assisted the Institute to the best of his capacity, but his hands have been tied, particularly in regard to finance, facilities and accommodation. These are the great troubles in Perth.

The CHAIRMAN: I think we might shorten this a little. Both Mr. du Plessis and myself feel that this set-up is quite wrong and Mr. du Plessis wants to ask Mr. Morfield one or two more questions. I take it that your questions are to show that this Institute is not a satisfactory set-up.

By Mr. du PLESSIS: You are general secretary of the Railways Institute?—Yes.

Are you a full-time officer of the railway administration?—Yes, attached to the secretary for railways branch.

You are a member of the Commissioner's staff?—Yes.

What are your functions as general secretary?—I attend to the general affairs of the Institute in general and also the educational facilities.

You are the link between the Institute and the Commissioner?—Yes.

The Institute Council comprises about 20 members?—Between 30 and 40 members.

Is that for the control of all the Institute?—Yes, the whole lot.

Have you any management committees?—Yes, each branch has its own Committee but they are responsible to the Institute Council.

The primary object in providing these institutes is recreation for the staff?—Not only that. The educational side plays a big part and is our main objective.

Apart from yourself the control and working of the institute is purely a matter for the Institute Council which is a voluntary body?—Yes.

Apart from yours, is there any organisation in the Commissioner's office to deal with the education and training of staff?—No, except to a minor degree in the railway publicity committee.

Then the set-up for providing classes in the Institutes is loose from the point of view that it is in the hands of a voluntary body with no experience of educational and training matters?—Certainly not. The Commissioner has the final say in everything.

Yes, but the actual organisation and operation of the classes is the function of the Institute?—Yes, at the request of the Commissioner to provide such facilities.

By the CHAIRMAN: Your duties are set down under the organisation of the secretary for railways, as staff education and recreation.

What qualifications have you as an educationalist?—I started in the railway service as a lad and worked up to my present position.

Have you had any experience in the organisation for teaching?—Not as a teacher, but I have done the organisation work for years.

Would the details come under you?—Yes, the whole organisation of the class work is in my hands. I have indicated throughout that we are tied to a great extent by the Commissioner, who provides everything. At the commencement of each year we ask him if he is in accord with our suggestion to conduct certain classes, and the syllabus required for that purpose. At a deputation the Commissioner said he was of the opinion that the work should be done through the institutes.

Are you satisfied that you are providing a satisfactory and efficient service?—No. We provide what is possible with the finance and facilities made available.

Do you think your council is a suitable body to direct education?—Yes. They are representative of all sections of the department. On the council there are practical men with qualifications who are able to give their experience. The instructors are drawn from the ranks of the department and are trained and qualified men.

Is there anyone on the staff trained in educational matters?—Not at present.

An instructor is not always a trained man. He may know the subject but may not be a trained teacher?—It is difficult to get a man conversant with all phases of railway working.

I would not expect to get such a man?—It could be done with the cooperation of the Commissioner. That is what we are anxious to do, as we wish to provide improved facilities.

As secretary of the organisation you would be responsible for organising this work?—Yes.

By Mr. du PLESSIS: Do you know any set-up similar to your own?—Not in this State but in the Eastern States all this work is done by railway institutes, the only difference being that in New South Wales they have full time instructors.

By the CHAIRMAN: In New South Wales there is a trained man in charge of educational matters and the classes are very well staffed?—The secretary is not a trained man.

No, but he is not responsible for these matters?—The Director is not a fully qualified man on technical points pertaining to the railways.

By Mr. du PLESSIS: I can understand the institutes providing the accommodation and so on but I cannot understand a loose board such as the general council being responsible for the whole of the training of the railways staff. It is not the function of the Institute?—It is, in all States of Australia, and it is the same in the case of the insurance companies.

By the CHAIRMAN: The name does not matter very much?—But they provide the training.

By Mr. du PLESSIS: I do not know of a similar organisation in any other training institution?—All the educational facilities of railway departments in Australia are provided by railway institutes.

I cannot understand the organisation, and apparently the syllabus, being in the hands of a body that is not competent to do the work?—The syllabus is provided by the railway department and is handed over to us.

By the CHAIRMAN: Do you think that makes it a satisfactory system from the educational point of view?—It should, as the department knows what training is required and what the syllabus should be. If that is made available to the instructors, and they are given the proper facilities, it should be sound.

Organisation of Training Classes.

The practical training of the staff of the railways must be a matter for the organisation itself, and not dealt with through a semi-official body which is organised, (primarily, for the social and recreational activities of its members, and which cannot in any way be considered a competent body to undertake this important function. We do not, therefore, regard the arrangement whereby a body such as the
Railway Institute Council is responsible for the organisation and control of railway training classes, as being in the best interests of either the management or the staff. In our opinion the whole matter must be treated from a much wider angle and with a fuller realisation of its import on the calibre and efficiency of the staff, and we accordingly recommend that the management take over the functions of the council and, for this purpose, we recommend:

(a) that the management assume responsibility for the organisation and control of all training classes throughout the system;

(b) that the management appoint suitably qualified part-time instructors (railway servants) to give instruction in subjects such as station accounts, safe working, shunters' duties, checkers' duties, etc., and that the management assume responsibility for the payment of the instructors' fees;

(c) that the management appoint one or more examining officers, who will be charged with the responsibility of examining staff in the railway subjects above referred to, and that care be taken to ensure that such examinations are conducted on an efficient and proper basis;

(d) that the Railway Institute Council cooperate with the management with regard to making available at the railway institutes suitable accommodation for conducting training classes;

(e) that a person possessing the necessary 'educational,' as well as 'railway' experience, be appointed controller of training classes, whose duty it will be to organise the training classes at the various centres and ensure, by periodical inspection, that the classes are conducted efficiently and satisfactorily.

Departmental Examinations.

With the establishment of these training classes on a departmental basis, we feel the staff have sufficient opportunity of qualifying in the various departmental railway examinations, and we recommend that before any member of the junior staff, or men employed in learner grade or in the workers' grade, are appointed to the parent grade, they should be required to pass the prescribed examination in the duties for such grade. Apart from grades where the passing of an examination in safe working is a necessary prerequisite to appointment, we have in mind appointment to such grades as checker, shunter, time-keeper, ganger etc., where we understand no examination has been laid down. We recommend that all appointments to such grades shall be made contingent on the applicant qualifying by examination in the duties laid down for such positions.

This we regard not only as an efficiency measure, but as a means of encouraging the staff in the lower grades to qualify for promotion to better positions.

Appointment of Training Officer.

We have been impressed with the lack of attention given to the practical training of junior staff and for the purpose of exercising close control on the practical training of all junior staff (including apprentices, the appointment of a Master of Apprentices having already been approved,) we recommend that in suitable offices with the necessary experience (a well qualified station master would probably be the best person for the position) be appointed as training officer.

The training officer should carry out his duties in close co-operation with the controller of training classes and he should at regular intervals personally interrogate all junior staff to ensure (a) that there are no "square pegs in round holes," and (b) that the training which they are receiving is adequately fitting them for the parent grade to which they will eventually be appointed.

The training officer will be required to submit periodical reports (three or six-monthly) to the controller of training classes with regard to the progress made by each junior clerk, engine cleaner, junior worker and all other junior staff. It will also be his duty to visit all the training classes at regular intervals and submit reports on such classes to the controller of training classes.

Both the controller of training classes and the training officer should come under the control of the Staff Superintendent in the General Manager's Office, and we feel that with the setting up of an organisation such as we have outlined, the whole question of staff training will be placed on a firmer basis than has been the case up to the present, and that this should have a substantial effect on the promotion of efficiency throughout the service.

The recognition by the management of this important phase of their responsibility is an urgent matter—in view of the heavy work in question with the rehabilitation of the system—if qualified men are to be available in all branches of the service to meet the requirements of this important State business undertaking.

HIGHER ADMINISTRATIVE POSTS.

The railways of this State should offer to young men, who are ambitious and are educationally qualified and anxious to give their best service to the railways, the opportunity of making more rapid progress than their contemporaries who are satisfied merely to "put in a day's work." In this connection we quote from the evidence of the Commissioner of Railways, (Mr. Ellis):—

By Mr. du PLESSIS: Coming back to the staff problem and dealing with the higher training of men in the commercial and trade branches, have you considered any scheme whereby you would give outstanding men an opportunity to gain experience more quickly so that they could forge ahead so that you could make use of their ability?—No, but I would like to. I am in favour of that course.

Have you any views on the matter?—Yes, I have definite views. I would like to see the possibility of securing men from other than the particular pool available. For instance, there used to be—I do not know if it is in operation now—a diploma course in commerce at the University. I could imagine a man trained under courses would be extremely useful to us in the department, but, unfortunately, we are limited by the awards with regard to the reservoir for junior workers such as you have referred to. I would like the provision of some medium whereby we could avail ourselves of the services of men of brilliant attainments and further to give outstanding men already in the service an opportunity to take the diploma course,
So you would welcome a scheme whereby you could train outstanding men and enable them to gain experience that would enable them to advance more rapidly?—Yes. I would probably have further difficulty with the unions when I made any such appointments. That is a matter upon which I have probably had more difficulty with the unions than upon any other, so it will not be anything new.

I think you will find that if a scheme can be worked out which is fair to all the members of that staff, they would accept it. That is my impression?—Yes. We could try it.

I think it is very desirable!—I agree with you that it is very desirable.

We recommend that a limited number of young officers be selected from time to time for appointment as cadets and that they be given a period of from two to three years' intensive training in selected branches of the railway service to enable them to gain all-round experience with a view to their ultimate appointment to the higher administrative and executive positions.

We recommend that selection of cadets should be confined to young clerks with not less than 4 years' service and not over 30 years of age, holding a Matriculation Certificate or appropriate university degree and who—

(a) have qualified in station accounts and safe working;
(b) have been nominated by a head of branch;
(c) have passed a prescribed competitive examination;
(d) have been selected by the management committee.

We feel the railways of this State should offer to young men of the calibre which we have described above, a career which would fully both satisfy their ambitions and be in consonance with their qualifications, and we feel the adoption of the recommendations made by us will provide those wider opportunities.

Consideration by Staff Training and Education Committee.

It may be considered expedient to refer the recommendations which we have made in this chapter to the committee that was asked to meet for the purpose of outlining a scheme for the training and education of entrants to the branch of the Chief Mechanical Engineer and, when our recommendations are under consideration, the other heads of branches concerned could be appointed as additional members.

CHAPTER 12.

VALUE OF VISITS TO OTHER STATES AND COUNTRIES.

When dealing with different aspects of railway operations and activities earlier in this report, we have referred to the value to be derived from visits to other States in the Commonwealth, as well as to other countries, with a view to ascertaining the progress made with regard to railway equipment and organisation, so that as far as is possible railway development here may follow the most modern trends.

The Commissioner of Railways (Mr. Ellis), in his evidence-in-chief, said:—

It is considered that definite advantages would accrue to the Railway Department if more officers, both seniors and juniors, were given the opportunity to study the working of other railway systems, both interstate and overseas. Senior officers at present do get limited opportunities with regard to other Australian railways, but apart from two junior officers whom it was possible to send to England in connection with the acquisition of new rolling stock—one 10 years ago, and the other last year—no senior officer has been out of Australia during the past 15 years, with the exception of myself. The Government granted me six months leave with pay in 1939, but a suggestion that the expenses of myself and another officer be borne by the Government was not received favourably, and in consequence I paid my own fare and expenses, which considerably limited the usefulness of my stay in Great Britain and Canada, and precluded visiting other countries.

I firmly believe that the benefits to this system of sending its officers overseas, to spend some time studying South African, New Zealand and the British and North American systems would pay dividends in the future.

It is incomprehensible to us that an officer should have to pay his own expenses when visiting other States in Australia, or other countries, for the purpose of enlarging his experience and reporting the results of his inquiries elsewhere for the benefit of the railways.

We are aware that, in some very few instances, officers have gone overseas in connection with the superintendence of contracts for equipment, and while this has advantages for the men concerned, its value to the service as a whole is not likely to be broad enough or consistent enough to enlarge greatly the knowledge of the management in modern railway operations.

We would stress the importance of arranging that men at the middle range of executive responsibility should periodically, (say once in three to five years in individual cases) visit and confer with their opposite numbers in the other railway systems of the Commonwealth, whether they be officers in the commercial, staff, operating or technical branches of the service. It is the personal contact between opposite numbers which is necessary, rather than a periodical coming together of the higher executives at formal conferences.

We recommend most strongly that interstate and overseas travel of suitable officers in all branches of the railways should be systematically organised.
CHAPTER 13.

ROAD MOTOR TRANSPORT.

In Chapter 2—Historical Review of Development of Railways in Western Australia—we referred to the failure of the railways to take advantage of the development of the internal combustion engine as a means of providing road transport, as an alternative to rail transport, in areas where the construction of railway lines could not be economically justified.

Although much ground has been lost by the railways due to this failure, we feel it is too late for the railways to improve their transport services to the community by pursuing an active policy of developing their road motor services.

Co-ordination of Rail and Road Services:

We have no desire to enter the controversial field of rail versus road transport, but we feel if our duty to direct attention to the need of allowing the railways full scope to develop road motor services as part of the railway transport organisation, and in this connection we consider it necessary to quote from the evidence placed before us:

Mr. J. A. Ellis, Commissioner of Railways.

Country passenger services: Factors which militate against popularity of rail travel on country branch lines are the roundabout journey, involved in many cases due to the manner in which railway lines have been constructed across country, and the mixed train which, by reason of the general service it performs, often lengthens the time of the journey to an abnormal degree.

The elimination of the mixed train must be effected if passenger business on these branch lines is to be retained or encouraged, and a start has already been made in this direction by the extension of the use of the existing diesel-electric rail cars. This policy will be developed when the new diesel-electric trains now on order arrive.

The problem of the roundabout journey by rail as compared with direct road route will, it is felt, largely be overcome by the development of departmental road services as feeders to or in conjunction with rail services and schemes for certain alternative road passenger services were submitted to you on the 28th November, 1945, and 31st January, 1946, as per copies herewith. An early indication of the Government's views on the proposals would enable preliminary work in connection with securing of vehicles, etc. to be put in hand.

Mr. R. M. Evans, Chief Traffic Manager.

Road Motor Services: On 24th November, 1941, a road motor passenger service was inaugurated between Perth and Kojonup, a distance of 156 miles direct (when run via Boddington, a further 9 miles are incurred). The object of this service was to eliminate the necessity for Kojonup residents making the roundabout journey either through Katanning or Donnybrook when visiting the city, a distance by rail of 238 and 230 miles respectively. Maps showing routes worked and those proposed are attached. (Exhibit "BB").

The route taken was via the Perth-Albany main road with detours to cater for Boddington, Crossman, Marradong and Quindanning. Two trips weekly in each direction were operated, but increased patronage justified an augmentation of the service to three trips weekly each way. The convenience of the service is demonstrated by the fact that whereas by reason of the route to be traversed the train journey from Kojonup to Perth takes over 18 hours, the running of the road service via Crossman is 6½ hours.

The service was first operated by a small service bus, but in December, 1945, a new semi-trailer bus (seating 49) was commissioned and operates twice weekly in each direction between Perth and Kojonup via Boddington. A third weekly service to Kojonup was worked by the tramway bus, which deviates via Quindanning, this vehicle being more suited to the long stretch of gravel road required to be covered on this route than the semi-trailer, which is largely confined to the bitumenised main road.

In December, 1946, the Perth-Kojonup road bus was extended to Cranbrook twice weekly, a further distance each way of 24 miles. In addition, a service augmented by a bus Perth to Williams twice weekly each way via Boddington and Quindanning, 131 miles.

In September, 1946, a bus service was inaugurated between Northam and Spencer's Brook connecting with trains and from the Great Southern Railway thus eliminating steam trains for this short run, a distance of 2 miles.

On 1st November, 1947, a road bus service was instituted between Bunbury and Tallarook (Caves House) whilst on 8th November another service was commenced between Bunbury, Bunbury Junction and Collie. As soon as buses are available services will be inaugurated from Bunbury to Flinders Bay, Busselton, Narro, Bridgetown, Peuberton, Boyup Brook.

There buses are of a modern A.E.C. type and will provide a very much improved passenger service over the present slower train service. They will connect with the proposed fast train Perth to Bunbury.

Investigations are proceeding with a view to extension of bus service to other parts of the State.

Mr. G. A. W. Price, representing the Road Board Association of Western Australia.

Very little attempt seems to have been made to use road transport in Western Australia to the best advantage.

The Transport Co-ordination Act was primarily designed to prevent road transport from becoming a serious competitor to the railways and to prevent carriage of goods by road. In this prevention it has been highly successful but only partially successful in co-ordinating road transport with the railways. It has, however, over a number of years been successful in retarding progress in the matter of modern and speedier transport which is the right of the people of this State.

The Government from time to time have emphasised the need for protection of our main roads and have pointed out the damage which would result if roads if road transport was allowed to operate, but the damage to main roads would appear negligible when roads are used for Government transport. I refer in this matter to heavy passenger buses imported from Victoria and weighing approximately 10 tons unloaded.

By Mr. du PLESSIS: In connection with the question of co-ordination of road and rail transport do you support the principle of the railways being allowed to introduce services which would fight railways? Yes. In this big country especially that is what is wanted. Take the question of transport of stock. Some stock have to be loaded three or four days before the sale at Midland Junction and brought down here and paddocked. I know that at Hyden they have to get the stock loaded on Thursday to be in time for next Wednesday's sale at Midland Junction, whereas with a good road service connecting with the railways the stock at Wagin, Narragee or Pinjebly, it could be done in three hours and catch up with the train service on the Tuesday which usually transports the stock from the Great Southern to Midland Junction. We often find services coming through at 8 o'clock in the morning and another one at night from Katanning at 5 o'clock. That is the service we want but with road transport they could be moved very quickly and be into the main line and let the railways do the job where it can get the fast movement.
At these centres which you have in mind where these feeder services should be introduced, are the conditions of the road such that they would be justified in running heavy vehicles?—Yes, with a little more expenditure on the roads and the material that we have today they could be made to take the weight required. They could be brought from Newgate and from Reventon-thorpe to the rail-head. The class of country there is similar and with the modern road-making machinery that we have now the roads could be improved at very little cost and that cost could be included in the petrol tax and in that way we could feel the railway service and do a proper job of it.

Do the roads board that you represent impose any restrictions on the load of the road vehicles in use at the present time?—Yes, there has been a lot of trouble lately owing to a meeting of the Transport Board which issued an instruction that we were not to license a heavy truck without reference to the transport board because they find on what you want to develop and to the big trucks that last year were carrying up to 33 tons of wheat.

Would the road boards be prepared to give special consideration to the strengthening of some of the bridges in the event of feeder services being introduced?—I think so. You will appreciate that the main roads are out of the jurisdiction of local road boards and are administered by the main roads department. Once a road is declared a main road, the local road board has no say in it at all. They are doing a tremendous amount of work and building up the roads with the idea of minimising them when possible.

By Mr. RAYNOR: Take the question of feeder services. You said that either the department or private transport could run them successfully. It was also suggested that in the early stages they may not pay their way, and that in those circumstances private transport would not be likely to be very keen.—It all depends on the way the services are run and advertised. You will find that if you do that you will be all right.

In the event of the railways opening up these developmental feeder services, would you say that we should have a monopoly of the transport on that road?—It all depends on what you want to develop.

I had in mind the cross country run from Hyden. The Hyden traffic of wheat and perhaps a little wool would be very seasonal.—Yes, and a lot of sheep.

The service would possibly have to be run throughout the year, and there would be some very thin months.—Yes.

Do you suggest that the department should have to face competition from private transport, after having carried the baby, when the wool traffic from Hyden came along?—No. The department could carry the wool traffic, but the livestock traffic.—No, provided you could land it there in the same time.

I am not suggesting that the railway road service would be any better or worse than private transport?—No, but that service could be given from a place like Hyden, whether by private enterprise or otherwise. The Hyden line, in my opinion, should never have been built.

I agree, but we have to work it, unfortunately.—Would it not be better to hand it over to private enterprise to run?—Who will, the railway line?—Yes.

Can you get us a bid for it?—I do not know, but that is how it appeals to me. We must realise that we asked the Government in those days to do a lot of very silly things.

I am trying to get from you whether you feel that the railways, having fostered a feeder service of a developmental nature, should have to face competition from private transport?—No, providing the Government can give the same service that you can get from private transport. Unfortunately, people do not care about most governmental concerns. But, with a private show, the owner gets very busy and gives service. We are doing our best to support the railways built by the Government, but the trouble is in the way those railways are handling the transport.

Unfortunately, we have no means of testing it. We have not had the spectacle of private enterprise handling a railway system of its own. If certain private enterprise had a go at it, you would be surprised at the result.

Personally, I do not see that private enterprise would do any better.—I think so.

Mr. J. LONQ, representing the Road Board Association, in reply:—

By Mr. de PLESSIS: Dealing with the question of competition again, you said that for any road passenger transport the railways could have their buses and there would be competition against private owners. I take it your suggestion is not that there should be competition simply for the sake of competition.—Not at all.

If the Railway Road Service gave efficient and satisfactory service, you would not suggest there should be an additional private service as well?—No, but who will decide whether the service is sufficient and efficient?

The public who use the service.—It is hard to get at those people. The average principle of business is that if you own an undertaking and you do not run it efficiently, someone else may do so and give a better service. That keeps the economic phase on a level keel. If on the other hand the railways decide to put on a bus service and give a signal that it is giving sufficient service, it becomes a monopoly.

No. I think you have a Transport Board that decides such matters. What I visualise is that the railways would go to the Transport Board and ask for a certificate for the introduction of a bus service between two given points. After receiving the necessary authority, the railways introduce and operate the service. Within 12 months or two years an application may be put in by a private carrier to introduce another service. The application goes before the Transport Board which will then hear evidence from the public as to whether the railway service is sufficient, efficient and satisfactory.

You would not suggest that if the public said the service was sufficient, efficient and satisfactory that another service should be introduced?—No, definitely not. In my statement you will remember that I said, "When dealing with road transport in competition with the railways, we do not consider the loss to the railways should be put before increased production and economic saving in industry."

I was dealing with the question of efficiency. If the railway service is sufficient and efficient?—Then leave it alone.

You would not suggest putting in another service?—No because that would be an economic loss. From the economic loss standpoint with regard to the present system of road transport for passengers, it is much more costly nationally for people to come from points 100 miles away to Perth when only one or two travel in a car when the journey could be taken by rail. I do not think you will ever have an efficient passenger service without buses or small rail units to replace the one long train that we have under present conditions. When people can get petrol for themselves they mostly use their own cars and that is a distinct loss to the State. I came to town in a car by myself and I say that is definitely wrong.

By the CHAIRMAN: Are you fixed if you take a passenger with you to share the cost?—Yes, definitely. That is a very serious offence.

In the first paragraph of your statement you said that the railways could own their own buses for road transport provided they were not protected against private owners. It is rather difficult to define exactly what I mean. I cannot see why the railways should want to own all the buses and exclude private enterprise. Say there is an opening for a bus service on a certain route. Anyone should be at liberty to apply for a licence to run that service, just as certain routes in the metropolitan area are now licensed. That should not be
strictly confined to railway-owned buses. Private enterprise might provide the service just as well. On the other hand, once an efficient service is established, we do not want to put in opposition just for the sake of having opposition, because buses have to be controlled and run to a schedule. They cannot go on as pirates and off again as they like.

Mr. L. A. Woolf, Secretary and Public Officer of the South-West Co-operative Dairy Farmers Limited, Bunbury.

If the Railway Department is not prepared to introduce road transport for butter and milk products immediately, the loss incurred by the delay should be subsidised, or avoided by allowing the manufacturers concerned to do their own cartage to the point of cold storage until the Railway Department is ready. Western Australian manufacturers are in a position to do the work—much cheaper than rail charges—and still take the risk, as we do by rail.

By Mr. da Plessis: I understand you would have no objection to using the railways if a satisfactory arrangement could be made. —Yes. I think it went on to the question of whether it would be cheaper by road and whether we would still want road carriage.

What would be your view there?—As a company we would naturally like the cheapest carriage we could get. A point that has not been brought out is that the main factor in butter carriage is that the commodity can be carried direct from cool store to cool store by road, but not by rail.

If the present difficulties can be overcome and satisfactory rail transport is available, would you have any objection to using it?—No. A siding at each end would get over the difficulty.

P. S. Hunter, Sales Manager, South-West Co-operative Dairy Farmers Ltd.

By Mr. da Plessis: But you agree as a general principle that if the Railway Department can give you an efficient rail transport for your butter, you would be prepared to send your butter by rail. Is that correct? —Yes. We would be prepared to do that but we would still not appreciate the fact that our carriage was costing us more than our road transport.

You do connect the two? You say that irrespective of whether the railways can do the transport work satisfactorily, you still want this commodity to go by road on account of the fact that you can do it at a much cheaper cost.—That is so.

So that is the determining basis—cost of transport? —Yes. The cost of transport, together with the efficiency of transport which—

I have dealt with that. Assuming for the moment that the railways can give you a satisfactory service, means that all your requirements from the transport point of view are met, would that satisfy you?—I can only answer that by saying it would satisfy us so far as efficiency was concerned but would still not be satisfactory on the score of economy.

So you would continue to ask for road transport purely on the score of less cost?—I think you can take it from me that we will continue to press for the lowest economic carriage cost we can get irrespective of what happens. That is one thing on which we will not relent.

Mr. A. Martin, Secretary Chamber of Automotive Industries of W.A. (Inc.)

The statement by this Chamber has particular reference to the latter part of clause (b) of the terms of reference and lays stress on the advantages of road transportation and the development more in this State of what is known in U.S.A. as the ‘truck ing’ industry. A study of the remarkable advances made there in the development of highways and the use of tractors to supplement the various railway systems, illustrates very clearly the tremendous advantages securing from a wide outlook on a development of transportation in this State with a proper balance as to the utilization of our railway's assets and the great potential advantages from a general admission of complementary and supplementary road transport.

This statement stresses the importance and advantages of road transport as compared with those sections of the Western Australian Government Railways which are antiquated and uneconomical, and fail to render that prompt and efficient service which can be obtained by the employment of road transport. Furthermore, it is desired to point to the advantages of employing road transport to act as “cdecker” services from those locations where the people comprising a community are insufficient in number to warrant the laying down of additional railways, or maintaining existing lines which are not fully employed.

It is advantageous to compare the official outlook in Australia with that of other countries, where transport service by private enterprise is encouraged and is indeed, highly valued; whereas in Australia political and governmental policy is repression and almost penal taxation.

In America, transport is considerably aided by the Government in the form of subsidies and, in the case of railways the liberal granting of free land and other cost-free facilities. Inland waterways of America are maintained free of cost or tax to all users and over the 16,700 miles of these inland navigable waterways the traffic in one year totalled 96,000,000,000 tons miles.

For many years past, railway authorities and management have fought the development of road transport because of a fear that the large capital investment in the railways might be jeopardised if motor transport were permitted to develop unhampered. This attitude on the part of the railway authorities has been carried to such lengths that a completely new approach, on the part of railway management, towards road transport is overdue.

This Chamber is fully alive to the fact that railways, as a means of transporting certain classes of goods, are essential to the economic structure of the country, and, up to a point, must be protected.

In instances where the traffic on a line is light, consisting of perhaps one or two trains per week, there can be little doubt that the goods travelling could be handled more economically by road.

There are such sections of railway in this State and they will have come under notice during the course of your inquiries.

The continued use of these lines results in rolling-stock lying idle for days on end at a time when it is desperately needed elsewhere. It would be in the best interest of the people served by such railways and the community as a whole if road transport replaced the train. From an economic standpoint such lines are in the nature of a wasting asset, which can be maintained and carried on only at cost to the country, which is completely unjustified in view of the efficiency and economy of present day road transport.

Here it may be opportune to cite an instance of serious disability as conveyed in a letter from a ‘Narembeen Farmer,’ published in the ‘Western Australian’ of December 2. Although the disability is refuted by the department, similar complaints are too numerous to be without some substantial foundation.

With regard to passenger traffic and its needs, much could be written, but the facts are plain to all. In spite of higher cost, people are travelling from place to place in ever increasing numbers by air and by road, simply because they are no longer satisfied with the comfort or speed of travel provided by our railways.

The aim should be to provide for those people residing in sparsely populated areas, transport facilities comparable with those provided for people in the crowded areas.
The tremendous expansion in rural development—agricultural, pastoral, a nd urban—may definitely be identified with the introduction of road transport facilities. Without the help of motor transport, our farming expansion could not have evolved from its immature stage to its present position. In a country like this, under transport may be said to have put the coping stone on its record.

Under the present railway system people residing in some of these sparsely populated localities are provided with train service only once, or perhaps twice per week. These are usually slow moving mixed trains which are neither comfortable from the point of view of passengers, nor do they offer reasonable facilities to the consignor, or consignee, of goods, either from the angle of dependability or prompt arrival.

Goods carried by these trains are put off at unattended sidings and remain there until the consignee becomes aware of their arrival.

Consignors must attend at the siding with their goods at the moment when the train is there, in order to obtain from the train crew a receipt for the goods and freight.

On arrival at an 'end of the line' siding the train crew must rest and it is unusual for the complete train and crew to remain idle at these places for periods of up to a day, or even more, before commencing the return journey. It should be continually borne in mind that people residing in these places are politically directed to patronise these out of date railway services and have no redress. Any attempt to employ road hauliers to handle their goods is a breach of the Transport Regulations and is punishable at law.

It is acknowledged that these lines are operated at a considerable loss and whilst the Railway Department is faced with the almost impossible task of attempting to earn sufficient revenue to meet its interest bill and wipe off past deficiencies, these unprofitable and antiquated lines merely add to the present crushing burden.

Here it may be asked what steps should be taken as a corrective of this unsatisfactory position. Perhaps a useful suggestion may be for the appointment of an independent committee consisting of skilled costing accountants, under the leadership of an undoubted expert in railway costing, and some of the headsions under which investigation might be made are as follows:

1. What services or departments of the railways are carried on at a loss?
2. What routes, sections or classes of traffic are unprofitable to railway operation?
3. The practicability of certain lines being closed, except in some areas for seasonal traffic only, such as wheat which could be transported over roads maintained at a low cost because the speed of the freight trains need not be fast.
4. What economies can be made in management and methods?
5. The practicability of transferring railway traffic, which is unprofitable, to road operators, under control regarding time tables, fares and freight charges.

Nothing is to be gained by a policy of restricting road services merely for the sake of restricting them. After all, the motor car, the motor truck and the aeroplane—modern forms of transportation—should be used for the net benefit of the human race.

The necessity of protection of this State's very considerable asset in its railways, is recognised as of paramount concern, but it is thought that an argument for such protection can be carried beyond practicable lengths where it may lead to the continuation of railway services under conditions of inefficiency, and material loss. It is claimed that the use of road transport may and should be admitted to permit of many advantages accruing to users. Road hauliers will convey any class of goods. The cost of packing is an added cost to distribution when transported by rail. This class of packing is not necessary when using road transport because of fewer handlings and less risk of pilfering on route.

The time losses at the consigning stations are avoided by the consignors and similar time losses by consignees.

It will be said that interest charges will accrue on the money invested in such lines whether trains run on them or not, and whilst we appreciate that fact, we see no reason to add to that cost by continuing to operate a train service which adds nothing but shows an appreciable operating loss year after year.

The military defence of the country, in time of emergency, must inevitably depend almost entirely on the availability of motor transport vehicles, and the types which would be used in fairly large numbers to handle the traffic at present being handled by non-paying railway services, would be suited admirably to military needs.

It is claimed that railway management can no longer ignore the demand for the types of service which the motor vehicle can provide (now relating to the ability of the road vehicle to handle goods from door to door and the greater flexibility of schedules). The question that arises is, are the railway authorities going to march with the times and treat the modern road vehicles as an adjunct which can be employed very usefully in conjunction with rail transport or in place of it, in many cases to advantage, or are they going to continue to treat the users of road vehicles and the vehicles themselves as mere enemies of the established system. There can be little doubt that, in due time, the public itself will answer those questions.

To restrict and retard the development of road transport can be accomplished successfully for a relatively limited period only. The dependability, usefulness and economy of the motor vehicle have been so well established that its claim to recognition as an integral part of the balanced transportation system must be acknowledged.

An alleged decline by railway revenue together with the impact of the depression of the early 30's occasioned the introduction of legislation which operated harshly against the development of goods haulage by road.

In Australia all State Governments set up Transport Boards to restrict road traffic with the object of diverting it to State railways whether it be profitable as railway function or otherwise, and the individual needs of the public receive scant, if any, consideration. After many years of trial and error there has been no change for the better in the annual financial result.

The recent war and accompanying shortage have even occasioned an increase of that restriction.

This alleged decline is not so real as may be claimed, railway figures throughout the Commonwealth have consistently improved and not the contrary it is claimed that the railways, through the extra development permitted by facilities available from motor transport, have received a consequential benefit.

In this connection there is submitted for review a little pamphlet entitled "Surveying for demands." A perusal of this Quite short pamphlet will indicate the many advantages that can accrue to the community from a wise and liberal admixture of motor transport into our overall state transportation system.

TOURIST INDUSTRY.

The importance of tourist traffic is recognised.

Those who voluntarily use the railways desire to be transported to a definite destination.

The tourist desires to travel in a leisurely manner and see all conditions of country.

Due to the necessity of seeking level grades, the railways as a rule do not traverse scenic country, and the construction of the railway carriages limits the ability to see the country to the occupants of the two window seats.
On long journeys railway trains spend a considerable portion of the time in night travelling, when the country cannot be seen by the tourist.

People on vacation do not want their movements regimented by railway time tables.

Touring omnibuses provide the logical service for tourist traffic and are not only an attraction to the visitor but afford West Australians the opportunity of seeing and appreciating their own State.

For a development of tourist traffic can only be gained by a full and liberal admission of motor transport. In this connection, another short pamphlet entitled "Tourist Traffic as an Industry," is appended for view and as a brief resume, as a manner in which road transport may be used for the benefit of tourist traffic and incidentally the State generally.

Facilities for passenger traffic could be materially improved in special districts—the present provision of special diesel traffic is not always adequate and as an instance, where road transport may be used parallel with an existing railway, the Midland Railway Company's enterprise may be cited as an instance of development of passenger traffic.

IT IS CLAIMED.

People in outlying districts generally, would be better served by employment of road transport for both passengers and goods.

Road transport has been tried and proved in other parts, and is not experimental.

Road transport is much faster and more reliable than railways.

More trips could be undertaken by road transport and in a fraction of the time required by railway services.

Road haulers will carry any class of goods.

The railway station or siding is the limit of delivery by the railways. Road transport is more central and can put down and take on passengers, or goods, at any point en route. It can deliver goods to any destination, even into stores.

The time losses at the consigning station or siding would be avoided by the consigners and similar time losses by consignees.

The cost of packing is an added cost of distribution when transported by rail. This elaborate class of packing is not necessary when using road transport because of fewer handlings.

The risk of pilfering en route is considerably reduced when employing road transport.

The closing down of these unsatisfactory spur lines and the introduction of road transport in lieu thereof, would release a considerable amount of rolling stock which could then be made available for the main lines, when shortage of rolling stock has hampered the progress of the State.

Mr. R. Dickson, President, Chamber of Automotive Industries:

By Mr. du PLESSIS: I think your plea is mainly for unrestricted competition—Yes. I believe in that.

Would you say, as a general principle, that the cost of operating any transport service should be borne by the users of it?—Yes.

Do you think that is a sound principle?—Yes, unless it is for the development of new country.

You talk of the railways having road services, and you have no objection to them provided there is unrestricted competition—That is so, and providing the railways charge rates which will make those services pay; and they are not subsidised services.

Is your suggestion then that irrespective of whether the railways or any private company is giving a satisfactory service on any route there should be no control, and that anyone who wants to come in may do so?—That is so. Real competition.

So that if the railways, or private enterprise, operate between points A and B, and give a satisfactory service and meet all the requirements of the public, you think there is no need for controlling legislation there whatever!—Except that you must always give good service. You must give comfortable service to the passengers. These things ought to be controlled by traffic regulations, which operators must obey.

That is laying down the standard of service and equipment—Yes.

But apart from that, you suggest there should be no control whatever?—No. I think competition would take care of the control.

Is it your suggestion that if the railways, or private enterprise, built up a service and someone else came in—and there is not sufficient traffic for the two—one has to go to the wall?—Yes, that is so. The weak man will go to the wall in competition and it merely wants a couple of demonstrations of that nature and nobody tries to chip in. They know they will fail against well-established lines.

Do you know whether there is any system of unrestricted competition which operates in any part of the world?—No, I do not.

Why do you think other countries have adopted this principle?—Countries have adopted restrictive legislation to protect the motor industry. It is the home of the motor industry, while in America, should be permitted in Western Australia.

You want your enterprise to be protected?—Yes.

You want other countries to have the same freedom of competition?—Yes.

I think you mentioned America as a case in point. America, you will agree, is the home of the motor industry. It is also a country where you have oil and everything that goes with the motor industry. Is there any controlling legislation in America?—I could not answer that.

If I told you there was, would you believe me?—Yes.

In regard to your plea for unrestricted competition would you say that whatever freedom of competition is allowed in America, should be permitted in Western Australia?—As I have said, I do not know what control they have in America.

I think you will agree that America is a fully developed country industrially and very thickly populated. Would you say that Western Australia has been developed to the same extent?—No.

This country is very largely undeveloped?—Yes.

Would you suggest that the railways of Western Australia are fully developed or would you say there is room for further railway development here?—I do not think they are fully developed. I would prefer to see those undeveloped areas served by road transport.

If Western Australia is to be developed by road transport and a private company goes to some undeveloped area, and subsidies are paid by the Government to that company, would you think that sound economics? Do you think a competitor should be allowed to come in and break down the other man who has built up, and smash his business?—I think everybody has got to stand up to competition in this world.

Even cut-throat competition?—Cut-throat competition soon goes and the best man wins pretty quickly.

Have you made a study of this question?—Not a deep study, but I have made a study of general business.

You have not made a study of the question of co-ordination of transport?—No. I have not.

I think you rather said in your evidence that you do not believe in co-ordination of transport. You want free competition, and I think that is the effect of your submission?—That is rather a wide issue.

I would like to attach very great importance to your evidence and that I think you are saying to us what you have in mind. After all you are the representative of the motor industry, which is a very important...
Let us assume that there is no control and you get a large number of applications for the introduction of motor services to compete with the railways. What would be the effect of that on the railways?—At the present moment I think they would lose a lot of revenue.

Who would pay the loss on the railways?—The ordinary taxpayer.

And yet you have told me that as a general principle the people using a particular form of transport should pay the cost. Would it be fair to saddle the general taxpayer with the responsibility of meeting these enormous losses on the railways?—If you altered competition free play you would have the picture of the necessary shrinking in the Railway Department in the number of trains built and the number of people employed.

What would be the effect on the economy of Western Australia? How do you think the Government would balance its budget if the picture you have just drawn materialises?—That would have to be a methodical calculation.

It would be an astronomical calculation from a financial point of view?—The users of road transport would have to be taxed in order to offset railway losses.

You really think that you can expect to derive so much revenue from road traffic that you will offset those losses?—I cannot answer that. It is a terribly long and difficult estimate of revenue.

That being the case, and there being no information in regard to that aspect, you would agree it would be most foolish for any Government to follow the lines you have suggested?—Yes.

You have told me that you agree that the railways have not reached the limit of their development in Western Australia?—I do not know of any line that is necessary that would be payable and which should be laid in preference to putting in road transport.

I think everybody expects great development in Western Australia and with these developments, if they materialise, do you not think there will be room for railway development as well to take care of some of that traffic until such time as your picture materialises?—I think that question is a little unfair because I have not made a study of where railways could possibly go.

It is a question on which I would like to get the full picture. After all, there are the determining factors when dealing with co-ordination of transport. You say it is your firm belief that at some future date road transport can carry everything that the railways do today at the same cost?—At a payable charge and they are losing money.

Would you suggest that the roads can carry all coal?—In their present state, the roads, excepting a very few main roads, would not stand the traffic indefinitely. They have got to be built.

You suggest it would be possible to convey all coal in Australia by road?—Yes.

You also suggest that all bulk wheat in Western Australia could be carried by road in the future?—Yes, I am sure that position will arrive in the distant future.

I think you are very optimistic?—I am prophesying.

Yes, I am afraid you are prophesying, but you must legislate according to the problem before you?—Yes, I acknowledge all that and the fact that at present we must have railways.

I am concerned also with the question of what should be the controlling authority for the control and co-ordination of road transport under present conditions. That is necessary?—Yes, I think that there should be necessary controls within free competition and co-ordination of road transport to a minimum.

You say there should be free competition. That is free competition with the railways?—Yes.
On the other hand you suggest that road transport should come in and should take traffic from the railways. In other words what you suggest must inevitably send up the total cost of road and rail transport. Under your proposals that cost would not merely be doubled but tripled or even quadrupled. In that I am taking in all that the improvements in both road and railways entail. Will you not agree that it must have that effect?—I cannot agree with you.

Then tell me what would be the alternative. How could you provide all those facilities without spending money?—You could not get them without spending money, but if the railways are losing money under present conditions I do not think future construction will pay and therefore the railways must look for other means.

Would you suggest that the railways should be allowed to peter out and that the Government should take no action with a view to rehabilitating the railways?—No. I say that under present conditions the railways have to be maintained but I am in favour of co-ordination for the time being.

And control?—Yes, for the time being, but that the ultimate end the railways should strive for is the elimination of the railways.

Is that feasible?—Yes, over a very long time.

Then let us follow up that line of thought. You agree that the railways must spend money and that there is no alternative—that is so.

And in the meantime you want the road transport system developed?—Yes.

Would you spend money on the railways and on the roads and if you do so who will find that money?—The taxpayers, if they can.

If they cannot do so, what happens?—We must adopt an alternative and compromise.

What is the alternative?—It might be that in certain circumstances the railway would be the more economical and that it would have to be maintained, I cannot say.

You do not think it would be a sensible policy to try to have co-ordination and where there could be a road service to supplement or even replace a railway it would be reasonable to adopt that course?—That is so.

That is, instead of going the whole hog and throwing the door wide open, the sensible policy would be to have co-ordination?—There must be some co-ordination between road transport and the Railway Department at the present.

You agree it is essential?—Yes, at the moment.

Do you think the railways should be allowed to tell the public that it will convey items so and so and but will not convey super and coal and so on? Would it be fair to pick out only the high-priced traffic?—No.

In other words, the railways should be common carriers and carry what is offered?—Yes.

Would you apply that to road transport?—Yes, in broad outlines.

Under present conditions?—Yes, provided that the freight on articles raised is brought down to a payable basis.

And you seriously say that at the present time if the wheat farmers come along and say they want all their wheat conveyed by road it could be done?—You must give road transport time to build up so as to be able to do it.

It cannot do it now?—No, not at present.

Is that not the more reason for co-ordination?—Yes.

Would you suggest that under existing conditions road transport should have the right to say that it wants to carry only certain classes of traffic? Would you say that road transport should have the right to pick out the particular types of freight that will pay best? You will remember that it is a business concern?—That is so.

You want to make the most money you can and that is your primary object?—If you adopt what I consider an obsolete code of ethics I would say yes.

You want to make money?—Yes, and to give service to the public.

If you had the right to a road service would you want the best class of traffic?—There would be the obligation to convey all classes of traffic.

Which you cannot do?—It is not organised to do it now, I agree with you there.

Do you find that private enterprise has taken up the attitude of picking out only the best classes of traffic?—In the past before road transport restrictions pushed most of them off the road, the general tendency was to make as much money as possible and to carry the most profitable freight.

As a business man would you agree that the Railway Department should modernise its services?—I quite agree with that.

And you have indicated that part of the modernisation presupposes the use of road services?—Yes.

Under present conditions do you agree that the railways should be allowed to make use of road services?—Yes, so long as free competition is there.

Subject to the modifications you suggest?—Yes, with a certain amount of co-ordination.

In the case of tourist traffic, it is always a question of getting something new, as the tourists want to see the country?—That is so.

I am not referring to ordinary people going to a particular spot for a holiday, but to tourists. Would you say it would be a sensible idea to try to arrange for some degree of co-ordination; that is to say, take the people overnight along some part of the road by rail, and pick them up at certain points by road to show them the scenic beauties. Is there something in that?—It is feasible. Tourist traffic is in the hands of the Government and the railways use trains and buses now.

It will be noted from the evidence which we have quoted, that there is complete unanimity that the railways should develop their road motor services, and we recommend that such development should take place on the following broad basis, viz:—

(a) scheduled rural services, for the conveyance of passengers and goods, catering mainly for the requirements of primary producers and small rural towns and villages;

(b) seasonal goods services for the conveyance of seasonal agricultural products;

(c) urban and inter-urban passenger services catering mainly for regular passenger traffic;

(d) passenger and goods services supplementing or supplanting rail services.

The services referred to in (a) and (b) will be largely ‘feeder’ services to the railways, whilst the services falling under categories (c) and (d) will, to a large extent, be competitive with the railways.

The managerial control of the road motor services should be vested in the Chief Operating Manager, as he is the head of the branch most closely concerned in road motor transport.

Conditions in Western Australia are comparable with those in South Africa, especially in so far as agricultural production is concerned, and it is in-
S.A.R. and H.
MAP OF THE
UNION OF SOUTH AFRICA
SHEWING
ROAD MOTOR SERVICES
1942

REFERENCE

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PADMOTORDIENSTE
1942
teresting to note the tremendous strides which have been made by the South African Railways in the development of road motor services. The total route mileage is approximately 22,000 miles as compared with a railway route mileage of 14,000, and during 1946, 13,174,800 passengers, 1,941,200 tons of goods and 2,506,100 gallons of cream were carried by these services.

Seasonal traffic conveyed in 1946 comprised inter alia 323,838 tons (2,000 lb.) of grain; 40,689 tons of wool, mohair and skins; 74,259 tons of fruit; 49,754 tons of potatoes and other vegetables and 334,376 tons of fertilizer and manure.

These services act largely as "feeders" to the railways, and as will be seen from the accompanying map, they cover the length and breadth of South Africa.

We feel the Railways in Western Australia can with advantage make a study of the organisation and methods of working adopted by the South African Railways for operating their network of road motor services.

CHAPTER 14.

"SAFETY FIRST."

In his report on the Midland Junction Workshops, your Commissioner stated that the sister in charge of the ambulance room had reported the number of accidents treated as between 11,000 and 12,000 a year. At a later stage these numbers were corrected to the extent that 40 per cent of the attendances at the ambulance room were for redressings or attention to minor ailments such as boils, etc. This would make the accident rate approximately 7,600 a year or 3.3 accidents per man requiring specific attention. Even this reduction to the actual number of prime accidents does not reduce the rate to anything which could be considered satisfactory.

We are well aware that the railway regulations with regard to safe working are framed for the protection of the public and that the staff is examined with regard to their knowledge of these regulations. Even this aspect, however, drew comments from Mr. A. R. Davies, when giving evidence on behalf of the locomotive drivers. He stated—

I would like to speak now of signals and a very obvious anomaly in connection with them. There is in existence what is called a signal sighting committee and the anomaly is that though signals are the biggest responsibility of our members we have not a representative on that committee. I do not even know who comprises the committee.

We are not consulted as to where a signal should be placed or what sort of a signal it should be, and when we complain about a signal we are almost invariably told that it is up now and it will cost too much to alter it.

The ideal signal is one that by its position and its type will obtrude itself upon the view and also the attention of both the driver and fireman. Owing to curves and cuttings, etc., it is often not possible to obtain that ideal, but there are signals all over the State which are very badly placed, and are a positive and ever present danger.

For instance, there is Tunnel Junction, a very dangerous place. The approach at the far end is a steep down grade on two curves. There are two automatic signals. The first one can be seen by the fireman but not by the driver and the second one vice versa. The danger is accentuated if the driver and fireman are not familiar with the road and so might not know exactly when to expect to be approaching the signals. Approaching a signal a driver should be ready to make an instantaneous application of the brake. The regulations require that a driver must satisfy himself as to signals and it is bad when he has to stand on the fireman's side waiting for a signal to come into view. When for any reason he does not do so and the fireman happens to be otherwise engaged when a disaster can be expected. There have been at least two bad smash.
We feel that it is the duty of the management, in a widespread organisation such as the railways, to take all possible steps to lessen the risk of accident to its operating staff engaged in such a number of varied occupations, each of which may be associated with particular forms of hazard. It is the duty of the management, in our opinion, if it promulgates regulations forbidding certain practices of a hazardous nature, to see that the equipment is such as to avoid the possible hazard.

This would appear to be the case in some instances that we saw with regard to the examination of wagons; pits not being provided to enable examination to be made without risk. Guards to moving belts and elevators at some of the outside depots were not provided and the lack of these precautions at the Midland Junction Workshops has already been referred to.

It is general practice in modern industry to inculcate all methods of safety that can be devised, by education, warning, and suitably publicity throughout the working force. We consider it particularly desirable that the railway staff should have a full understanding of their responsibilities in these matters and we recommended that the railways, as an organisation, should be a member of the National Safety First Council, and should in every way possible make "safety first" a matter of constant attention by all members of the staff. Undoubtedly some of the risks that have been referred to will be lessened when cleanliness and good "housekeeping" become a standard practice throughout the service.

Only by constant education in "safety first" methods will the accident rate be brought down to a figure approaching that regarded as normal in modern industry.

CHAPTER 15.
REFERENCE LIBRARY.

We are aware that the Railway Institute places the resources of a general library at the service of its members and this we consider one of its normal duties as a body concerned with the social and recreational amenities of the staff.

We consider, however, that there is a necessity, as part of the railway organisation, for a central technical library covering the whole field of railway organisation, equipment, and operation, whether in the form of text books, magazines, departmental reports from the railway systems of the world, or special reports that may become available from time to time through the good offices of other railway systems.

We consider that to make this library of service to the whole of the organisation, arrangements should be made for issuing literature of any kind, at call, to any of the district staff as well as to the headquarters branches of the organisation, and for providing extracts on particular subjects when called upon to do so. To this end a qualified librarian should be appointed.

We suggest that this offer would also undertake the editorship of a railway magazine which should cover educational requirements by means of special articles affecting railway operation, information with regard to the activities of the various sections of the railway system, reports of social and recreational activities, inter-branch sports, etc. It should deal also, in an interesting way, with personalities of the railway staff throughout all grades of the service as a means of creating pride in the service itself and in its collective appreciation of the achievements in any way of individual members of the staff.

It can draw attention to transfers, promotions, etc., in such a way as to draw out the leadership qualities of the men promoted and it can provide an outlet by means of personal correspondence for suggestions for improvements in matters affecting the health and welfare of the staff and the operation of the railways from the aspects of the man who is actually employed in doing a job of work.

Properly handled such a magazine can have valuable social and educational attributes and can contribute greatly to the morale and pride of railwaymen as a body, in the service they are giving the public.

CHAPTER 16.
MISCELLANEOUS MATTERS.

During the course of the inquiry the attention of your Commissioners has been drawn to a very great number of minor matters, by way of criticism and complaints, as well as by suggestions for improvements in the railway service generally. These are summarised below as giving an indication of the attitude of the miners of the Western Australian Government Railways.

G. A. W. Price, 23/10/47, farmer and grazier, of Wagin, representing the Bond Board Association of W.A., said that passenger and goods services to Perth were too slow and should be speeded up. He complained that livestock were usually late in arriving at the Midland saloys, that wool has been known to stand in the railway yards for periods of up to a week before being moved, that packing was carelessly and unintelligently done at Perth goods shed, as goods often arrived damaged, or with heavy items for branch lines on top of goods for Wagin, and that little attempt has been made to use road transport in Western Australia to the best advantage.

He recommended construction of a new line from Brookton to Armadale, improvements to Albany Harbour, more engine repairs at out-depots and a system of zoning of freights.
J. Lowe, 28/10/47, farmer and orchardist, also representing the Road Board Association of W.A., considered that passengers should be allowed to travel by road transport if they so desired and that perishable goods, such as milk and stone fruits, should be sent by road with a consequent saving of transport and handling costs, that the loss on the railways should not be put before increased production and economic savings in industry, and that the fairest basis of charging road transport was by means of the petrol tax.

C. Illingworth, 29/10/47, secretary of the W.A. Fruitgrowers’ Association, stated that stone fruit was being subjected to damaging conditions by reason of delays and slowness in traffic and by use of open trucks, covered by tarpaulins, which encouraged pilfering, and which developed high temperatures. More suitable wagon stock should be provided and transport should be speeded up.

Loading and unloading facilities were inadequate during peak periods at Perth goods sheds with the result that unloading of inward freight had to wait for completion of loading of outward freight, furthermore the yard was unsanitary from climatic conditions and the road approach in bad repair. As the result of delays in transport and delivery, fruit often misses intended market, or is subjected to exposure to summer heat, causing very serious and rapid deterioration in quality.

H. D. Mountjoy, 29/10/47, Secretary, Market Gardeners’ Association, stated that transportation was too slow and that the vans used were unsatisfactory for carriage of vegetables. A paper was put in regarding the use of ice in railway vans. It was considered by his organisation that the Commonwealth should take over the control of all State railways.

H. E. Bruce, 29/10/47, manager of Co-op. Bulk Handling Limited, considered that railway rollingstock was both inadequate and unsatisfactory for the carriage of bulk wheat. Wheat and the landowner to enable storing of the harvest in reasonable time his company was forced to, themselves, convert a number of railway trucks for their purpose and supply temporary additions to other classes of trucks in the form of cane reinforced canvas extensions which were costly to maintain and replace.

Railway weighbridges were not properly maintained and weights used for freight charges were not guaranteed by the railways for buying and selling purposes.

Adequate replenishment of storage at ports is essential but present conditions prevent free chartering of shipping.

It is important that sideline storage should be cleaned up in time to allow movement and maintenance before wheat from the following harvest is received, but present rate of handling is most unsatisfactory.

Special trucks and revenue box containers should be provided for bulk wheat traffic. His company was prepared to build its own similar whole for test purposes on chassis supplied by the railways.

J. B. O’Dea, 31/10/47, representing Henry George League of Western Australia, stated it was considered that interest charges on railway capital should be charged against uneconomic benefits of land. Any increase in freight and fares would place a large proportion of the burden on country producers, while those who reap the increases would be increased in land values, enhanced by the existence of the railways, to render nothing in return. He considered annual rental values of land as the most satisfactory basis for rating.

L. A. Woolf, 31/10/47, secretary of the South-West Co-op. Dairy, Bunbury, stated in respect of butter and milk, that fast night transport was essential. Producers are equipped and willing to do it themselves but were prevented by the Transport Board. He contended that the railways declined to pick up cream from the producers when asked to do so, although they had taken over the paper service that previously did this.

If no railfreights were charged, anywhere in the State, industries could develop anywhere without the handicap of unfavourable costs, as compared with similar industries in Perth. The cost would be carried by the whole population and not by the rather small percentage who develop the primary industries so essential to the State’s development.

H. T. Berryman, 4/11/47, wheat barger, complained that demurrage regulations were unreasonable because track handling by the railways was so irregular that it made it impossible or extremely difficult to arrange unloading in the time available. He considered depots should be established for wheat barging purposes.

G. C. Harris, 8/11/47, railway manager, stated that owing to operations of Potato, and Apple and Pear Boards, preventing private orders by the bag, the railways are losing money in freight.

A. J. Fielear, 10/12/47, Secretary of the Chamber of Manufacturers, considered that a book of freight rates should be published regularly and be readily available to subscribers, that concession rates should be permitted on manufactured goods freights to promote decentralisation, and that main goods sheds were seriously lacking in mechanical handling devices. His chamber was willing to appoint an advisory committee to work with the commercial agents office of the W.A.G.R.

H. Boon, 10/12/47, architect and town planner, maintained that removal of the Perth Central Railway Station is essential to future expansion and development of the city.

The Country Women’s Association, by affidavit dated 17/12/47, put forward the following suggestions:—

More ‘ladies only’ compartments are essential and some should be ‘non-smokers.’

A compartment to accommodate ladies purely, nursing mothers and children. Toilet facilities to be provided and any reasonable comfort which the department could provide. Prams taken into the nursery compartment would relieve any congestion in the luggage van.

That separate accommodation should be provided for women and children at the refreshment rooms owing to the difficulty of obtaining service during the short space of time the train is in the station.

Buffet cars to be provided on long railway journeys where there are no refreshment rooms, e.g., Coolgardie-Exmouth, Donnybrook-Karratha and William-Mullewa, etc.

That separate compartments be provided for school children and students at holiday periods to and from their homes in the country.

That where possible a sleeper be attached to the trains from Perth for passengers who are travelling to and from Perth, thus obviating the necessity for passengers to change at junctions in the early hours of the morning.

The practice of putting second-class stickers on first-class compartments should be discontinued. Persons travelling second-class because the cheaper rate is that they prefer and accommodation should be provided in accordance with that fare. It is not justice to the person who pays a first-class fare and receives only the same conditions and pays the extra charge. This also applies to the first and second class sleepers.

Septic systems to be installed at all country stations.

Steps to be provided where there is no platform or where curbs go beyond the platform.

Facilities to be provided for watering of stock about to be trucked at railway trucking yards.

A rack to be provided in the ladies’ lavatory to hold handbags.

The conductor to notify passengers on night trains when they are nearing their destination.

It is very essential to have pure water for drinking on all trains.

Lavatory facilities should be provided on all country trains.

Housing accommodation should be improved for married employees stationed in the country. Consideration should be given to this before sending married men—particularly married men with families.
That the Government be approached to altering time of Friday's 3.15 p.m. Perth to Mullewa to 8 or 9 p.m. to enable farmers who have large trains of goods, e.g. farm implements, to arrive at their destination on Saturday.

That the Sunday night train to Bunbury, or further, be reintroduced.

That the Perth to Bunbury Australind Express be run express on alternate days, and so give better service to intermediate stations for three days during the week.

Refreshments to be provided on the train as usual, thus eliminating time spent at Pinjarra and other refreshment stations.

Accommodation to be provided for natives, and marked as such.

Lavatory doors to open outward, instead of in, to give more freedom for entering the lavatory, which in most cases is only a small space.

Kalgoorlie Chamber of Commerce and P. B. Higgs.—By affidavit dated 13/12/47 depoed that, in their opinion, earnings of goods should be freight free to encourage decentralisation of industry and population.

Kalgoorlie Chamber of Mines.—By affidavit dated 13/12/47 maintained that without some measure of relief from increased costs, gold producers will be forced to resort to selective mining with serious effect to railway revenue and the economy of the State generally. Any proposed increase in freight is viewed with deep concern by the industry.

It was also claimed that there was evidence of considerable delay in transit of goods from the coast to Kalgoorlie and Boulder. Fast through goods trains are suggested.

Also in respect of proposals to scrap non-paying lines, no hasty action should be taken in abandoning or dismantling sections, whilst any possibility remains of a revival of mining activities in the areas served.

R.S.P.C.A. by affidavit dated 13/12/47 depoed that special trains should be run solely for the purpose of transporting livestock, so as to coincide with market days and the timetables so arranged that stock would be in the trucks the minimum time.

Railway officers should not accept livestock which are obviously unfit to travel and action should be taken to remove and attend to any animals down in the trucks.

Poultry trucks should be lowered at both ends and poultry should not be accepted for transport unless properly crated.

C. V. Honner, 14/11/47, clerk, made a statement which indicated a keen interest in and a very wide knowledge of railway matters. He maintained that there was too much political interference with management in the matters of staffing, concession rates and non-paying lines. He thought that staffing should be under board control and that losses due to the other matters should be recomputed by the Treasury.

Promotion within the service which usually went by seniority should be governed by ability under an accrediting system.

In order to overcome a lack of cooperation between management and employees an institute should be established by the railways to cope with the problem.

There is evidence of lack of some of responsibility on the part of some of the staff and some of the public.

He recommended the abolition of two class traffic, the provision of new locomotive and goods wagons (coal or wheat hoppers particularly), general road bed improvements and duplications of some lines, but in regard to unification suggested instead better transitment facilities at Kalgoorlie and the relaying of the Northam-Mordean section with 80 pound rails with a 1 in 80 grade.

He considered the train control working on branch lines outdated.

J. Plunkett, 14/11/47, ex-railway man of thirty-nine years' experience, suggested a board of three members, comprising the officers of the railways, an engineer and a business man. He thought the No. 1 man would have to be obtained from outside as there was no one he considered suitable in the State.

He considered that as the Minister has no knowledge of railway matters he should not interfere, that railway men are not properly trained for the jobs they hold, that there should be a line from Midland to Fremantle avoiding Perth altogether, that the Midland locomotive depot was badly placed; that there should be a direct line connecting Brookton with Armadale; that fares and freights should be increased; that ability should be the guiding principle in promotion; that pilfering could be reduced by little measures; and that sheets should be picked up by two men on a tribe.

D. L. Davidson, 1/12/47, Town Planning Commissioner, complained that the Commissioner of Railways ignores and over-rides health and population centres.

L. L. Hill, 3/12/47, M.L.A. for Albany, considered that the State has not a sound transport administration, in view of the fact that eight Ministers control ten organisations and departments connected with transport in some way or another.

Albany is still undeveloped as a harbour and better use of that port would relieve traffic difficulties elsewhere.

F. W. Warman, 5/12/47, Chief Inspector of Factories, submitted that there was not much progress in the carrying out of recommendations of a committee set up in order to advise regarding improvements to health and working conditions at railway sheds and workshops. There was also tremendous keeness existing in relation to public facilities.

The Commissioner of Railways was immune from legislation unless specifically mentioned in the Act concerned and the only Act which made him liable was the Industrial Arbitration Act.

H. Hyde, 28/10/47, General President, W.A.A.S.R.E., stated that accommodation should be provided in towns or centres where schooling and other civilised facilities are provided. Working conditions for the gongs are bad, tools are poor and insufficient, running sheds bad and poorly equipped and yards inadequate and insufficientsly lit. Also in respect of staff engagement, men worked as casuals for years without prospect of permanent employment. Others, after sometimes years of service, have to send to a doctor for examination and then dismissed as unfit for permanent employment.

A. R. Davies, President Locomotive Drivers, Firemen and Clerks' Union, stated that definitions should be laid down to enable the regulations to be understood—other points were that more drivers should have an opportunity to learn Diesel driving, that three trips usually allowed were insufficient to enable drivers to learn a road, some limit should be fixed as to hours a driver is required to work and the time a driver is separated from his family by the railway district. There was a shortage of kits and watches and his organisation considered that the loco. running section should be separate from that of the C.F.M. or the C.M.E. Greater opportunities were desired for education and advancement and loco. men should be represented on the signal committee. Kensington lights on engines should be replaced with electric lights and distance indicators should be set up at unattended stations. He thought that an improved load tax would be a fairer method of raising extra revenue than by increased freights.

A. H. Montgomery, 10/12/47, guard, complained that guard vans were obsolete in design and very uncomfortable. The lighting was very bad.

S. R. Lofrus, 3/12/47, representing the Association of Railway Professional Officers, in addition to matters referred to elsewhere, stated that there was a relatively small percentage of professional officers employed by the W.A.G.R. and that the low salaries paid resulted in difficulty in retaining the services of good men.
Facilities for the training of younger professional men were very inadequate and there was a serious lack of plant, tools and testing gear.

R. J. Reid, 4/12/47, assistant engineer, Grade II, employed on water supplies, gave evidence regarding this matter as it concerned the railways. He stated that railway consumption was 700 million gallons per annum, of which half was obtained from railway supplies and half purchased from the Government and other local bodies. It was found that denudation of timber causes increased salinity, so that only in a few cases has river and creek water been usable for boilers.

The railways used also some wells, a bore at Bunbury, artificial catchments and dams, and at Geraldton a sea water condenser. Average costs per thousand gallons were:

- Railway reservoirs, 4s. per 1,000 gallons, plus pumping.
- Geraldton condenser 21s. 3d. per 1,000 gallons.
- Purchases 6d. 1,000 gallons at Brunswick Junction.
- Purchases 8s. 1,000 gallons at Perth.
- Purchases 2s. 1,000 gallons at Northam.
- Purchases 7s. 3d. 1,000 gallons at Kalgoorlie.
- Purchases 10s. 2d. 1,000 gallons at Norseman.
- Water haulage cost 10s. to 50s. per 10,000 gallons, according to distance.

Many of the criticisms will doubtless receive the attention of the management. With the rehabilitation of the railway system and the extensive re-organisation and strengthening of the general organisation which we have recommended in this report, we have no doubt that many of the unsatisfactory features to which attention has been drawn, will be given due and proper attention by the management.

CHAPTER 17.
CONCLUSIONS AND RECOMMENDATIONS.
been allowed to develop which cumulatively must have the effect of destroying public confidence in the railways and undermining the morale of the staff...

(10) When questions were asked with regard to these deficiencies the stock reply was almost invariably that they were due to lack of funds or "financial malnutrition"

(11) From the evidence submitted by the Commissioner of Railways, the Senior Railway Officers, the Under Treasurer, and an examination of the memoranda submitted by the Commissioner of Railways to the different Ministers for Railways (Appendix "A") we are satisfied that the primary and major cause—the root cause—of the present state of deterioration and decay of the railways, is the shortsighted policy pursued in the past twenty years of economising in railway expenditure, regardless of the consequences to the State's most important asset...

(12) Lack of sufficient engine power is the most acute problem today. The circumstances were such that the Commissioner of Railways would have been justified in pursuing a more aggressive course of action in an endeavour to bring home to the Government the gravity of the situation, namely, the risk of a breakdown in the railways with disastrous consequences for the State and the Commonwealth that such an eventuality connotes, even at the risk of being considered importunate by the Government...

(13) In the light of the memoranda submitted by Mr. Ellis and the discussions with Ministers for Railways from time to time, we can only express surprise that anybody failed to take more energetic action to prevent the railways from falling into their present state of near breakdown...

(14) Some of the unsatisfactory features and bad conditions which we found at so many centres could have been avoided, or at any rate, mitigated, if greater interest and energy had been displayed by the management in the attainment of more effective supervision and the adoption of more efficient methods of working...

(15) It is apparent that for some years now, the Commissioner of Railways and heads of branches, as well as other senior officers, had accepted the position that due to the "financial malnutrition" very little, if anything, could be done to improve matters... This inertia has had a devastating effect on the morale and efficiency of the service as a whole and has also left its mark on the public, who have evi-

(16) Throughout our inquiry the attitude of senior railway officers has, with few exceptions, been defensive and this negative approach to the problem, this reluctance to take action, to retrieve the position by adopting a more forceful attitude has, in our opinion, been a contributory factor in bringing about the present state of insufficiency on the railways...

(17) The rank and file of the staff, taking their cue from the senior officers, have become apathetic and in consequence efficiency and discipline have reached a low ebb. The team spirit and mutual confidence between the men and the personnel has been undermined and the feeling of pride which comes of the knowledge that the public was being well and efficiently served by the railways, has been destroyed...

Chapter 4.

CONSTRUCTIONAL REHABILITATION OF RAILWAYS.

(18) The railways will be indispensable for the further development of the State's agricultural, industrial and mineral resources...

(19) The position with regard to engine power is unsatisfactory. Old and obsolescent types of engines still being maintained in service as they cannot be scrapped until such time as they are replaced...

(20) There is a close relationship between economic and efficient operating and the use of powerful locomotives, and the operation of heavier engines is governed by such factors as the strength of the track, including bridges and culverts to take the heavier axle load, and a higher standard of track maintenance. If these railways are to be developed as an economic and efficient transport undertaking meeting the transport requirements of Western Australia, it is essential to increase train loads and run faster trains, and this can only be achieved by increasing the tractive effort of engines. This again is bound up with such questions as the rehabilitation of the track; relaying with heavier rails; standard of maintenance to be adopted; length of crossing loops; remodelling of marshalling and shunting yards; remodelling of locomotive depots; and other matters e.g., draw-bar gear, coal handling etc...

(21) We stress the importance of a suitable type of shunting engine being designed for use on these railways.
(23) With regard to coaching stock, we think the time is opportune to make a study of improvements effected in recent years or which may be contemplated by railways in other countries which have adopted the compartmented type of coach convertible from day to night use as the standard type of vehicle where night travel is involved... We cannot too strongly emphasise the importance of having due regard to the adoption, as far as possible, of general utility types of wagons to avoid empty haulage of trucks, thus reducing the total number of trucks used on the system to an absolute minimum consistent with traffic requirements, and (b) avoiding empty haulage of trucks...

(24) It is evident that before any attempt can be made to finalise the "blue print" stage of the complete rehabilitation programme, a comprehensive and correlated survey, embracing all branches, will have to be undertaken on the lines indicated in our examination of the witnesses. This we regard as being of paramount importance to ensure that the schemes for the complete constructional rehabilitation of the railways, which are finally submitted to the Government for consideration, shall (a) conform to a correlated plan based not only on the present traffic requirements, but also having due regard to the development of the State as a whole; (b) have regard to the use of road motor transport either to supplement or supplant existing railway services; (e) be the most economical and efficient and (d) avoid expenditure having to be wasted in the future by changes having to be made due to lack of foresight and careful planning. It will be appreciated that these four objectives can only be attained by correlated and detailed investigation by officers of the three branches—Civil Engineering, Mechanical Engineering and Traffic—who are thoroughly experienced and fully au fait with the requirements of their branches and are capable of taking an over-all view of the State's transport requirements...

(25) The magnitude of the programme and the urgent need of restoring some measure of efficiency without loss of time requires that it be carried out in two main stages, the first stage being the immediate improvement of the engine power position and matters incidental thereto. This will necessitate immediate attention, not only to the more urgent improvements recommended in the Interim Report of the Royal Commission on the Midland Junction Workshops, but also the carrying out, with the least possible delay, of considerable improvements at some of the more important running sheds. The nature and extent of such improvements must be determined having due regard to the outcome of the general traffic survey mentioned in paragraph 24 above...

(26) With regard to the matter of the use of the standard gauge from Kalgoorlie to Fremantle we do not consider ourselves competent to evaluate the defence requirements of Australia, as they affect the railway system of Western Australia, and, accordingly, we do not wish to make any comment on the question of gauge unification, except to say that a decision will have to be reached therein before the general reconstruction scheme, as affecting the railways as a whole, can be finalised...

(27) We stress the importance of giving immediate consideration to the provision of housing at those places where (a) the staff are forced to live away from their families under conditions which can only be described as extremely unsatisfactory and which are causing grave discontent; and (b) where men are employed in maintenance gauges either without houses having been provided, or have had to build their own "houses" of any material which they could secure locally...

(28) We feel that the possibility of building a large number of houses on the lines indicated by the manager of the Railway Timber Mill should be pursued with energy. The secretary of the Housing Commission indicated in his evidence before us that the Housing Commission would afford the railways every possible assistance. We agree with the Commissioner of Railways that the provision of housing for the staff should be regarded as priority No. 1...

Chapter 5.

CO-ORDINATED INTER-DEPARTMENTAL STATE PLANNING AND ESTABLISHMENT OF COMMONWEALTH RAILWAYS CONSULTATIVE ORGANISATION.

(29) The full development of the resources of the State (comprising agricultural and pastoral, mining, forestry and water conservation) will require the services of transport, power and harbours. It appears to us that there is required a consultative expert body representative of the departmental in-
terests concerned, for the purpose of surveying the needs of the State as a whole in the fuller utilisation of its resources.

WE RECOMMEND ACCORDINGLY.

In view of the large expenditure (over £20,000,000) involved in the complete rehabilitation programme envisaged by the railway management, the question naturally arises whether the spending of even a fraction of this amount is, in the present state of development of Western Australia, within the relatively limited resources of this State.

We are not competent to comment on this aspect of the matter, but the spending of such a large sum of money by one State—the need for which cannot be doubted if, on the one hand, the railways are to continue to play a vital role in the economy of this State, and, on the other hand, are to meet the strategic and other requirements of the Commonwealth as a whole in time of emergency—must inevitably throw into relief the larger problem of the ultimate unification of the railways in the different States into one Commonwealth Railway System.

For the purpose of bringing the whole question under effective review we consider that two statutory consultative bodies should be set up, namely:

(i) A Commonwealth Railways Policy Council (C.R.P.C.) comprising the Commonwealth Minister for Transport (as chairman) and the State Ministers holding the portfolios of transport or railways.

The C.R.P.C. should deal with all matters of railway policy which have, or are likely to have, a bearing on the interests of two or more States, or on the Commonwealth as a whole. In addition to dealing with matters submitted to them by the board referred to in the next paragraph, individual members will be at liberty to submit for consideration by the council, any railway matters which they think are of sufficient importance to warrant review.

(ii) A Commonwealth Railways Managerial Board (C.R.M.B.) comprising the Commissioners of the Commonwealth Government Railways and the railways in the different States, one of whom shall be designated chairman by the C.R.P.C. referred to in (i).

This body will deal with all matters of common interest to the railways of Australia and more particularly with matters concerning the equipment and working of the rail-

WAYS, WHICH WILL IN ANY WAY JEOPARDISE OR HAMPER THE OPERATION OF ALL THE AUSTRALIAN RAILWAYS AS ONE UNIFIED SYSTEM.

WE RECOMMEND ACCORDINGLY.

Chapter 6.

FINANCIAL.

We consider the root cause of the present difficulties of the railways to be the severe economy practised by Governments in the past. This fact of economy, regardless of consequences, was probably applied to all Government departments and the need therefore became more pressing as a result of the financial stringency which prevailed during the depression years. Whilst, in the case of Government departments other than the railways, it is possible that no very great harm was done, the position is entirely different with a business undertaking such as the railways, which cannot remain static, as obviously adequate provision has to be made for wear and tear; hence the present run-down state of the railways.

From the evidence placed before us we are satisfied that if the railways are to function as a stable and economic business undertaking, it is essential that railways finances be divorced from Consolidated Revenue and, for this purpose, we recommend the establishment of a separate "Government Railways Fund" and that all revenue and other receipts (earnings) accruing to the railways should be credited to this fund, and, similarly, all railway expenditure should be met from the same fund.

It is clear that a large sum is due to the railways from Commonwealth or State sources for deferred maintenance and that the capital account should be written down or other relief granted in respect of non-paying lines which were built for developmental purposes.

There was complete unanimity by all the witnesses who gave evidence before us, that an essential corollary to a stable financial structure for the railways was the establishment of a renewals fund for the purpose of improving and maintaining the railways at a proper standard of efficiency. With the establishment of a renewals fund, the lives of all assets will have to be assessed and this can best be done by an inter-branch committee representative of the two engineering branches and the accounting branch.

WE RECOMMEND ACCORDINGLY.

A disturbing feature of railway expenditure is the considerable proportion over which the management has very little, if any, control. From
Graph No. 4 Appendix "C": it will be observed that uncontrollable expenditure in respect of salaries and wages amounts to 67.23 per cent. of the total expenditure and the implications of this aspect of railway expenditure will have to receive serious consideration under the new financial set-up recommended by us.......

(36) We consider it is desirable to establish a rates stabilisation fund the object of which should be the maintenance, as far as possible, of uniformity of rates notwithstanding fluctuations in traffic. It may be sometime before railway revenue will be sufficiently buoyant to enable appropriations to be made from revenue for building up this fund, but as the principle is sound, the necessary provision should be made for the establishment of such a fund.....

WE RECOMMEND ACCORDINGLY.

(37) We consider an irrefutable case has been made out for a general increase in rates and fares, but before the extent of such increase is decided the following steps should be taken.

(a) Investigations be undertaken by an inter-departmental committee, comprising the Under Treasurer, the Auditor General and the Comptroller of Accounts and Audit, for the purpose of settling the details of the financial responsibilities to be undertaken by the Government and the railways respectively, in terms of the recommendations which we have made with regard to—

(i) Capital account and deferred maintenance;
(ii) relief in respect of non-paying lines;
(iii) less-than-cost services rendered by the railways.

(b) Concurrently with the investigation referred to in (a), a small departmental committee of not more than three railway officers should examine what adjustments—as distinct from a general increase of rates—should be made in the rates classification. This committee should take evidence from the users of the railways.

When the results of the investigations referred to above are known, it will be possible to reach an equitable decision with regard to the extent to which rates and fares should be increased.

In view of the deplorable state of railway finances, we would stress the urgency of arriving at an early decision.....

WE RECOMMEND ACCORDINGLY.

(38) It is realised the drafting of a Bill to implement our recommendations for a new financial set-up for the railways will be a task of considerable magnitude and will necessitate much detailed investigation. We suggest the best course to follow would be for the three Government financial experts referred to above, after completion of their detailed investigations relative to the matters enumerated, to draft the financial clauses of the amending Bill before it is considered by the Parliamentary Draftsmen.....

Chapter 7.

CONTROL AND ADMINISTRATION OF RAILWAYS.

(39) We have given close attention to the statutory provisions under which the railways are controlled and administered and have formulated the advantages and disadvantages of State ownership of railways. We think that with Western Australia only on the threshold of its development, and for other reasons which need not be enumerated, the ownership and operation of the railways in this State by a private company is not a matter of practical politics.....

(40) Having regard to the magnitude of the reconstruction proposals set out in Chapter 4 and the financial implications on the State, of their implementation coupled with the fact that the railways must continue to play a vital role in the further development of Western Australia, we cannot see how a weakening of Government control can be contemplated at the present critical stage.....

(41) We consider that while the functions of the Commissioner of Railways in management and working should not be interfered with the time has arrived when the Minister for Railways should have the benefit of the advice of a board of directors—a railway board—which should advise the Minister on all matters of policy. This board should consist of three members appointed by the Governor and holding office for five years, but that on the expiration of their term of office, they be eligible for re-appointment.

These members should, as far as possible, be chosen, one for his knowledge of agriculture, the second for his knowledge of commerce and industry, and the third for his knowledge of labour and industrial matters.....

WE RECOMMEND ACCORDINGLY.

(42) We have recommended that in the Act constituting this board it shall be incumbent on the Minister for Railways to consult the board upon all matters.......
of policy concerning the administration of the railways and more particularly on matters we have set out...

In putting forward these proposals for the establishment of a board of directors to advise the Minister for Railways on all questions of railway policy we are influenced by two main considerations which we regard as essential requirements for an efficient State-owned railway system, namely:

(i) The Minister for Railways, in consultation with the board of directors, must continue to lay down railway policy and be responsible to Parliament for the efficient control and administration of the railways.

(ii) The actual management and working of the railways cannot be undertaken efficiently by a body whose members have not an expert knowledge of railway management and railway operation.

The board of directors shall function purely in an advisory capacity to the Minister for Railways, and shall not have any jurisdiction over the actual management and working of the railways.

Chapter 8.
MANAGERIAL AND BRANCH ORGANIZATION.

(43) In terms of section 10 of the Government Railways Act, 1904, the management, maintenance and control of every Government Railway are vested in the Commissioner of Railways and we regard the management and working of railways as being the function of the executive head of the railways.

(44) We consider it to be essential in the interests of objective and efficient management, that the managerial head of the railways should be a permanent railway official, who will not be dependent for reappointment on the political complexion of the Government of the day. When making future appointments to the position, the selection should be made from the ranks of the senior officers of the railways, and that the incumbent should continue in office until he reaches the normal retiring age, unless, of course, he has to be dealt with for a misdemeanour under the provisions of Section 13 of the Act.

(45) If our recommendations, vide Chapter 6, are accepted, this important State department will be required to function as an ordinary industrial and commercial undertaking. There should in our opinion be no doubt in the minds of the public that the person occupying this responsible position is in charge of the State's largest business under-taking, and we, therefore, consider that the title "Commissioner of Railways" should be changed to that of "General Manager of Railways".

WE RECOMMEND ACCORDINGLY.

(46) In addition to the appointment of the board of directors referred to in Chapter 7, we feel that the managerial control should be further strengthened. In our opinion, this can best be achieved by the appointment of two officers as assistant general managers, one to be in charge of the commercial, traffic and accounting branches, and the other to assume control of the two engineering branches—civil and mechanical—as well as the stores branch.

(47) With the appointment of two assistant general managers, the general manager, assisted by the two assistant general managers (these three officers will form the management committee), will exercise the functions hitherto vested in the Commissioner.

(48) The two assistant general managers should be appointed as members of the management committee by the Minister, and that subject to Section 13 of the Government Railways Act, 1904, they should hold office until they would normally retire from the service. To ensure a balanced organisation one of the assistant general managers should be an officer possessing a thorough knowledge of the commercial, traffic or accounting branches, whilst the other assistant general manager should be a technical officer.

WE RECOMMEND ACCORDINGLY.

(49) The preparation of the annual estimates for submission to Parliament; the drafting of financial and other Bills affecting the railways, preparatory to being submitted to the Parliamentary Draftsman for final drafting; the compilation of information for the Annual Railway Budget, and other data required by the Minister for Railways for the purposes of Parliament, as well as the preparation of the General Manager's Annual Report, are all matters which will require the personal attention of the management committee. A post should be created for a permanent and financial assistant, who, in addition to undertaking the duties which have been described, will also be the secretary of the management committee.

WE RECOMMEND ACCORDINGLY.

(50) The general organisation of the Western Australian Government Railways is based on the well-known departmental system, and whilst we consider that in the present state of development of the railways, this organisation
is the most suitable, we feel that in certain directions there is need for strengthening some of the branches.

(51) There is at present no clearly defined organisation for controlling and directing the work of the commercial and staff branches although the secretary for railways is, to some extent, the responsible head of the branch. We have been impressed with the lack of business acumen and the failure to sell railway travel on the part of the management. This may be due to the deplorable state of inefficiency to which the railways have sunk, but whatever the cause, the commercial or business organisation should be strengthened if the railways are to give efficient service to the public and hold their own against road competition in the future. We consider that provision should be made in the new managerial set-up for the appointment of a chief commercial and staff manager to replace the secretary. This will focus attention on the business aspect of railway operation and the need of giving better service to railway users.

WE RECOMMEND ACCORDINGLY.

(52) To strengthen further the commercial side, a commercial superintendent should be appointed who will be responsible to the chief commercial and staff manager for the control of all commercial activities of the railways.

WE RECOMMEND ACCORDINGLY.

(53) A tourist section responsible for all inclusive tours, rail, road, sea and air; reservation of hotel accommodation for tourists and arrangements in connection with the running of special touring trains should be established under the control of the commercial superintendent.

WE RECOMMEND ACCORDINGLY.

(54) Also under the control of the commercial superintendent, a publicity and public relations section should be establishedentrusted with the task of publicising and popularising railway travel. The existing Railway Publicity Commission does not meet the objects which we have in mind.

WE RECOMMEND ACCORDINGLY.

(55) Under the proposed organisation in addition to the new sections recommended above, the following sections should come directly under the control of the commercial branch, viz.: freights and fares, claims, records, dining car and refreshment services, railway institutes.

The work in the assets section is of a semi-technical nature and should come under the control of the parliamentary and financial assistant, the work coming under the general directive control of the assistant general manager (technical).

Advertising work should be transferred to the publicity section.

The control of the Port Hedland Railway should be transferred to the Chief Operating Manager.

Staff education and training work, at present undertaken by the secretary of the Railway Institute, should be transferred to the control of the staff superintendent. The control of the ambulance section should also be vested in the staff superintendent.

WE RECOMMEND ACCORDINGLY.

(56) With the disappearance of the secretary's branch, we feel the whole organisation in the Commissioner's Office for dealing with staff matters should be reviewed.

WE RECOMMEND ACCORDINGLY.

(57) The industrial agent is the most senior officer in the Commissioner's Office dealing with staff matters but his functions are such that he cannot be the suitable liaison between staff and management. This relationship is the subject of recommendations later.

WE RECOMMEND ACCORDINGLY.

(58) The relationship between staff and management must receive much more meticulous and sympathetic attention than has been the case in the past. We consider it necessary, therefore, to create a post of staff superintendent who should come under the control of the chief commercial and staff manager and the industrial agent would come under his control. Great care should be taken to ensure that the staff section is provided with the right type of officers.

WE RECOMMEND ACCORDINGLY.

(59) Each branch at present has its own staff section. As soon as arrangements can be made for suitably housing the staff organisation these sections should be amalgamated into one joint staff section.

WE RECOMMEND ACCORDINGLY.

(60) We cannot too strongly emphasise the importance of maintaining harmonious relations between staff and management and of giving due and proper attention to their health and general welfare. Inspection showed an almost callous disregard for the most elementary human requirements and we feel that some of the conditions under which the staff was found to work and live are so bad that action should have been taken ere now to effect improvements.

WE RECOMMEND ACCORDINGLY.

(61) In view of these unsatisfactory conditions it is not surprising that the greatest difficulty is being experienced in keeping up the strengths of...
many of the maintenance gangs and we have been surprised that men can still be found willing to take on these jobs where such bad conditions exist. We feel that in spite of all the difficulties of shortage of labour and material, some of the disabilities could have been mitigated by effecting minor improvements and giving some attention to cleanliness.

(62) As these are all matters which have a vital effect on the health, welfare and general morale of the staff and should be under constant review, a health, welfare and safety section under the control of the staff superintendent should be established.

Further, health foremen, qualified in matters of hygiene, should be appointed at all centres where district offices have been established. They should carry out their duties under the direction of district traffic superintendents paying particular attention to the cleanliness of stations, offices, toilets, ablution facilities, mess rooms, barracks, departmental houses, etc., and investigate and report on all domestic water supplies.

WE RECOMMEND ACCORDINGLY.

(63) To co-ordinate the work of the health foremen, there should be appointed a health inspector who should be responsible for health and welfare matters in the Perth metropolitan area and Midland Junction Workshops. This inspector, as well as the health foremen, should carry out their duties under the general direction of the health, welfare and safety section, submitting monthly reports for circulation amongst all heads of branches.

WE RECOMMEND ACCORDINGLY.

(64) Following the above recommendations we feel that the designation Chief Operating Manager would more correctly describe the functions of the head of the branch as it now deals primarily with operating matters and the Chief Traffic Manager, as now designated, is relieved of much of the work that is now within his branch.

(65) Under the present organisation there is considerable overlapping of duties between the branches controlled by the Chief Traffic Manager and the Chief Mechanical Engineer. Whilst we agree that the district traffic superintendents should be controlled by the Chief Operating Manager, we find that some of the unsatisfactory features at running sheds could be ascribed to the fact that the district locomotive superintendents come under the control of the Chief Traffic Manager.

WE RECOMMEND ACCORDINGLY.

(66) After due consideration of the evidence submitted we consider that the following organisation should be adopted:

(a) All locomotive depots to come under the control of the Chief Mechanical Engineer.

(b) District locomotive superintendents to be mechanical engineers and to come under the control of the Chief Mechanical Engineer.

(c) Supervisory staff directly in charge of running sheds to be recruited either from the fitters' or drivers' grade, the determining factor being the nature of the duties undertaken.

Later we indicate the organisation which should be set up in the Chief Mechanical Engineer's Office for the control of running sheds. Whilst we consider it essential that the work in running sheds, more particularly the repair side, should come under the directive control of the Chief Mechanical Engineer, the distribution and use of engine power should continue to be the responsibility of the Chief Operating Manager. For this purpose the superintendent of locomotive running should continue to come under the control of the Chief Operating Manager.

WE RECOMMEND ACCORDINGLY.

(67) There is need for a clear line of demarcation to be drawn between the operating and commercial and staff branches in so far as having regard to the nature of the subject to be dealt with. Transfers, appointments, the granting of increments and matters of a like nature, should be dealt with jointly by the officers of the two branches at headquarters, but matters purely the concern of one of these branches, should be dealt with by the appropriate branch.

(68) There is need for improving the method of controlling the movement of traffic as well as the general control and distribution of engine power and truckage. These aspects of operating are largely dependent on adequate communications which should be brought up to modern standards as soon as the necessary material and staff for carrying out the work can be obtained.

WE RECOMMEND ACCORDINGLY.

(69) Operating methods require constant review and to ensure that the railways keep abreast of modern developments there should be appointed a suitable officer on the staff of the Chief Operating Manager to be designated, superintendent of operating research and investigation, whose duty it will be to
make a close and continuous study of operating methods generally with a view to improvements being effected where these are indicated to be necessary.

WE RECOMMEND ACCORDINGLY.

Later we refer to the importance of railway officers being afforded an opportunity of studying railway practice in other countries, and we feel that the superintendent of operating research and investigation should be one of the first to be sent to selected countries, where the conditions are comparable with those prevailing in Western Australia, for the purpose of becoming conversant with the latest developments in operating methods in such countries. This is of particular importance at the present stage when the Western Australian Government Railways are faced with a comprehensive programme of reconstruction and when the provision of modern marshalling and shunting yards, up-to-date signalling and train working methods, as well as a review of operating methods generally, will have to receive the closest attention. These are all matters which will demand intensive research and investigation from an operating point of view.

In view of the precarious condition of the track and the general condition of decay of many of the buildings and appurtenances, we examined the Chief Civil Engineer on the need for the appointment of a senior engineering officer in his branch—an inspecting engineer—for the purpose of making regular inspections of all sections of the line and reporting on the condition of the track, bridges, culverts, buildings and appurtenances.

After due consideration of the matter we agree with the suggestion of the Chief Civil Engineer that combined with the design and maintenance work there be a plant and inspecting engineer. We consider that such an appointment is necessary.

WE RECOMMEND ACCORDINGLY.

As it will be impossible for the civil engineering branch to undertake the heavy reconstruction programme envisaged by the management, vide Appendix "B," in addition to the ordinary work of the branch, we fully support the recommendation of the Chief Civil Engineer for the appointment of an assistant chief civil engineer in charge of planning and new works, as well as the appointment of additional civil engineering officers.

We cannot too strongly emphasise the need of ensuring that, on the civil engineering side, a strong organisation should be built up to carry out the heavy reconstruction programme which must be undertaken before these railways are once again to function as an efficient transport undertaking. To be "cheeseparing" during the "blue print" stage, when wide and careful planning is necessary, and also when carrying out the new works, would be shortsighted in the extreme.

WE RECOMMEND ACCORDINGLY.

In the report of the Royal Commissioner on the Midland Junction Workshops, comments on certain aspects of the organisation of the Chief Mechanical Engineer's Branch were made, and certain conclusions were arrived at and recommendations made with regard to staff and organisation. Earlier in our report we have recommended that district locomotive superintendents, as well as all locomotive depots, should come under the directive control of the Chief Mechanical Engineer. We have also indicated the need of much closer attention being paid to the work in locomotive depots, especially from the repair point of view. To achieve this, a mechanical engineer (motive power) should be appointed on the staff of the Chief Mechanical Engineer.

In view of the close relationship existing between the operating and mechanical branches in the operation of trains, there should be at all times the closest liaison between the superintendent of locomotive running and the mechanical engineer (motive power) and they should, as far as possible, carry out their inspections jointly.

WE RECOMMEND ACCORDINGLY.

In order to be able to carry out the reconstruction of the Midland Junction Workshops, as well as undertake the extensive remodelling of running sheds, the Chief Mechanical Engineer will require additional engineering and other assistance, and a new works organisation will have to be set up on similar lines to what is proposed for the civil engineering branch.

WE RECOMMEND ACCORDINGLY.

In Chapter 4 and paragraph 24 of this summary we have emphasised the need for a general correlated traffic survey to precede the finalisation of the comprehensive reconstruction programme and, in our opinion, the officers who can best undertake this investigation will be the three officers in the three branches who will be most intimately connected with the work, viz., the superintendent (operating research and investigation) in the operating branch; and assistant chief civil engineer (planning and new works) in the civil engineering branch.

WE RECOMMEND ACCORDINGLY.
engineering branch, and the engineer entrusted with new works in the Chief Mechanical Engineer’s Branch, assistant chief mechanical engineer (planning and new works) We recommend accordingly.

(76) We were impressed with the lack of organisation and proper control of stores at out depots. The Commissioner of Railways, the Chief Civil Engineer, the Chief Mechanical Engineer, and the Comptroller of Stores were closely examined with regard to the conditions which we observed. We feel strongly that the present position is most unsatisfactory and wasteful and consider that as soon as it can be arranged, the control of locomotive and civil engineering stores, together with the staff employed in such stores, should be taken over by the Comptroller of Stores. It is a matter of urgency that the staff employed on this important work should be properly trained in all aspects of the duties of storemen.

Energetic steps should be taken to clean up the system and salvage such scrap as is still usable. We are confident that such action will yield a rich dividend.

In his final evidence the Commissioner of Railways indicated that it had been decided to reconstitute the appointment of a stores inspector.

We recommend accordingly.

Chapter 9.

Staff Conciliation, Negotiation and Consultative Machinery.

(77) We have been much impressed with the need of improving the relations between the management and the railway personnel and, for this purpose, we feel if the departmental machinery can be strengthened for bringing railwaymen together as railwaymen to discuss all aspects of their work—i.e., their rates of pay; their general conditions of service; general and particular disabilities which they suffer; improved facilities and amenities; improved methods of working; economies in working; improved train services—it will be a big factor, not only in improving the relations between the management and the staff, but also in giving better service to the public.

(78) Negotiations with regard to rates of pay and conditions of service easily lead to friction, and we have given consideration to the possibility of establishing a purely railway body to consider such matters as staff rates of pay and conditions of service. We examined a number of witnesses on this question and have come to the conclusion that in order to overcome the difficulties referred to, a railways staff board of reference and conciliation should be established with the constitution and functions as set out on page 80 of this report.

We recommend accordingly.

(79) In the evidence placed before us, considerable stress has been laid on the need of frequent consultations with the staff, on the various levels, with regard to matters other than conditions of service, in which railwaymen the world over are interested.

We attach great importance to the value of periodical conferences with the staff, where they will be afforded an opportunity of discussing (a) with their immediate supervisory officers, (b) with controlling officers (heads of branches) and (c) with managerial officers (management committee), matters as general and particular disabilities which they suffer; improved facilities and amenities; improved methods of working; suggestions for effecting economies; improvements in train services; improved service to the public, etc.

We consider that such conferences on the three levels—vis., district, branch and managerial—should be convened at regular intervals, but not less than annually, and that the staff concerned be asked well in advance to submit items for discussion at such conferences.

We are confident that a frank exchange of views on the three levels mentioned will do much to promote esprit de corps in the service, as well as bringing about greater efficiency and improved service to the public.

We recommend accordingly.

(80) In order to facilitate negotiations between the management and the staff unions, we are of the opinion that the unions should appoint a staff union consultative committee, representative of all the unions—each union to elect not more than three members—which shall be the recognised body for conducting negotiations with the management on staff matters affecting more than one union.

We recommend accordingly.

Chapter 10.

Staff Promotion and Punishment Appeals.

(81) From the evidence placed before us, it would appear that there is considerable dissatisfaction with the two bodies known as the Promotions Appeal Board (constituted in terms of Act No.
19-:1:5, which came consider, Ye appellation, as took over the powers but that the position with with is ~Yith a are of the opinion that where a are of the opinion that where a
on the Appeal Board by is found guilty of an offence, our later examination of the position into operation he would be in of the board, shall be forwarded appointed by its educational qualifications Board (constituted of the board of directors, whose decision shall have have regard to the fact—
(a) that the staff unions will be directly represented on the board of directors; and
(b) that is is fundamentally un sound that any body which has no responsibility with regard to the effect. Its decision will have on the efficiency or well being of the undertaking which such decision will directly affect, should be the final court of appeal in such an important matter as the promotion of staff.

When hearing appeals against promotion, the board of directors shall afford the appellant an opportunity of appearing before it in person and that, if the appellant so desires, he may be assisted by another servant or an official of the staff union of which he is a member.

WE RECOMMEND ACCORDINGLY.

(83) We are of the opinion that where a servant is found guilty of an offence, and, as a consequence thereof, (a) his emoluments are reduced, or (b) he is reduced in rank, or (c) he is dismissed from the service, and he appeals against such punishment, his appeal be heard by an Appeal Board comprising an officer appointed by the management committee, who shall be chairman, and a member of the staff union of which such servant is a member.

The proceedings of such Appeal Board, which shall contain the finding of the board, shall be forwarded to the management committee for consideration. In the event of the appellant being dissatisfied with the decision of the management committee, he shall have the right of appeal to the board of directors, whose decision shall be final.

When such appeal is heard by the board of directors, the appellant shall have the right to appear in person before the board, and, if he so desires, he may be assisted by another servant or an official of the staff union of which he is a member.

Further, each staff union shall elect its representative on the Appeal Board and that when hearing appeals the member of the board, other than the chairman, shall be the representative of the staff union of which the appellant is a member.

WE RECOMMEND ACCORDINGLY.

Chapter 11.
STAFF EDUCATION AND TRAINING.

(84) We have been much concerned with the inadequate nature of the training of the railway staff at the various levels of employment and responsibility. During the inquiry into the Midland Junction Workshops, concern was mostly felt with regard to the training of apprentices, and the methods by which they could receive higher technical training to qualify them for senior positions in the Chief Mechanical Engineer's Branch.

(85) Our later examination of the position indicates that provision is made which will ensure that technically trained men to university standard will be available to the staff of the Chief Civil Engineer, but that the position with regard to the service in general calls for special consideration; in this connection the evidence brought before us has emphasised the great weakness that exists in making provision for the systematic training of the staff in other branches.

(86) We consider the imposition of a maximum age stipulation of 16 years to be unsound, in that it has the effect of keeping out of the railway service, youths with educational qualifications higher than Standard VII. This stipulation should be abolished.

(87) We consider it essential to attract to the railways service well-educated youths, and, for this purpose, we feel that, except in the case of matriculated applicants and persons holding an appropriate university degree, admission to the clerical staff shall be by means of a competitive examination. This examination should be undertaken by the State Education Department, and should be in the nature of a general knowledge test, and only youths who are in possession of a Junior University or a higher school certificate shall be allowed to sit for such examination.

WE RECOMMEND ACCORDINGLY.

(88) In the case of youths holding the Matriculation Certificate, new entrants should be given a commencing salary of one grade above the scale for age. In the case of persons holding an appropriate university degree, we consider new entrants should be given a commencing salary three grades above the scale for age, or if he is over 21 years, three grades above the basic salary.

WE RECOMMEND ACCORDINGLY.
The railway training of staff is today under the control of the Railway Institute Council and we do not consider that the organisation and its operation in any way meets the necessities of practical training of staff in the various branches of railway working...

The practical training of the staff of the railways must be a matter for the organisation itself, and not dealt with through a semi-official body which is organised, primarily, for the social and recreational activities of its members, and which cannot in any way be considered a competent body to undertake this important function. We do not, therefore, regard the arrangement whereby a body such as the Railway Institute Council is responsible for the organisation and control of railway training classes, as being in the best interests of either the management or the staff. In our opinion the whole matter must be treated from a much wider angle and with a fuller realisation of its import on the calibre and efficiency of the staff, and the management should take over the functions of the council as set out below:

(a) that the management assume responsibility for the organisation and control of all training classes throughout the system;

(b) that the management appoint suitably qualified part-time instructors (railway servants) to give instruction in subjects such as station accounts, safe working, shunters' duties, checkers' duties, etc., and that the management assume responsibility for the payment of the instructors' fees;

(c) that the management appoint one or more examining officers, who will be charged with the responsibility of examining staff in the railway subjects above referred to, and that care be taken to ensure that such examinations are conducted on an efficient and proper basis;

(d) that the Railway Institute Council co-operate with the management with regard to making available at the Railway Institutes suitable accommodation for conducting training classes;

(e) that a person possessing the necessary "educational" as well as "railway" experience, be appointed controller of training classes, whose duty it will be to organise the training classes at the various centres and ensure, by periodical inspection, that the classes are conducted efficiently and satisfactorily...

WE RECOMMEND ACCORDINGLY.

With the establishment of these training classes on a departmental basis, we feel the staff will have sufficient opportunity of qualifying in the various departmental railway examinations, and before any member of the junior staff, or men employed in learner grade or in the workers' grade, are appointed to the parent grade, they should be required to pass the prescribed examination in the duties for such grade. Apart from grades where the passing of an examination in safe working is a necessary prerequisite to appointment, we have in mind appointment to such grades as checker, shunter, time-keeper, ganger, etc., where we understand no examination has been laid down. All appointments to such grades should be made contingent on the applicant qualifying by examination in the duties laid down for such positions.

This we regard not only as an efficiency measure, but as a means of encouraging the staff in the lower grades to qualify for promotion to better positions...

WE RECOMMEND ACCORDINGLY.

We have been impressed with the lack of attention given to the practical training of junior staff and for the purpose of exercising close control on the practical training of all junior staff (including apprentices, the appointment of a master of apprentices having already been approved) consider that a suitable officer with the necessary experience (a well qualified station master would probably be the best person for the position) should be appointed as training officer. The training officer should carry out his duties in close co-operation with the controller of training classes and he should at regular intervals personally interrogate all junior staff to ensure (a) that there are no "square pegs in round holes," and (b) that the training which they are receiving is adequately fitting them for the parent grade to which they will eventually be appointed...

The training officer will be required to submit periodical reports (three or six-monthly) to the controller of training classes with regard to the progress made by each junior clerk, engine cleaner, junior worker and all other junior staff. It will also be his duty to visit all training classes at regular intervals and submit reports on such classes to the controller of training classes...

Both the controller of training classes and the training officer should come under the control of the staff superintendent in the General Manager's Office, and we feel that with the setting up of an organisation such as we have outlined, the whole question of staff training will be placed on a
The recognition by the management of this important phase of their responsibility is an urgent matter—in view of the heavy work in question with the rehabilitation of the system—if qualified men are to be available in all branches of the service to meet the requirements of this important State business undertaking...

WE RECOMMEND ACCORDINGLY.

(93) The railways of this State should offer to young men, who are ambitious and are educationally qualified and anxious to give their best service to the railways, the opportunity of making more rapid progress than their contemporaries who are satisfied merely to "put in a day's work."...

(94) A limited number of young officers should be selected from time to time for appointment as cadets and they should be given a period of from two to three years' intensive training in selected branches of the railway service to enable them to gain all-round experience with a view to their ultimate appointment to the higher administrative and executive positions.

The selection of cadets should be confined to young clerks with not less than four years' service and not over 30 years of age holding a Matriculation Certificate or appropriate university degree and who—

(a) have qualified in station accounts and safe working;
(b) have been nominated by a head of branch;
(c) have passed a prescribed competitive examination;
(d) have been selected by the management committee.

WE RECOMMEND ACCORDINGLY.

(95) We feel the railways of this State should offer to young men of the calibre which we have described above, a career which would fully both satisfy their ambitions and be in consonance with their qualifications, and we feel the adoption of the recommendations made by us will provide these wider opportunities.

(96) It may be considered expedient to refer the recommendations which we have made in this chapter to the committee that was asked to meet for the purpose of outlining a scheme for the training and education of entrants to the branch of the Chief Mechanical Engineer and, when our recommendations are under consideration, the other heads of branches concerned could be appointed as additional members.

Chapter 12. VALUE OF VISITS TO OTHER STATES AND COUNTRIES.

(97) When dealing with different aspects of railway operations and activities earlier in this report, we have referred to the value to be derived from visits to other States in the Commonwealth, as well as to other countries, with a view to ascertaining the progress made with regard to railway equipment and organisation, so that as far as possible railway development here may follow the most modern trends.

(98) After hearing the Commissioner of Railways in connection with this matter it is incomprehensible to us that an officer should have to pay his own expenses when visiting other States in Australia, or other countries, for the purpose of enlarging his experience and reporting the results of his inquiries elsewhere for the benefit of the railways.

(99) We would stress the importance of arranging that men at the middle range of executive responsibility should periodically (say once in three to five years in individual cases) visit and confer with their opposite numbers in other systems of the Commonwealth, whether they be officers in the commercial, staff, operating or technical branches of the service. It is the personal contact between opposite numbers which is necessary, rather than a periodical coming together of the higher executives at formal conferences.

WE most strongly urge that interstate and overseas travel of suitable officers in all branches of the railways should be systematically organised.

WE RECOMMEND ACCORDINGLY.

Chapter 13. LOAD MOTOR TRANSPORT.

(100) In Chapter 2—Historical Review of Development of Railways in Western Australia—we referred to the failure of the railways to take advantage of the development of the internal combustion engine as a means of providing road transport, as an alternative to rail transport, in areas where the construction of railway lines could not be economically justified.

(101) Although much ground has been lost by the railways due to this failure, we feel it is not too late for the railways to improve their transport services to the community by pursuing an active policy of developing their road motor services.

(102) The evidence placed before us showed that there is complete unanimity that the railways should develop their road motor services.
crossed the tracks and even shunting roads, and where the provisions made for the safety of the public could hardly be considered satisfactory. At other places clearances between portions of fixed structures and rolling stock were too small to guarantee the safety of an individual caught at the possible danger point. There were no warnings at such places...

(110) We feel that it is the duty of the management in a widespread organisation such as the railways, to take all possible steps to lessen the risk of accident to its operating staff engaged in such a number of varied occupations, each of which may be associated with particular forms of hazard. It is the duty of the management, in our opinion, if it promulgates regulations forbidding certain practices of a hazardous nature, to see that the equipment is such as to avoid the possible hazard...

(111) It is general practice in modern industry to inculcate all methods of safety that can be devised, by education, warning and suitable publicity throughout the working force. We consider it particularly desirable that the railway staff should have a full understanding of their responsibilities in these matters and, in our opinion, the railways, as an organisation, should be a member of the National Safety First Council, and should in every way possible make "safety first" a matter of constant attention by all members of the staff. Undoubtedly some of the risks that have been referred to will be lessened when cleanliness and good "housekeeping" become a standard practice throughout the service...

WE RECOMMEND ACCORDINGLY.

Chapter 15.

REFERENCE LIBRARY.

(112) The Railway Institute places the resources of a general library at the service of its members and this we consider one of its normal duties as a body concerned with the social and recreational amenities of the staff...

(113) We consider, however, that there is a necessity, as part of the railway organisation, for a central technical library covering the whole field of railway organisation, equipment, and operation, whether in the form of text books, magazines, departmental reports from the railway systems of the world, or special reports that may become available from time to time through the good offices of other railway systems...

(114) We consider that to make this library of service to the whole of the organisation, arrangements should be made...
for issuing literature of any kind, at call, to any of the district staff as well as to the headquarters branches of the organisation, and for providing extracts on particular subjects when called upon to do so. To this end a qualified librarian should be appointed. WE RECOMMEND ACCORDINGLY.

(115) This officer should also undertake the editorship of a railway magazine which should cover educational requirements by means of special articles affecting railway operation, information with regard to the activities of the various sections of the railway system, reports of social and recreational activities, inter-branch sports, etc. 

Properly handled such a magazine can have valuable social and educational attributes and can contribute greatly to the morale and pride of railwaymen as a body, in the service they are giving to the public.

CONCLUSION: EULOGY AND THANKS.

Finally, Sir, we wish to express our appreciation of the assistance given to us during the inquiry by the Commissioner of Railways and his officers. Their courtesy in assembling the mass of information required by us and the frankness with which they met our inquiries assisted us greatly. We also desire to thank the officials of the staff unions associated with the railways for the evidence which they placed before us with regard to matters affecting their work and railway operation. Mr. P. C. Raynor, who appeared before us on behalf of the Commissioner, and Mr. T. G. Davies, who appeared on behalf of the various railway and service associations, carried out their very onerous duties with fairness to the interests they served and with the greatest courtesy to the Commissioners and we thank them most sincerely for the assistance that they rendered. To Mr. H. C. Reid, and the Hannard staff who reported the proceedings, we desire to express our admiration of the smooth and efficient way in which they prepared the transcript of the evidence given during our inquiry. To the secretary to the Commission, Mr. M. P. Copley, and to Mr. O. Bowyer and Mr. A. H. Sutherland, our personal assistants, we are grateful for their help and their ready willingness at all times to carry out the very many troublesome duties that we thrust upon them. We must also thank those ladies who typed the transcript and prepared the stencils for this report. We feel, Sir, that without the ready co-operation of all those interested, the Commission with which you entrusted us would have presented many difficulties. We feel also that any criticisms or strictures that we have passed upon the organisation, administration and working of the Western Australian Government Railways will be accepted by all those concerned as offered with the desire to help them make the railway system of Western Australia, of which they are part, an instrument for service to the public and for the development of the resources of the State.

We have the honour to be, Sir, Your Excellency's obedient servants.

ALEX J. GIBSON,
Royal Commissioner, Chairman.

D. H. C. du PLESSIS,
Royal Commissioner.

Dated at Perth this 18th day of December, 1947.
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7th December, 1944.

The Hon. Mr. Nielsen:

Planning for the postwar years has been engaging the attention of the executive of the department and myself for some time and with the more favourable position on the war front it is now opportune to place before the Government a resume of the general position in the railways and the measures which it is considered should be taken to ensure that the capital invested in the State's major transport undertaking may be adequately safeguarded, thereby enabling the department to give an even greater measure of service in the transport life of the State than it has since its inception 65 years ago.

2. When the Great War ended in 1918, one of the important lessons impressed on us was the development which had taken place in the operations of the internal combustion engine in the course of four years of strife. The coming of the peace found us unprepared to appreciate fully the importance and capabilities of this means of power—consequently road traffic developed at an alarming rate, and in some instances did serious financial damage to the railways before it was brought under control and given its rightful place in the economic structure of the country.

3. In my opinion the railways of this State have reached a crossroads. We must now decide whether we are to make special efforts to hold and to increase our business or weakly resign our right to a trade and connection built up and developed over a long period. Frankly, it is a case of 'get on or get out.'

4. The war and its attendant difficulties have placed an unprecedented strain on the railway system. Apart from additional civilian traffic due to the reduction in supplies of petrol and rubber, an enormous traffic—both passenger and goods—has been handled on behalf of the defence services, which necessarily had priority. Enlistments in the forces depleted the railways of many of the younger and more energetic members of the staff, while the heavy and continuous traffic has necessitated the retention of service of rollingstock and equipment which, but for the abnormal conditions, would have been set aside as having reached the end of its useful life. The use of this rollingstock and equipment has been entirely uneconomic on account of the heavy maintenance necessary to keep it in working order.

5. Release of trained personnel on the mechanical side to the forces and to other establishments engaged on munitions projects, and the carrying out of the workshops themselves of major defence contracts, have thrown a considerable extent prevented both normal maintenance of rollingstock and the replacement by new construction of locomotives, carriages, and wagons which is no longer economical to maintain in service, but which, through the exigencies of the times, have had to be persevered with. The urgent demands of the Commonwealth for the replacement of locomotive rollingstock for defence work elsewhere in Australia necessitated the release of a number of locomotives and other vehicles which up to the present had not been possible to replace.

6. The natural result has been that breakdowns of engines have not been infrequent and this, combined with insufficient rollingstock to meet fully all requirements, together with shortages of coal and manpower, has meant that the service to the public has at times fallen short of that which would be given under normal conditions. A lot of endeavour has been spent over the smaller things which, while not so important from the general aspect of the State's welfare, have been so to the individual who, through a misunderstanding of the general situation, expects the same service as he received in peacetime.

7. With the modern trend of transport, something better than the department has been able to give with its existing facilities will be expected, and if we are to foster the goodwill and increase the patronage of the general public after the war we must move with the times and provide what the customer wants.

8. To this end the report prepared, in which has been set out in a comprehensive way some of the major improvements which it is considered should be carried out to enable the department to meet the increasing demands of the postwar years for at least a decade.

Form of Control.

9. Antecedent to my consideration of post-war problems in transport is the consideration of what form of statutory control should be imposed. The body must have the necessary regulatory powers must form the keystone of the arch of transport, because it will give expression to the Government's policy and also regulate the activities of all forms of transport operating within the Commonwealth.

10. The sheer necessity of such control is exemplified by the provisions of regulating authorities in other countries, notably England and U.S.A., where striking results have been achieved in the way of control and co-ordination of traffic and elimination of economic waste.

11. It is my considered view that the control of all intra-State land and air transport should be brought under one Ministerial head, who would be responsible for the whole transportation policy of the State. The Minister concerned should have under him a Department of Transport whose functions would be effectively to co-ordinate the activities of the various forms of transport by

(a) giving regard to the transport requirements of the State as a whole;
(b) determining the rightful sphere of action of each form of transport;
(c) preventing overlapping and economic waste.

12. The advantages of such a method of centralised control must be obvious. Generally throughout the Australian States, authority at the moment is divided between various departments and boards. Each of these bodies is charged with the control, regulation and arrangement of one form of transport only and in the discharge of such duties may, in all honesty, come to a decision unnecessarily harmful to another form of transport. Under the method of control suggested in this report such circumstances could not arise, because the Department of Transport would be vested with pleurity powers and, naturally, before coming to any decision would take into consideration the effect of such decisions on the whole of the interests concerned.

13. I have previously suggested that a board, on the lines of the London Passenger Transport Board be set up, to control and co-ordinate metropolitan street transport. This would not clash with the proposed department of transport, as either one of two alternatives could be adopted.

(a) Set up a separate board to deal with metropolitan transport, including suburban railway service (as is done in London) and exclude such activity from the functions of the Department of Transport.
(b) Allow the Minister for Transport, through the Department of Transport, to control both phases.

General Business.

14. In the financial year ended 30th June, 1943, in which the railway revenue was the highest since the inception of this department, the greatest increase was in passenger traffic. For the year ended 30th June, 1944, while the total earnings were somewhat less, there was a further increase in the passenger business. In this respect, of course, the railways are:
not alone, and I am fully aware that much of the increased business has been due to the fact that by reason of the shortage of petrol and rubber, many people have been forced to resort to public transport in lieu of using their own private cars. It is quite apparent that with the return to normal conditions we cannot hope to maintain this increase—nor in fact, to retain the whole of the business we now have unless provision is made for the nature indicated in this report is taken.

15. There is still a large field to be catered for in the passenger business, and the department should be in a position to take the fullest advantage of the opportunity offered. To be able to do so, however, we must effect an improvement both in our equipment and our service. The development of modern transport, particularly in the last decade, has created an ardent desire on the part of the public for improved transport facilities—both passenger and freight—and unless the department meets that desire, dissatisfaction will be bred and a glamour raised for private enterprise to fill the need.

16. The traffic available falls into two categories, passenger and freight. The passenger traffic may be subdivided into suburban and country travel. For the sake of clarity, this report has been set out under specified headings, with my views regarding the proposals which it is recommended should be adopted. **Suburban Passenger Services.**

17. At the present time suburban rail services operate between Claremont, Perth-Bellvue, and Perth-Armanda. The most intensive service is on the Perth-Fremantle line, and this is the line which, by reason of the greater concentration of population and the existing main highway from the port to the city paralleling the railway for a large portion of its length, is the one subjected to the severest road competition. Frequent road services operate between Fremantle and Perth and Cottesloe and Perth, and there is also the allied service—trolley-bus between Swanbourne and Fremantle. The latter, except for the section between Swanbourne and Claremont, i.e., approximately one mile, does not enter into competition with the railway. Despite this intensive road competition, there is still a large volume of passengers carried by rail over this section.

18. On the Perth-Bellvue section, competition from road services is less acute, and here a large volume of passenger traffic is carried by rail with a less frequent service than on the Fremantle section. There is certain development of new residential areas particularly beyond Maylands, which should provide passenger business to the railways when building returns to normal.

19. The Armadale line possesses possibilities of building development, and while the trend of population in the nearer centres to Perth has been along the tram route to Victoria Park, a more frequent rail service may be the means of attracting building along the line, with benefit to railway revenue.

20. To retain and to build up our traffic in this area, a faster and more frequent service will need to be provided. With such a realization in mind, attention was directed to three means of transport which would give the desired results, viz.——

(i) Electrification.

(ii) Provision of diesel-electric units.

(iii) Use of small units under steam power.

21. So far as electrification is concerned, the idea was soon abandoned because of the comparatively low density of population in the area, coupled with an extremely high cost of installation. Another feature was that the introduction of a standard gauge tram would mean a loss of a large part of the capital invested in the scheme.

22. The introduction of diesel-electric units would be possible so far as line losses are concerned. But here again the capital cost of suitable units would be extremely high. At the moment there are six of these units under tender and it would be practicable first to utilise some of these over suburban lines supplemented by light steam trains composed of specially built coaches of the present AV type.

23. In this way a 15-minute service could operate with an overall time not exceeding 25 minutes between Perth and Fremantle, while more frequent services on the other suburban sections are also envisaged.

24. An increased Perth-Fremantle service, with 15 minute intervals, will raise complications in regard to goods traffic. The obvious way of overcoming these is by means of an independent goods road from Midland Junction to Fremantle, but it is considered that this would be too expensive proposition for the department to embark upon, having in mind that the uniform gauge proposals include an independent goods road between Bayswater and North Fremantle. When this is proceeded with, dual 4ft. 8½in. and 3ft. 6in. gauge roads could be laid down, goods traffic to be kept apart from the suburban passenger lines. In the meantime, the desired effect might be achieved by reducing goods engine loads to enable trains to be worked through between the passenger services, thereby maintaining sufficient headway.

25. A distinct advantage enjoyed by road transport which is denied the railways is the frequency of stops they can make. The average distance between suburban railway stations is one mile and the train stops made are governed accordingly. With the road vehicle, many stops can be made in the same distance. This, insofar as the Perth-Claremont section is concerned, is of not major importance, as road and rail routes are at some distance from one another and as improved rail service may be expected to hold patronage, while between Claremont and Fremantle, where competition is keenest, an extension of the trolley buses to Fremantle may give better results than augmentation of the present rail service.

26. A definite view is held by heads of branches and myself that unless a service more convenient in interval and speed is provided, we will not hold our present suburban patrons. Already the bus companies are improving their services by the introduction of the trailer type bus, and this can be regarded as a fore-runner of others giving greater comfort in riding.

**Country Passenger Services.**

27. Here again, the volume of passenger traffic has increased appreciably during the war years, and after the war and the relaxation of restrictions on petrol and rubber, the private car is certain to become a serious competitor. At the present time, the potential areas particularly Hawkesdale, which should provide passenger business to the railways when building returns to normal.

28. One factor which militates against road travel on a number of our country branch lines is the greater distance involved by the rail route. Our railway system was laid at a time when road competition was non-existent, and more attention was given to providing a railway for the purpose of opening up the agricultural areas than to the distance such route would involve for travel between the district concerned and the capital city. As a result, the traveller by rail is for many cases to go by a roundabout route which involves a considerable expenditure of time that often can be ill afforded.

29. It is felt that the passenger traffic to many of these lines can be catered for by a road service, either direct to the city or by feeder buses to main lines or main roads, and it is considered definitely that the department should go into the road operating business with a view to eventually securing that such a move would meet with public approval is sustained by the results obtained with the one country road service now operated by this department, i.e., between Perth and Dalkeith, the motor service to the town route by road is provided, whereas previously travel by rail involved a roundabout journey through Katanning or Donnybrook. The popularity of this service augurs well for the success of others to districts similarly situated, e.g., Perth to Toodyay, Perth to Narrogin, Perth to Narembeen, etc.
30. As regards those lines on which it is considered railway services might still cater for the business offering, one of the biggest factors militating against the popularity of railway branch line traffic is the mixed train, which, by reason of the fact that it caters for goods, perishables, etc., as well as passengers, lengthens the time of the journey. The mixed train is a legacy of the past days of monopoly. It is impossible to discharge goods traffic requirements and at the same time give satisfactory service to passengers. There is frequently wasteful haulage of coaches to the detriment of the haulage of goods traffic.

31. If we are to advance, I consider that the mixed train must go from country train schedules, and be superseded by fast passenger services, either by steam trains, rail coaches, or feeder or direct bus services. This will only be possible when the provision of additional headage power and coaches of a suitable type, and until such are available, the elimination of the mixed train must be a gradual process.

32. It is not proposed, however, to await the cessation of hostilities to effect this improvement, and schedules are being prepared whereby some of the mixed trains will be gradually superseded and thus remove what is generally regarded as one of the biggest bane of country rail travel.

One Class Traffic.

33. This is more applicable to suburban traffic, although it has a certain relationship to the country business.

34. Since the inception of railways in Great Britain over 100 years ago, class travel has been in vogue, and it has always been contended that the passenger desiring better accommodation and prepared to pay more for such was entitled to indulge his fancy. Street transport, i.e., trams, was in a different category, in that short distances only were involved, and the one vehicle did not offer opportunity for segregation of passengers. The development of the road bus, which has extended its operations beyond the areas catered for by tramway systems, has brought the question of one class travel more into prominence, but as far as the department is concerned, two classes of accommodation are provided and elimination of first-class, particularly in the country areas, would mean a loss of revenue which at the present can ill be afforded, particularly as there is still a satisfactory demand for first-class travel.

35. On the suburban lines, however, the introduction of light trains on a more frequent service might well be accompanied by the adoption of a one class fare.

36. For country passenger services the two-class travel has greater grounds for retention on account of the longer time of the journey, but here, too, if progress is to be made, the provision of additional headage power and coaches is necessary to one class. Similarly, one class only is provided on the diesel-electric rail cars now in service.

Goods Traffic.

37. While on the average the department is able to haul goods considerably cheaper than the road haulier, railway rates have been fashioned on a basis designed to promote the development of the State, particularly as far as primary industry is concerned, and in consequence many lines such as agricultural produce, superphosphate, road metals, ores, etc., are carried at very low rates, other goods of a general nature pay more, and so a field exists where the road competitor, unless controlled, is able to cut in on the railway business and underquote on the more profitable lines, leaving the unpayable traffic to the railways.

38. It is recognised that improved service is required for goods as well as passenger, and in most cases speed of delivery is important to the customer. Also, specialised classes of wagons, vans, etc., are required for certain classes of goods. In any plans for rehabilitation of wagon stock, consideration will be given to replacing worn-out stock with the best type of wagon most suited to present-day requirements.

39. Door to door delivery is one of the big advantages of the road haulier and consideration is now being given to the institution of a system of collection and delivery of parcels and general goods, either by departmental vehicles or by contract with private agencies. Collection and delivery of passengers' luggage is a further development of such a proposal.

40. Faster and more frequent goods services are necessary to enable the railways successfully to compete with road transport in the delivery of perishable produce and day to day necessities, and particular attention will need to be given to the transport of livestock, of which, with the extension of mixed farming, increasing quantities are offering each year. Quick transit is essential to the retention and expansion of this business and the intention is thoroughly to investigate the whole question of engine loads and running times with this objective in view.

Locomotive and rolling stock position.

41. The condition of our locomotives and carriages is one of the most serious problems facing the department at the present time, and a vast programme of rehabilitation must be faced to enable it to give effective service in the postwar years. Taking the locomotive position, even before the war many engines were in service which had reached the end of their economic life, and with the absence of any regulated scheme of replacement there was a yearly retrogression. Engines can be kept working, but after a certain period the cost of maintaining them makes their operation entirely uneconomic.

42. Deterioration has continued at an increasing rate, with serious accreditation during the war years. A general picture of the age of the stock can be gleaned from the following statement:

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<th>Percentage</th>
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<tr>
<td>Engines 50 years old or more</td>
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<td>5.1%</td>
</tr>
<tr>
<td>Engines over 40 but under 50 years</td>
<td>20</td>
<td>53.2%</td>
</tr>
<tr>
<td>Engines over 30 but under 40 years</td>
<td>16</td>
<td>27.0%</td>
</tr>
<tr>
<td>Engines over 20 but under 30 years</td>
<td>10</td>
<td>4.1%</td>
</tr>
<tr>
<td>Engines over 10 but under 20 years</td>
<td>31</td>
<td>8.0%</td>
</tr>
<tr>
<td>Engines under 10 years</td>
<td>391</td>
<td>100.0%</td>
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43. Having regard to the fact that 30 years is regarded as the economic life of a locomotive, the difficulty which is experienced by the handling of the traffic with the available stock can be appreciated. Under such conditions frequent engine failures must be expected and the fact that approximately 160 engines are now out of service for repairs, i.e., about 25 per cent. of the total stock, has a very detrimental effect on the service which the Department is able to give. These conditions throw a heavy strain on the remaining engines.

44. A similar position exists in respect to carriage stock. Construction of carriages has been practically non-existent for many years, and as a result some of the types of stock, which were the best available when first put in traffic, are unsuitable to meet present-day requirements, while the cost of maintenance of many of the older cars is unduly high. Reference has been made in paragraph 22 of the desirability of adding to our stock of suburban coaches of the AY type.

45. A programme of construction and/or acquisition of both engines and coaches is therefore forecast and it is essential that this be proceeded with without the loss of any time. Utilisation of the maximum engine output capacity of the workshops has been regarded as being ten machines per annum but I am confident that this rate can be stepped up. Solutions to this end have already been included in the plans for postwar works. But no matter what extension or rearrangements are made at Midland Junction, some imports will, I am afraid, be necessary to bring the system up to date, and I have already submitted a recommendation that we take over from the Commonwealth a further 15 Australian Standard Garratt locomotives.
46. It is vital to the preservation of the capital asset and to enable the railways to handle their share of post-war transportation that a definite rolling stock replacement programme be embarked upon at the earliest possible moment and pursued with such vigor as will ensure complete rehabilitation of the equipment in a minimum of time.

47. Apart from new construction, I have had the idea for some time that the system of locomotive maintenance in vogue in this State has left much to be desired, but the paucity of tractive power has left us with no option but to continue with a system—if such it can be called—of waiting until a breakdown occurs and then remedying it. Under this system an engine may come in for attention and the defect be remedied, but when the engine has been on a traffic a short time, some other factor develops which was not detectable when the engine was previously shopped, and which is really due to age and fatigue.

48. The idea now is to get down to a system of maintenance on a mileage basis, under which an engine will come out after the specified mileage or been on traffic a certain time. This objective cannot be reached until at least a majority of the stock has been brought into good condition and equipped to run the specified mileage, but it can be applied to new stock built or acquired. Some reorganisation in the shops would first be required, and it will also be necessary to build up a bank of spare parts, which will cut down the waiting time of an engine in the shops and so make a greater degree of locomotive power possible. It is hoped that early in the New Year something may be done with some of the new stock.

Water Treatment.

49. Allied to the locomotive position is the question of water treatment. The main sources of supply for locomotive purposes, i.e., the Canning and Mundaring schemes, consist of corrosive waters so far as locomotive boilers are concerned, and the treatment of the water to separate the corrosive elements appears to offer sound grounds for economy in maintenance, both by reducing the damage to boilers and eliminating the stopping of engines from this cause with its consequent loss of tractive effort.

50. Investigations are being made in this respect, the result of which will determine the recommendations to be submitted.

Duplication of Track.

51. A major cause of delay to country trains is the working of two-way traffic on single lines, and nowhere has this been more apparent than on the South-Western line. The single track over the Bunbury bridge at East Perth involves a good deal of delay, suburban trains being also concerned, while on the main line from Armadale to the heavy traffic now handed results in irritating hold-ups to passenger trains waiting crossings and long and expensive delays to goods trains.

52. With the general development that has taken place in the South-West, and the prospective development following on the South-West trade scheme, irrigation projects, etc., early duplication of the line from East Perth to Rivevale, Armadale to Pinjarra, and Picton Junction to Bunbury is justified. This should be followed at a comparatively early date, either by duplication of the line from Pinjarra to Picton, or the installation of automatic signalling between these two points.

Catering Services.

53. The catering services have been a favoured subject with critics of the department, and I have reported separately on this section of our activities on other papers as follows:

A lengthy and historical review of the position in regard to the catering services of the department is at folio 35-38. Since that report was submitted, the position has been exhaustively considered by heads of branches and myself. Undoubtedly there are strong arguments both for and against departmental control of refreshment services, and these are fully set out in the report referred to.

In the past, under the leasing system, I am afraid that we have been too prone to accept the highest tender for any particular refreshment room and therein I consider we have made a mistake.

Most of the criticism to which we have been subjected in relation to dining cars arises from lack of modern equipment. With the limited accommodation (24 in a sitting) and inadequate kitchen space, with lack of modern conveniences, it seems to me impossible to provide an efficient service. As it is forced to the conclusion that the wisest course would be to abandon attempts in that direction. Dining cars operate only between Perth and Kalgoorlie and the substitution of two well-equipped and attractively appointed dining rooms—say at Northam and Southern Cross—although when details of train schedules are worked out it may be found that other points are more suitable—would give a much more satisfactory service. These rooms, together with others on the main lines, could either be leased or run departmentally. The alternative is the building of modern dining cars, properly equipped, but this is complicated by the possibility of change of gauge so it is not possible with our restricted gauge to build cars suitable for conversion to the wider gauge that may come in for examination after it has been accomplished.

In this respect I would welcome an early indication of the Government's wishes, as the present leases of the cars expire on 30th June next, which does not leave many margin for the construction and equipment of the new dining rooms envisaged. Of course, the present dining cars (five in number) could be converted to use as ordinary passenger cars.

It is difficult to forecast public reaction to such a change as that suggested, and it might be worth while to make an announcement that the change is under consideration, in order to draw comment for guidance before coming to a decision. This will cause some delay if the change is eventually made, but will be better than facing adverse criticism after it has been accomplished.

Turning to the general question of refreshment rooms, it would seem on balance that owing to industrial and other conditions, the present system of leasing is the better, but with the reservation as already stated, that in deciding as to the tender to be accepted, the governing factor should be reputation and the service likely to be given to our patrons. Coupled with that, I propose to have a more rigid inspection of the condition of the existing room and of the attention being given to the requirements of rail travellers.

Comment.

In connection with catering services, there has been further re-orientation of ideas, and we have been able so to improve our existing dining cars as a temporary measure that the proposed land refreshment rooms at stationary points have been abandoned, and we have also under design modern dining cars for the 3ft. 6in. gauge, because we have come to the conclusion that even if standard gauge does come, it will be so long before it fully covers the system that we will get effective use out of the new stock.

Air Services.

54. It is difficult to visualise with any degree of certainty what the future may hold for commercial aviation. Up to date, although it has enjoyed some popularity in this State, the aeroplane has not been a serious competitor with the railways for intra-State travel partly because of its higher cost and partly, no doubt, because as yet only a small proportion of our population is air-minded. Different conditions must, however, be expected in the post-war era. The needs of the war have brought about many improvements in aircraft design and operation and in consequence a post-war aircraft entirely revolutionised from the plane which gave service in pre-war years must be envisaged when assessing its potentialities as a transport unit.
55. Contemporary history testifies to the financial losses which caused after the last war because of failure to appreciate properly the improvement which has taken place in the internal combustion engine. There is nothing to say history will not repeat itself in this matter and it seems wise to be wise to prepare for such a contingency and not again to be caught unawares.

56. In South Africa air services controlled by the railways and harbour administration have been in operation since 1924 and although revenue has not at any time nearly approached the operating expenses incurred, the policy has been to extend and increase the frequency of services to which apparently the public response is considered satisfactory.

57. It may well be that air services in the post-war service will prove to be a valuable adjunct to the railway system and I would suggest that serious consideration be given to an amendment of the Government Railways Act to embrace the operation of air services by this department if such operations be deemed advisable or, alternatively, that the control and operation of air services become a separate function of the proposed Department of Transport.

Staff Education and Training.

58. I have been turning over in my mind the question of staff training and feel that more can be done in the way of fitting the members of the staff for duties which they are required to perform. At the present time training is given in certain educational subjects at the Railway Institute, and the classes are well attended. However, whilst these classes serve a very valuable purpose, something of a more practical nature, which is only possible on the job itself, should be given. For example, there should be a definite training scheme for firemen to enable them to move with the proper way to fire an engine, saving of coal, etc. At the present time the fireman obtains most of his training on the footplate, and while practical training is essential, he is dependent on the knowledge he can obtain from his driver or, alternatively, pick up on his own, for his training on the job. Specialised training would enable the knowledge of experienced instructors to be passed on, and I feel sure that such a scheme would pay dividends to the department. Many similar instances applying to other phases of railway work could be quoted. I have asked the Council of the Railway Institute, who control our educational classes, to investigate the possibilities in this direction and to report as to the best means of achieving the desired result.

Public Relations.

59. While the present is not an opportune time for advertising I feel that more can be done in this way in bringing the services of the department more prominently before the public and with the return to normal times I propose to extend our activities in this direction.

60. In some of the other States the Tourist Bureau is part of the railway set-up, and in my opinion that activity should be brought under my control as an integral part of the railway service. Touring and transport are allied functions and the consideration of the Government to the transfer of the Tourist Bureau is recommended.

61. There is a great psychological reaction to brightness of earnings, buildings, refreshment rooms, etc. During the war, painting and maintenance generally has had to be neglected to a large extent, and it is proposed to take early action to remedy this as soon as practicable.

Co-operation of Staff.

62. If the hoped-for success from the adoption of these proposals is to be attained, it is essential that the whole-hearted support of the unions should be given the administration.

With this object in view, I called together a representative of each of the Railway Unions on the 4th instant and briefly outlined what was in mind, at the same time informing them that any suggestions from their organisations towards improved working would be welcomed. It was pointed out to the delegates to the Conference that so far as the future of their members was concerned, it was really a matter of self-preservation that they should co-operate. The first reaction of the representatives seemed to be distinctly favourable and they have promised to submit at an early date, concrete suggestions which, after detailed consideration, will be forwarded to the Government's consideration and given due weight in any later recommendations that may be submitted.

General.

63. The foregoing is only a brief resume of the position and is submitted so that the Government may be acquainted with the position which the Department must face in the post-war era. The memory of the general public is short-lived, and, unfortunately, those things likely to be remembered longest are the inconveniences which individuals have suffered rather than the strenuous efforts which have been made to transport the wartime traffic with a penciline equipment, but on a depleted basis as regards staff and rolling stock.

64. To gain and retain public patronage we must move with the times, and the foregoing indicates the considered view of the Department as to some of the steps which must be taken.

65. The proposals put forward in the foregoing are summarised hereunder—

(a) that the control of all intrastate land and air transport be brought under one ministerial head;

(b) that the Ministry have under him a Department of Transport, whose functions would be the effective co-ordination of such transport;

(c) that a faster and more frequent suburban passenger service be provided as a means of retaining traffic;

(d) that departmental road motor services be run to certain centres in lieu of or as feeders to existing rail services;

(e) that mixed trains be superseded, as rolling stock becomes available, by fast passenger services;

(f) that with the introduction of the service envisaged in (e) a one-class fare be adopted on suburban lines;

(g) that a system of collection of parcels, general goods and passengers' luggage be instituted;

(h) that faster and more frequent goods trains services be run as rolling stock and haulage power becomes available;

(i) that the Midland Junction Workshops be re-organised to increase their productive capacity;

(j) that a commencement be made at earliest on the rehabilitation of rolling stock by a rigorous policy of construction, supplemented by acquisition;

(k) that a system of regular examination on a mileage or mileage and time basis be adopted for the future maintenance of locomotive stock;

(l) that the possibilities of eliminating corrosive elements from boiler waters be fully explored;

(m) that the South-Western line be duplicated from East Perth to Bironravo between Arundell and Pinjarra and from Pinjarra to Bunbury at an early date, and that duplication or the installation of automatic signalling between Pinjarra and Pinjarra Junction follow;

(n) that the running of dining cars between Perth and Kalgoorlie be discontinued and that new and attractive refreshment rooms at suitable points be substituted;

(o) that the Government Railways Act be amended to provide for departmental control and operation of air services, or alternatively, that such control and operation be a separate function of the proposed Department of Transport;
(p) that staff education and training be expanded;

(q) that the Tourist Bureau be brought under the control of the Commission of Railways.

66. It is realised that a very heavy expenditure is involved in some of the ideas submitted, particularly as regards rolling stock rehabilitation and construction. At the same time the business is there if the proper steps are taken to foster it, and with a capital investment of over £250,000, which the Government cannot afford to disregard the necessity for taking steps to ensure that it is kept in working order. I am confident, therefore, that the recommendations which will be submitted from time to time will receive earnest consideration and that trust that the funds necessary to carry out the schemes proposed will be forthcoming. In the meantime, I would welcome an indication of the Government's views on the suggestions contained herein.

25th June, 1945.

The Hon. Mr. Nelson (Ref. 3000/38):

At page 7 of my annual report for the year 1944-45, under the heading of "Regeneration of Rolling Stock," reference was made to the unsatisfactory condition of our rolling stock and the previous proposals for rehabilitation which had perforce been abandoned. It was stated that proposals for a general regeneration of rolling stock were under consideration and that it was expected that recommendations to the Government in that connection would be submitted during the current financial year. The duties devolving on all the principal offices of the Department during the year has been obvious and it has not been possible to prepare a submission earlier. However, I am now in a position to put forward a programme for the next five years for consideration.

2. A report advanced in 1933 contemplated formation of a fund for the purpose of financing renewals and replacement of rolling stock and for equipment. It was recommended therein that £100,000 be provided annually from railway revenue until regeneration had been completed but, due to the then financial position, the money was not made available and through the incidence of the war the Government has not been able to do anything since.

3. During the war years all classes of railway rolling stock and locomotives have been kept in constant service running big mileages in order to cope with the requirements of the Services in transportation of personnel and materials and to handle the additional number of civilian passengers imposed on the system due to severe restrictions in other forms of transport. Apart from the necessity to retain vehicles and engines in operation to meet the exceptionally heavy traffic demands at times when they would, in ordinary circumstances, have been undergoing repairs, shortages of manpower and materials prevented the carrying out of overhaul and maintenance work other than that of an essential nature. Then again, it has not been possible to proceed with construction of new stock to the same extent as in normal years.

4. The cumulative effect of these conditions has been to make decidedly more marked the state of obsolescence of many of our coaches, wagens and locomotives. In fact, it is unquestionable that the necessity for urgent rehabilitation is more pronounced now than at any previous stage in the history of the railways of this State. It is generally recognised that a huge programme to overcome obsolescence in all branches deferred through the incidence of the war, not only in Western Australia, but throughout the Commonwealth, must be faced in the near future. Further comment regarding the necessity therefor on our system would be superfluous. Nevertheless, to provide an illustration of the necessity for a replacement programme in relation to our rolling stock, the following tables which appeared in the Annual Report paragraph referred to above are reiterated here:

<table>
<thead>
<tr>
<th>Year</th>
<th>Locos.</th>
<th>Cars.</th>
<th>Wagens.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945-46</td>
<td>10</td>
<td>8</td>
<td>150</td>
</tr>
<tr>
<td>1946-47</td>
<td>10</td>
<td>9</td>
<td>180</td>
</tr>
<tr>
<td>1947-48</td>
<td>12</td>
<td>10</td>
<td>210</td>
</tr>
<tr>
<td>1948-49</td>
<td>15</td>
<td>12</td>
<td>230</td>
</tr>
<tr>
<td>1949-50</td>
<td>15</td>
<td>12</td>
<td>250</td>
</tr>
</tbody>
</table>

5. Regeneration of rolling stock was referred to in the report as one of the most urgent and imperative questions to be dealt with in the post-war era. On reviewing the matter in the light of present conditions and indicating the future—the steel and other material supply position has apparently eased, whilst the manpower position should progressively better itself—it is considered that a commencement could and should be made with a renewal and replacement programme during 1945-46. A careful survey has been carried out and the following programme, extended over five years to 30th June, 1950, is submitted:

6. This schedule of building is based on existing workshops capacity and is the maximum which it is estimated can be done with normal time working. If, on implementing any programme that may be approved, two shifts can be arranged, this would speed up the work but necessarily increase the rate of expenditure.

7. The proposals now set out, it should be borne in mind, constitute merely the first step—limited only by the existing capacity of our workshops—in a rebuilding and regenerating programme which when carried out will extend over a considerable number of years.

8. It is imperative that the impetus of building new traction units and other stock be considerably increased in succeeding years, for which purpose it is essential to augment the workshops accommodation and provide new machinery. At no time in the past have more than 10 new locomotives been built at Midland Junction in any one year, and it is desirable to double this output as soon as practicable in order to replace worn engines within a reasonable time, thereby reducing the heavy and uneconomical maintenance cost. Extension of machine shop and wagon shops is essential to permit the undertaking of a programme of replacement of obsolete carriages and trucks of sufficient magnitude to rectify the position in a reasonable number of years.

9. The congested state of several sections of the workshops through insufficient space—notably in the boiler shop and the car shop—is apparent to any visitor to them. Extra accommodation is vital to the success of any major rolling stock building schedule. The building now occupied by the shell turning annexe will be fully utilised in providing assembly space for new rolling stock. A corollary necessity is the provision of additional workshop and equipment. Substantial expenditure, chargeable partly to revenue and partly to loan, will be involved in enlargement of the accommodation, provision of new additional machinery and replacement of the obsolete and inefficient items of equipment, all of which have been used intensively during the war years on railway maintenance and munitions works.
11. With regard to the rolling stock programme for the first five years, rough estimates of expenditure are as follows:—

1945-46.

<table>
<thead>
<tr>
<th>Type of Stock</th>
<th>Estimated Cost (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 improved passenger locomotives</td>
<td>80,000</td>
</tr>
<tr>
<td>2 improved goods locomotives</td>
<td>20,000</td>
</tr>
<tr>
<td>6 suburban cars</td>
<td>10,000</td>
</tr>
<tr>
<td>110 highside wagons</td>
<td>90,700</td>
</tr>
<tr>
<td>10 bogie brakevans</td>
<td>7,000</td>
</tr>
<tr>
<td>10 bogie covered wagons</td>
<td>7,000</td>
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<td><strong>Total</strong></td>
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1946-47.

<table>
<thead>
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<tbody>
<tr>
<td>5 improved passenger locomotives</td>
<td>65,000</td>
</tr>
<tr>
<td>5 improved goods locomotives</td>
<td>50,000</td>
</tr>
<tr>
<td>8 suburban cars</td>
<td>10,000</td>
</tr>
<tr>
<td>120 highside wagons</td>
<td>32,000</td>
</tr>
<tr>
<td>20 bogie wagons</td>
<td>15,000</td>
</tr>
<tr>
<td>10 bogie covered vans</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£138,000</strong></td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>Type of Stock</th>
<th>Estimated Cost (£)</th>
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</thead>
<tbody>
<tr>
<td>12 improved passenger locomotives</td>
<td>155,000</td>
</tr>
<tr>
<td>10 suburban cars</td>
<td>20,000</td>
</tr>
<tr>
<td>130 highside wagons</td>
<td>35,000</td>
</tr>
<tr>
<td>20 bogie wagons</td>
<td>15,000</td>
</tr>
<tr>
<td>20 bogie brakevans</td>
<td>14,000</td>
</tr>
<tr>
<td>10 bogie coal hopper wagons</td>
<td>7,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£237,000</strong></td>
</tr>
</tbody>
</table>

1948-49.

<table>
<thead>
<tr>
<th>Type of Stock</th>
<th>Estimated Cost (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 improved passenger locomotives</td>
<td>200,000</td>
</tr>
<tr>
<td>8 sleeping cars (equivalent to 12 suburban coaches)</td>
<td>30,000</td>
</tr>
<tr>
<td>150 highside wagons</td>
<td>40,500</td>
</tr>
<tr>
<td>20 bogie wagons</td>
<td>15,000</td>
</tr>
<tr>
<td>20 bogie brakevans</td>
<td>14,000</td>
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<tr>
<td>10 bogie coal hopper wagons</td>
<td>7,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>£315,500</strong></td>
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1949-50.

<table>
<thead>
<tr>
<th>Type of Stock</th>
<th>Estimated Cost (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 improved passenger locomotives</td>
<td>175,000</td>
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<tr>
<td>6 sleeping cars (equivalent to 12 suburban coaches)</td>
<td>39,000</td>
</tr>
<tr>
<td>130 highside wagons</td>
<td>35,000</td>
</tr>
<tr>
<td>20 bogie brakevans</td>
<td>14,000</td>
</tr>
<tr>
<td>20 bogie wagons</td>
<td>13,000</td>
</tr>
<tr>
<td>20 bogie water tankers</td>
<td>16,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£292,000</strong></td>
</tr>
</tbody>
</table>

Total five years expenditure | £1,181,600

12. To implement this programme it will be necessary to make additions and alterations to shops with a view to increasing their production capacity, also to purchase new machines and equipment. The expenditure under this heading would be incurred during the early part of the 5-year period.

Estimated cost—Loan account | £123,000
Working Expenses A/c | 76,000
Total | £199,000

The total expenditure envisaged during the five years is:

- Rolling stock | £1,181,600
- Workshops facilities | 197,000
- **Total** | £1,378,600

of which £1,256,600 is working expenses and £122,000 loan.

13. I consider that a start should be made in the coming financial year with the rehabilitation of our locomotives and rolling stock and recommend that the programme embraced in this report, covering the first five years, be adopted and put into effect.

14. The expenditure thereon, other than the £122,000 loan account, will be a charge to revenue and should, it is submitted—having regard, firstly, to the fact that it is merely expenditure deferred mainly because of war conditions making it impossible to carry it out during the period since hostilities started in Europe, and secondly, to the fact that the department has had to carry the burden of increased costs which have arisen out of the war without any adjustment of charges to meet them—be regarded as being covered by the Commonwealth Grant, and not as a visit to revenue expenses; or alternatively, that an allocation from the Commonwealth Grant be made by the State Treasury to the Railway Department to cover the cost of the rehabilitation programme. The total amount involved in the 5-year programme is within the estimate given in evidence to the Commonwealth Grants Commission at its Perth hearing last November as being necessary to overtake arrears of maintenance, which had to be deferred owing to war conditions, and pursuant to the policy outlined in its Eleventh (1944) report will be taken into account as the work progresses—assessing the State's financial needs from year to year—vide paragraph 167 of the report which, inter alia, reads:

"... Indeed we recognise that all State Governments are confronted with a difficult problem owing to the enforced deferment of work connected with the rehabilitation of railways and other State assets; but we think that the wisest course for the Commission to adopt is to take account of the need for maintenance expenditure in the several States when the work is actually performed. In this way we shall be able to examine the various sources (e.g., revenue appropriations, reserves and loan funds) from which the work in each State is financed in the light of conditions existing at the time."

15. This, coupled with other sections of the report, seems to provide definite assurance that the cost of the rehabilitation programme from year to year will be taken care of in the Commonwealth Grant, and in these circumstances railway working expenses, which have been added to so heavily over the war period, should not have to bear this additional burden.

16. As the programme of rehabilitation develops there should be a progressive decline in working costs following on the substitution of more efficient equipment for rolling stock, plant and machines that have outlived their economical life and are in consequence expensive to maintain and operate.

17. Whilst at the moment it is not suggested that work in regeneration of our rolling stock be placed outside our workshops, it may be that later it will be found necessary to adopt some system of subcontrating for the manufacture of parts. To some extent, that will depend upon the speed with which we get our programme into action. Any delay will obviously lead to the necessity for "letting out" the work to private concerns more urgent. An early indication of the Government's decision on the recommendations made will be appreciated.

18. Total unification of gauge is so far distant and our equipment is in such a state that if we are to operate efficiently it is essential that a rehabilitation programme on the lines set out be put into effect at the earliest possible date.

(Comment)—No intimation having been received as to the Government's views on the matters raised, and a change having been made in bilateral co-operation, I resubmitted the matter to the new Minister for Railways (Hon. W. M. Marshall, M.L.A.) together with a review of what the department was attempting pending a policy declaration, and again I feel that my anxiety that something be done quickly to remedy
the position can best be gauged from a minute which I submitted to the then Minister for Railways (Hon. E. Nelsen) a resume of the position of the railways following five years of unprecedented strain through the war, and put forward proposals for their general rehabilitation and for the future control and co-ordination of all interstate land and air transport. An indication was sought as to the Government's views on the suggestions, but to date no reply has been received and the lack of any intimation as to Government policy in such matters is hindering departmental action. Moreover, with hostilities at an end, time is an important factor.

2. The question of future control and co-ordination of air transport, which was one of the matters dealt with has already become one of urgency in that a local company (Airlines W.A., Ltd.) which is present is operating air services between Perth, Wiluna, Kalgoorlie and Esperance under license from the W.A. Transport Board, is proposing to run daily services seven days a week between Albany and Manjimup with intermediate stops when needed at Narrogin, Bumbury and Busselton. Two of the company's directors saw me on Monday last (17th instance) and proposed that instead of paying a license fee to the Transport Board which indirectly would contribute towards upkeep of roads, the air service, in consideration of the revenue which could be derived from the railways, should subsidize the railways to the extent of, say, 6 per cent. of the passenger fares collected—the arrangement to be covered by an agreement which would, in effect, co-ordinate air and rail services and possibly provide for the booking of air passages through railway booking offices. Details of the proposal with comparative fares and distances and the estimated yield from the subsidy, as submitted by the company, are given in the appended hereto.

3. Coming so early in the post-war period, this proposal, to my mind, is indicative of what can be expected in the war of air competition unless it be decided that the Government itself will control and operate all interstate air services. The alternative to Government control and operation is coming to some arrangement such as is proposed by Airlines (W.A.) Ltd., whilst this may possess temporary advantages it is, in my opinion, dangerous to let private enterprise get a footing in this field.

4. The matter of supplementary road services operated by the Railway Department has also become urgent, as if we are to go on the road—and in my opinion we must—we should be ordering vehicles and making other preparations instead of allowing possible competitors to outpace us, as they will do if we do not act quickly.

5. In a new timetable, which will come into operation early in November, diesel-electric rail car services will displace mixed trains on a number of branch lines. This marks the commencement of a progressive policy of segregation, as rollingstock becomes available, of passenger traffic from goods and livestock traffic, which has long been recognized as the only means of giving reasonable satisfactory service for passengers on lines where traffic is relatively light.

6. The main Perth-Albany service is also to be speeded up by the provision of an additional train to cater for traffic between Perth and Spencer's Brook, thus enabling the express to run non-stop between these points and allowing of a reduction in running times, etc., considerations, such as are referred to above, have been altered to the Perth-Albany run and in the reverse direction. The saving in running times on the main line section coupled with the faster service which the diesel-electric cars will give on the branch lines should greatly improve travel conditions to and from points on and radiating from the Great Southern line.

7. Insofar as the metropolitan area is concerned, the construction is in hand of six new suburban type suburban coaches as the commencement of a programme of improving suburban travel, and there has been a decided improvement in the position as regards painting which, from the psychological aspect as well as from the aesthetic and staff morale viewpoints, is badly needed. During the year ended 30th June last 53 cars were painted as compared with 26 in the preceding year, and an even better rate—12 for the first two months—is being maintained for the current financial year. This work fell badly in arrears over the war period due to shortage of manpower and materials and there is a heavy leeway still to be overtaken.

8. Substantial improvement was also made during last year in the boiler position when the highest output for some years, viz., 22, was attained. The average of the preceding five years was 16. It is hoped that a more will be completed by Christmas. Five of the new D11 suburban engines have been issued from the shops and another three should be completed by December. These will be followed by 10 DD class engines—also for suburban services which certainly the necessary work is already in hand, and by a further five 87 class locomotives.

9. The rolling stock referred to in the foregoing is being built from working expenses as a replacement of stock which has been written off from war losses and from funds made available from the sale of rolling-stock to the Commonwealth during the war, and it forms no part of the five-year programme for rehabilitation of engines, coaches and rolling-stock which was set out in my memo. of the 25th June last to the Hon. Mr. Nelsen and to which the early approval of the Government was sought.

10. Decision on the matters raised in both of the memoranda to which I have referred above is essential both to orderly planning for the future and to the implementation of the proposals which have already been submitted as being immediately necessary to fit the railways for their part in the post-war period. In my opinion, the programme of rolling-stock rehabilitation, as recommended, will have early approval. I would also welcome a decision on the questions of policy raised as these matters affect future planning and the policy from Airlines (W.A.) Ltd., has, of course, to be replied to.

Comment—A supplementary report in which the prospects were discussed of equipping the Midland Junction Workshops to produce 12 new locomotives per annum, and of securing new engines within Australia or from overseas within reasonable time was submitted on the 10th November, 1945, and was followed by a minute dated 30th February, 1946, in which the recommendations for the rehabilitation of rolling-stock, train buildings, etc., were resubmitted. Copy of the last-mentioned minute is tendered and it reads as follows:—

20th February, 1946.

The Hon. Mr. Marshall (Ref. 16420/44): On 7th December, 1944, I submitted to your predecessor (Hon. E. Nelsen) a resume of the position of the railways following five years of unprecedented strain through the war, and put forward proposals for their general rehabilitation. A copy of this report is attached.

2. On 30th September, 1945, I submitted a further statement of the position following the cessation of hostilities and relating to proposals by Airlines (W.A.) Ltd., for local air services as per the annexed case.

3. A report setting out a plan for the regeneration of our rollingstock and covering the first five years was
forwarded to the Hon. Mr. Nulsen on the 25th June, 1943—copy herewith. A supplementary report was sent you on the 19th November last—see attached.

4. While the Government has accepted the rolling-stock regeneration plan in principle, in that approval has been given for the purchase of certain machinery incidental to the carrying out of additional construction at the Midland Junction Workshops, it is thought these various reports should be correlated into one composite programme covering the department's needs insofar as general rehabilitation of rollingstock, track, buildings, etc., are concerned, so that the Government may have before it a concrete submission for the purpose of obtaining Cabinet approval covering the next 10 years. This will enable the department to co-ordinate its planning, by knowing definite requirements. The following paragraph sets out such a plan, and approval is strongly recommended.

5. Revenue Expenditure:

Rolling stock, 10 years programme £2,700,000
Deferred maintenance of track, buildings, etc. Cover in 1st 5 years £600,000

Total Revenue Expenditure £3,300,000

6. Capital Expenditure:

Buildings and machinery at workshops in 1st and 2nd years £122,000
6 new Diesel trains, in 1st and 2nd years £34,500

Total capital expenditure £156,500

6. Year by year expenditure is given in table hereunder:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue Expenditure</th>
<th>Capital Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Buildings and Machinery</td>
<td>New Diesel Trains</td>
</tr>
<tr>
<td></td>
<td>£3,300,000</td>
<td>£1,500,000</td>
</tr>
<tr>
<td>1</td>
<td>150,000</td>
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<td>2</td>
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<tr>
<td>Total</td>
<td>£1,500,000</td>
<td>£600,000</td>
</tr>
</tbody>
</table>

7. Although items of rolling stock were particularised in report of 25/6/1945, it is advisable to regard the programme as elastic with reference to the particular Items to be built. This is illustrated by the fact that new sleeping cars will now be advanced in the programme and new dining and kitchen cars inserted, compared with the programme compiled last June. The items to be built would be subject to review year by year, but expenditure stated is for maximum workshops capacity, irrespective of items built.

8. Certain factors which at times are overlooked by critics of the department are worthy of special emphasis. Western Australia has £272,000,000 invested in her railway system. The scrapping of this asset, on which the interest would still have to be foregone, would have a tremendous effect on the State's financial economy, while the financing of substitute transport, whether from public or private funds, would be an added burden on an already heavily encumbered population.

9. Apart from the financial aspect, the State Railways employ 8,000 persons who, with their families, are dependent on the continuance of this method of transport. Associated industries dependent in a large measure on the railways for their subsistence are coal and time, the products of which are used in such large measure throughout the system.

10. On the haulage side, while motor transport can handle the higher freighted commodities in the railway freight schedule, not road haulier has yet been able to approach railway tariffs for the carriage of such lines as wheat, coal, superphosphate and the like, and withdrawal of rail transport would have a far-reaching effect on those primary industries, which must be regarded as the backbone of the State's economy.

11. The decision to standardise the railways of Australia is evidence of the confidence which the Commonwealth and State Governments have in the future of railways in this country. If the railways are to play the part which would warrant the heavy expenditure which must be raised with standardisation, it is obvious that later years must be brought up to a standard which will enable them to give satisfactory service. Road motor and air transport received a tremendous impetus during the war under the exigency of stern necessity, and if the energy which was devoted to wartime mechanised transport for the purposes of war were diverted to peacetime competition with the railways, the position of the latter must be seriously assailed unless their equipment is modernised to a stage even ahead of their competitors, and this to be effective, must be done quickly.

12. It is pertinent to remark that all Australian railway systems are in the same position of being devitalised by the huge war effort which they voluntarily undertook in the national interest during the period of emergency. All systems are intensively planning to meet the competition which must be anticipated and Western Australia cannot afford to lag behind in the carrying out of a modernisation scheme embracing the railway systems as a whole.

13. In submitting this report I am not unmindful of the nullifying effect which standardisation of gauges will have on expenditure on narrow gauge lines, but any assumption is that for many years there will be a considerable mileage of narrow gauge track in Western Australia, even if some parts of the system are converted to standard gauge, and any works carried out will have a reasonable life before being displaced. On the other hand, to wait until standardisation is an accomplished fact before modernising the railways will have gone too far back for any effective remedial measures to be taken.

A Matter of Government Policy is the Form of Control.

14. I consider one of the first essentials of rehabilitation is the placing of the control of all intra-state land and air transport under one ministerial head, and the formation of a Department of Transport under the Minister concerned, whose functions would be effectively to co-ordinate the activities of the various forms of transport. With the knowledge that all forms of transport will be rigidly controlled, the Government can proceed with the huge expenditure required for complete rehabilitation, secure in the knowledge that such expenditure will not be white-anted by unfair but unrestricted competition. Paragraphs 9 to 13 of report of 7th December, 1944, refer to this proposal in detail, also my rider to the Committee's report on Metropolitan Transport, dated 18th January, 1946.
Suburban Passenger Services.

15. Something has already been done in the matter of popularising suburban train travel by the construction of a new suburban train which was placed in service in December, 1945, and a further train of similar type is under construction. The new train is composed of coaches of a saloon type which proved exceedingly popular before the war, and the pleasing appearance and added comfort which it provides have been productive of much favourable comment among suburban travellers, encouraging the belief that further brightening and modernising of our passenger stock will have a beneficial effect on suburban passenger business.

The eight new DM locomotives recently built as replacements of old and obsolete engines written off are giving excellent service and are enabling trains on which they operate to run to time. Ten new DD engines, a further improvement of the D class, are under construction and the first of these should be out in April next and the total order during the current calendar year. These will permit of further improvement to suburban and other train running.

Country Passenger Services.

16. Factors which militate against popularity of rail travel on country branch lines are the roundabout journey involved in many cases due to the manner in which lines have been handed over to other countries, and the mixed train which, by reason of the general service it performs, often lengthens the time of the journey to an abnormal degree.

The elimination of the mixed train must be effective if passenger business on these branch lines is to be retained or encouraged, and a start has already been made in this direction by the extension of the use of the existing diesel-electric rail cars. This policy will be developed when the new diesel-electric trains now on order arrive.

The problem of the roundabout journey by rail as compared with direct road route will, it is felt, largely be overcome by the development of departmental road services as feeders to or in conjunction with rail services, and schemes for certain alternative road passenger services were submitted to you on the 28th November, 1945, and 31st January, 1946, as per copies hereunto. An early induction of the Government's views on the proposals would enable preliminary work to be done in connection with securing of vehicles, etc., to be put in hand.

Paragraphs 27 to 32 of my report of 7th December, sets out my general views on the question of country passenger services.

Regeneration of Locomotives and Rollingstock.

17. The condition of our locomotives and passenger carrying stock is one of the most serious problems facing the department at the present time. Paragraphs 41 to 48 of report of 17th December, 1944, give details of the present condition of the locomotive and carriage stock and the reasons for such, with a forecast of the remedial action necessary.

A recent inquiry in England through the Agent-General indicated that locomotives built in England would cost nearly double the amount necessary to build similar locomotives in our own workshops, while the local machine would be of more modern design. To give immediate relief it would have been worth while to order overseas, if early deliveries could have been obtained, but this was not possible, so the better plan is to accelerate to some extent our own workshops to meet local requirements. No capacity for the early supply of complete locomotives is available in Australia, but negotiations are in hand with the Clyde Engineering Works, New South Wales, for the supply of complete boilers, which at present constitute the main bottleneck at Milford Junction, and a firm offer from the company is expected very shortly. Provision for this expenditure has been included in paragraphs 5 and 6.

Deferred Maintenance.

18. During the war period my annual reports have contained references to the necessity, through lack of manpower and materials, to defer maintenance of track, buildings, etc., whenever possible, and in submitting the Government's case to the Commonwealth Grants Commission this subject has received special attention.

Accumulated arrears of maintenance of permanent way, works, buildings, etc., to 30th June, 1945, totalled £579,000 made up as under:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance and renewal of permanent way</td>
<td>375,000</td>
</tr>
<tr>
<td>Bridges and culverts</td>
<td>50,000</td>
</tr>
<tr>
<td>Buildings and platforms</td>
<td>60,000</td>
</tr>
<tr>
<td>Water supplies and services</td>
<td>23,000</td>
</tr>
<tr>
<td>Stockyards and fencing</td>
<td>23,000</td>
</tr>
<tr>
<td>Jetties</td>
<td>9,000</td>
</tr>
<tr>
<td>Signalling, telecommunications and telephone lines</td>
<td>24,000</td>
</tr>
</tbody>
</table>

An amount of £600,000 has been allowed in paragraphs 5 and 6 to cover this expenditure.

In paragraphs 14-15 of report of 25th June, 1945, dealing with regeneration of rollingstock, it was submitted that the cost of regeneration should be regarded as being covered by the Commonwealth grant and not as a debit to railway working expenses, and a similar approach was taken in the submission of this report.

Deferred maintenance on the civil engineering side is in the same category, and whenever railways or other services are deferred there will be a benefit from their maintenance adopted should also apply to deferred maintenance of track, buildings, etc.

Answers.

19. Copy of report dated 7th December, 1944, on post-war planning.

Copy of report dated 25th September, 1945, on post-war planning, and relating to proposals by Railways (W.A.) Ltd., to operate local air services.

Copy of report and recommendation dated 25th June, 1946, on regeneration of rolling stock.

Copy of supplementary report dated 19th November, 1945, on construction and purchase of locomotives.

Copy of report and recommendation dated 28th November, 1945, regarding operation of country road services.

Copy of supplementary report dated 31st January, 1946, regarding operation of country road services.

The Hon. Mr. Marshall (Ref. 13455/45): With reference to your minute of the 27th ultimo, the annual report of the 3rd instant from the Chief Mechanical Engineer, with which I concur, deals with the union's complaints as covered by the attached correspondence.

2. Paragraphs 1 to 3 deal with ASG engines 47 and 57 at Coolgardie, while paragraph 4 covers the engines mentioned in paragraph 2 of the union's letter of the 25th September. Paragraphs 5 to 7 deal with the complaints from Collie, and paragraph 8 refers to the dismissal of 8649.

3. Regarding the Hon. Premier's minute of the 26th ultimo regarding the union's statement of a alleged 'neglected mechanical condition' of a big number of engines, the Chief Mechanical Engineer's remarks in paragraphs 9 to 13 set out the position and explain why it has not been practicable to do more in the way of maintenance.

4. I feel it my duty to tell the Government that unless the union concerned adopt a more cooperative attitude, the rail transport system of this State is about to come to a standstill.

5. The plain fact is that there are not sufficient engines available to work the services required now, and this position will become infinitely worse when the super and wheel traffic approach their peak in the early months of 1947.

6. In an endeavour to keep going now, engines, many very old, are being literally worked to death, without sufficient time for adequate maintenance.
7. Steps necessary to avoid a complete breakdown are:
   (a) Restoration to service of ASG engines, which
       the Loco. Union will not allow;
   (b) put into service immediately on arrival in
       the State the 14 engines being imported from
       England but which the Amalgamated
       Engineering Union has declared black;
   (c) remove the overtime ban on repairs, imposed
       by the Engineering Unions.

8. The first two measures will not only partially
   eliminate the vital shortage of engines, but will allow
   of more adequate maintenance of the older engines,
   while the third step will, after employing every trades-
   man that can be made available, augment the labour
   force on repairs.

9. Unless the unions can be induced to co-operate
   in these matters, I must state, quite bluntly and clearly,
   that I envisage a complete breakdown of the rail trans-
   port system within a short period.

APPENDIX "B"

PROGRAMME OF CONSTRUCTIONAL REHABILITATION ENVISAGED BY THE MANAGEMENT.

<table>
<thead>
<tr>
<th>Category</th>
<th>Emergency, 1st 5 years</th>
<th>Long range scheme 5 years</th>
<th>Total.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Civil Engineering</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Permanent Way</td>
<td>450,000</td>
<td></td>
<td>450,000</td>
</tr>
<tr>
<td>2. Works and Buildings</td>
<td>200,000</td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td>3. Electrical and Signalling</td>
<td>40,000</td>
<td></td>
<td>40,000</td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
<td></td>
<td>1,000,000</td>
</tr>
<tr>
<td><strong>General Maintenance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td><strong>Re-construction Scheme</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Housing</td>
<td>870,000</td>
<td></td>
<td>870,000</td>
</tr>
<tr>
<td>2. Amalgamites</td>
<td>300,000</td>
<td></td>
<td>300,000</td>
</tr>
<tr>
<td>3. Railway Institute</td>
<td>200,000</td>
<td></td>
<td>200,000</td>
</tr>
<tr>
<td>4. S.W.B. Partial Emplacement</td>
<td>500,000</td>
<td></td>
<td>500,000</td>
</tr>
<tr>
<td>5. Road Services</td>
<td>100,000</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td>6. Contingencies</td>
<td>125,000</td>
<td></td>
<td>125,000</td>
</tr>
<tr>
<td></td>
<td>2,625,000</td>
<td></td>
<td>2,625,000</td>
</tr>
<tr>
<td><strong>Mechanical Engineering</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Enganges</td>
<td>3,750,000</td>
<td>2,500,000</td>
<td>6,250,000</td>
</tr>
<tr>
<td>2. Locomotive stock</td>
<td>725,000</td>
<td>815,000</td>
<td>1,540,000</td>
</tr>
<tr>
<td>3. carriage stock</td>
<td>1,105,000</td>
<td>950,000</td>
<td>2,055,000</td>
</tr>
<tr>
<td>4. Wagons</td>
<td>7,938,025</td>
<td>2,938,025</td>
<td>10,876,050</td>
</tr>
<tr>
<td>5. Workshops</td>
<td>105,000</td>
<td>400,000</td>
<td>505,000</td>
</tr>
<tr>
<td>6. Locomotive Deposits</td>
<td>150,000</td>
<td>150,000</td>
<td>300,000</td>
</tr>
<tr>
<td></td>
<td>7,698,025</td>
<td>5,931,025</td>
<td>13,629,050</td>
</tr>
<tr>
<td><strong>Standard Ovens</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kalgoorlie-Fremantle</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Construction of Rift. R.J. line</td>
<td></td>
<td>3,512,000</td>
<td></td>
</tr>
<tr>
<td>2. Rolling Stock</td>
<td>1,047,000</td>
<td>1,047,000</td>
<td>2,094,000</td>
</tr>
<tr>
<td>3. Rolling Stock for State use</td>
<td>2,043,025</td>
<td>1,544,525</td>
<td>3,587,550</td>
</tr>
</tbody>
</table>

APPENDIX "C"

GRAPHS RELATING TO STATE AND RAILWAY PROGRESS SINCE 1900.

1. Western Australian Production Statistics.
   Wheat acreage.
   Wheat, bushels.
   Sheep, numbers.
   Wool clip.
   Artificial manures used.
   Gold.

2. Western Australian Government Railways.
   Miles open for traffic.
   Capital debt.
   Mean population.

3. Western Australian Government Railways.
   Population per mile.
   Earnings per head of population.
   Capital per head of population.

4. Western Australian Government Railways.
   Total earnings.
   Total working expenses.
   Capital debt.
   Earnings per head of population.
   Capital per head of population.

5. Western Australian Government Railways.
   Earnings per head of population.
   Earnings per head of population.

6. Western Australian Government Railways.
   Total earnings.
   Total working expenses.
   Total capital investment.
   Earnings after paying working expenses.

7. Western Australian Government Railways.
   Percentage of working expenses to earnings.
   Percentage of profit and total capital investment.

8. Western Australian Government Railways.
   Percentage of working expenses to earnings.
   Percentage of profit and total capital investment.
APPENDIX 'D'.

STATEMENT BY THE COMPTROLLER OF ACCOUNTS AND AUDIT CONCERNING RAILWAY CAPITAL—DEPRECIATION, REPLACEMENTS AND RENEWALS.

The amount in railway capital other than for rolling stock is in excess of £21,000,000.

2. It is estimated that the allowances necessary to bring the assets up to the standard life (1938) will yield an increment of 50 per cent. in expenditure on the 1846-47 basis (390,000), consisting of £200,000 per annum for 5 years only and £200,000 per annum indefinitely.

3. That is, for each of the next 5 years the expenditure would be £1,000,000 per annum, and subsequently £1,000,000 per annum.

4. But the latter would not cover relaying which is likely to be necessary within the next 10 years (£2,000,000) and subsequent 5 years (£2,500,000) in respect of about 1,500 miles; and does not take into account the relaying which will be required for sections of the other 3,000 miles of line in later years.

5. Portion of the assets represented by the total of £21,000,000 consists of items which can, when dealt with, be brought up to full value, e.g., earthworks, ballast, etc., and in normal circumstances that is done. The assets under these headings total about £5,000,000.

6. Two other headings—rails and sleepers—which represent about £7,500,000 and £2,500,000, total £10,000,000, are not under a continuous process of renewal; but when dealt with are brought up to standard.

7. The other headings consist of:-Buildings, £2,500,000; bridges and culverts, £5,000,000; miscellaneous, £1,000,000; total, £5,000,000.

8. The maintenance of these items is in arrear; but that would mainly be covered by the proposed 50 per cent. increase in maintenance expenditure for the next 5 years and the suggested reconstruction programme for £7,000,000 in 10 years.

9. In earlier years works such as relaying have been financed from temporary advances from the general loan fund or from treasurer's advance and receipts made by debiting railways (under the consolidated revenue fund) over a period of years.

10. Provision was not made in advance or in the years in which the wear took place. For several years a similar course was followed with belated repairs and special maintenance (1933 to 1941).

11. Many years earlier (prior to 1910) a commencement was made with a reserves fund by placing in suspense an amount of £12,500 for relaying, but its continuance was not approved, as the item was deleted from the Revenue Estimates.

12. In the immediately preceding years provision was made annually for contributions from revenue expenditure for the replacement of obsolete locomotives on the basis of a life of 25 years. That provision accumulated to the extent of nearly £250,000, when the Treasury decided to omit the item from the revenue estimates, on the grounds that the sinking fund made provision for the redemption of the loan. Reference was made to the question in the annual report of the Commissioner of Railways for 1908-9, page 3, paragraph 5.

13. In the case of that reserve fund, the amount was expended on new rolling stock which was then included in the railway accounts as revenue capital, that is to say, it is not interest-bearing, having been provided from revenue.

14. About that time provision was made on the revenue estimates for works under the head of new works and improvements, instead of adding new loan capital.

15. Later, provision was made for revenue expenditure under the head of betterments. Expenditure under that heading is specially recorded, to offset the cost of extinguished or abandoned assets, the latter being treated as being made good in another form.

16. Other factors which have contributed to the avoidance of overcapitalising of the railways include—

(a) Interest during construction.

(b) Freight on material, etc., for loan works.

(c) Additional expenditure on replacement of assets on 'like for like' basis, notwithstanding increased costs.

17. In the case of that part of the capital account representing way, works, etc., in the earlier years of the undertaking it could be justifiably argued that, as distinct from the depreciation of the assets, there was appreciation.

18. That contention, however, could not be applied to the last 20 years or longer term. There was a considerable amount of special expenditure in the endeavour to overtake the leeway after World War I and the depression period; but prior to World War I the standard of maintenance was probably about 95%, leaving say 10% not provided for in respect of portion of the assets. That, however, does not apply in all cases, as in essential sections the standard was not lowered.

19. An approximation of the position in regard to the assets represented by buildings shows that a large proportion are upwards of 30 years old and the others average 15 years. If the standard life were taken as 45 years, the amount for renewals would be very high, particularly with present costs.

20. Experience has, however, shown that there is longer life, without the necessity for demolition in many instances. With the work to be done under deferred maintenance, there will be an extension of life.

21. Bridges and culverts are principally of timber construction. As with other assets, there will be heavy renewals within the next few years. With other than timber replacements, the costs could be charged to capital as far as the betterment portion is concerned. Bridges and culverts will also be taken as part of deferred maintenance.

22. Excluding work which will be in the deferred maintenance programme, the amounts which are likely to be required to make up for the absence of a depreciation or renewals account are put down as:-

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>750,000</td>
</tr>
<tr>
<td>Bridges</td>
<td>100,000</td>
</tr>
<tr>
<td>Culverts</td>
<td>350,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,200,000</td>
</tr>
</tbody>
</table>

23. These amounts do not take into account relaying to which special reference was made in paragraph 4.

24. In the case of rollingstock the amount in capital exceeds £6,300,000. On the basis of a life of 30 years for locomotives and 30 years for carriages, wagons, etc., the major portion of the five million pounds would require to be diverted, inasmuch as a large proportion of the stock has already attained its economic age.

25. To arrive at reasonable values calculations have been made on the basis of the percentage of depreciation for the terms of 30 and 40 years. On that basis, and taking into account residual values, the amount which should have been set aside for depreciation and renewals would exceed £3,700,000.

26. The addition of £1,200,000 for buildings, bridges, etc., would make a total of over £5,900,000.

By Authority: William H. Wyatt, Government Printer, Perth.