

RICHARD WILLIAM MCVILLY further examined. (No. 39.)

1. *The Chairman.*] Will you now deal with the statement prepared by the institute of the estimated cost of what they propose?—Well, sir, referring to this statement which has been handed to the Committee by the Railway Officers' Institute, it purports to be "a statement showing the estimated cost of adopting a scale similar to that given to the Post and Telegraph Department, based on the numbers in present grades from 1 to 9 inclusive, as shown on D.-3 for 1st April, 1910." Now, the total estimated cost is stated to be £30,260 for four years. The yearly cost of the proposed scale if it were adopted is stated to be—First year, £14,625; second year, £9,010; third year, £4,555; and fourth year, £2,070. The yearly cost of scale increases under the present scale is stated to be—First year, £1,310; second year, £250; and third year, £50. There is also a note on the statement, "This proposal does not provide for members automatically reaching a salary of £260 per annum." Well, if it does not, I do not know what it does do; but speaking, sir, to the figures in their statement, they say the total cost for four years is £30,260. You have got for the first year £14,625; then they tell you the second year costs £9,010; but the second year does not cost that—it costs nearly £24,000. Then they tell you the third year costs you £4,555, but it costs you nearly £29,000. Then they say the cost for the fourth year is £2,070, when, as a matter of fact, the cost is £30,260, and after that your annual cost goes bumping up at the rate of £30,260. I will now state the Department's estimate of the cost based on the way we should classify the men. The Officers' Institute in making their calculations have not dealt with the men as we should deal with them. They have taken the amount and given the men here in some cases £30 increment. The Department's estimate of the cost is—For the first year, £11,705, as against £14,625; for the second year, £20,715, as against £9,010; for the third year, £29,410, as against £4,555; for the fourth year, £31,840, as against £2,070. The Department's total estimate at the end of the fourth year is £93,670. The position thus is, deducting the scale increases—First year, £1,245; total, £10,460: scale increases, second year, £1,580; total, £19,135: scale increases, third year, £1,805; total, £27,605: scale increases, fourth year, £1,905; total, £29,935. The Department's total is thus £87,135, as against the institute's total of £30,260, in four years; and then, sir, at the end of four years you have got a recurring annual expenditure of £29,935 to be added to the £87,135 over and above what you have got now. These things look very nice when you simply deal with one year only; but you have to take the aggregations compared with your whole expenditure for the present time, and when you come to work out the cost up to the fourth year your additional expenditure is £29,935 per annum, but the increased expenditure you have incurred by the adoption of the scheme at the end of four years is £87,135, and that amount progresses annually to the extent of £29,935, which represents the recurring annual expenditure for every year afterwards. If you take the matter on that basis, the cost of the institute's proposals, taking their own figures for fifteen years, would be £429,570; then you have still other grades to provide for. They state that for four years the cost would be £30,260, but that statement is £56,875 short of what the amount would actually be. Therefore it is inaccurate and misleading. Then there is the statement regarding promotions dealt with by Mr. Dennehy. It is quite inaccurate; but, taking it as a basis, in fifteen years you have a further expenditure of £78,835 under his best years, or of £61,665 on his estimate of the last three years: this makes a total expenditure of over £500,000 over and above present expenditure and commitments we have got now. Well, the Department's estimate of the cost of what the institute is asking for was £816,415. Then you have got to provide for the promotion men not dealt with in the statement or included in the estimate, and you have got to raise those men a grade, because that is what would inevitably follow. That is going to cost a further sum of £75,130 in five years, and at the end of fifteen years this will cost £265,680, making the total additional cost of adopting the proposal £1,082,095. For ten years the cost would be the modest sum of £560,200. Well, that is an entirely different matter to £30,260 in four years, and I submit that it shows that the institute has not worked out the scheme accurately. I do not know the reasons, and I am not going to suggest any reason; but there is no question about this: that the Department's figures are absolutely accurate, and they show exactly what we would have to pay if this scale that the institute is asking for were brought into operation. That is exactly what would happen with each of the men concerned. They would be put in those positions and advance year by year, and at the end of four years the Department would have expended not £30,260, but £87,135 over and above the present expenditure and commitments under existing Act. After that you have to provide for the promotion of men now in the £220 and £255 classes, who would no doubt clamour loudly when they found the tenth-grade men coming on by scale increase only. I know perfectly well what the institute's contention will be, and that is that they will all be very happy, and those now in the £260 grade will be very content to remain there. The Department knows what happened in 1901 and in 1907, and they know what happened in 1897: the staff when they got something were not happy—everybody wanted to get more than the Government proposed, and more than the Government was able with the finances at its command to give them. I do not think it necessary to labour that question any more. For my purposes I simply show you that the figures presented in this statement by the institute are both inaccurate and misleading. It shows that they are not able to work out the cost; and even assuming these estimates have been fairly worked out—and I have no reason to assume otherwise—it seems to be an indication that the gentlemen who made the calculations do not understand the classification or the way to work it out.

2. *Mr. O'Loughlen.*] You say that in four years' time the annual cost per annum will be £87,135. Do I understand that is the annual cost?—No, the cost will be £87,135 at the end of four years; then you will have £29,935 additional annually.

3. That is the aggregate amount?—Yes. In the fourth year you will have £87,135, which is the aggregate, and then you will have £29,935 annually added on to that.