

For years prior to the appointment of the present Melbourne and Metropolitan Tramways Board in 1936, it had been recognised that the accommodation provided for the official and clerical staffs in the Head Office in Bourke Street was quite inadequate, and that the overcrowding was not conducive either to health or efficiency. With the object of improving matters, the old Board purchased land at the Little Collins Street-Godfrey Street corner in 1935, and one of the first decisions of the new Board was to proceed with the erection of a new building as soon as possible. Work was commenced in October, 1936.

At the same time, recognising that it would be highly unprofitable to have the old building standing empty, the Board instructed its agent (the Hon. J. G. Membrey) to get into touch with the Postmaster-General's Department, believing that such a building, immediately opposite the General Post Office, would provide all the additional accommodation required by that Department for many years to come. Carrying out his instructions, Mr. Membrey interviewed the District Inspector (Mr. A. Jackson) of the Postal Department on the 5th October, and on the following day (6th) forwarded the plans of the building and suggested an inspection. Mr. Membrey added that if the Inspector found the building suitable he would at once enter into negotiations regarding the duration of the lease and the rental. Mr. Crutch, of the Postal Department, inspected the building the same day with other officials, and on his request Mr. Membrey, on the 7th October, wrote Mr. Mackennal, Works Director, Department of the Interior, Post Office Place, with the offer to let the whole of the property at £2,300 per annum. Alternatively, Mr. Membrey said that if the Department did not require the whole of the premises, the Board would be prepared to give the ground and first floors for £1,600 per annum. Nothing came of those negotiations.

Early in 1937, Mr. Membrey approached the P.M.G.'s Department once more. On this occasion he was informed that on no account would the Department rent a place. If it was found that additional accommodation was required--which was not considered probable--then the Department would carry through a re-building scheme on its Elizabeth Street property. The Department informed Mr. Membrey also, when he offered the building for sale at £20,000, that such a proposal would not be considered. Not satisfied with those replies, Mr. Membrey sought an interview with the

head of the Department, Mr. (now Sir Harry) H. P. Brown, and discussed the matter thoroughly with him. Writing to Mr. Membrey a few days later (22nd February, 1937), the Director General, in contradistinction to his officers, said that his Department had made "inquiries when the question of renewal of the lease of other premises was under consideration last year," but these "were not pursued when it was learned that the Tramways building could not be made available until May next." Mr. Brown concluded by saying that "the Department is not in need of additional accommodation beyond that which it now has or can readily possess in Commonwealth buildings."

From the above paragraph it will be seen that when the Board first approached the P.M.G.'s. Department, "the lease of other premises was under consideration," and that the Board's offer was rejected not because, as stated to Mr. Membrey by officials, the Post Office would re-build at Elizabeth Street if additional accommodation was found necessary, but because "the tramway building could not be made available until May next." It will be noted also that although the Director-General in that letter of the 22nd February states explicitly that the Department "is not in need of additional accommodation," it is the same Department which eventually agrees to become sub-lessees of that same property for £3484 per annum which they could have had for £2,300 ; even less, indeed, for Mr. Membrey affirms that in a last effort to induce the Post Office to take the building he offered it, while other negotiations were in progress in the first half of 1938 at a much reduced figure.

During all those months a large sign intimating that the building was for sale or to let had been displayed across the front of the Head Office. In addition, practically every real estate and property agent in Melbourne had had their attention directed to the fact that the building was for sale or to let, and naturally there was not one who did not sound their clients or prospects on the matter. No response was received, and in August, 1937, the building was offered for sale at public auction, the reserve price being that suggested by two firms of valuers, £22,500. No bid was made.

Hearing that Bushell's Tea Company was in the market for a building to serve as Melbourne headquarters, Mr. Membrey approached the local manager, who appeared to be well satisfied with the building but who was doubtful as to whether his Company would purchase even at the figure to which it had been reduced, £20,000. Mr. Membrey visited Sydney and

interviewed the principals of the Company. The parties could come to no agreement over the purchase price, and the visit was accordingly fruitless.

Towards the end of the year 1937, Mr. St. Clair, of Messrs Appleton & Co., saw Mr. Membrey and intimated that he thought he had a client whom, he thought, would be willing to either purchase or lease the premises if suitable terms could be arranged. Mr. St. Clair introduced Mr. Drysdale Bett, of Radio Times, to Mr. Membrey, who thereupon began negotiations which dragged on for many weeks. Mr. Membrey, in a signed statement, has recorded that he found Mr. Bett the most difficult man he had ever had to meet on business; indeed, he found it so impossible to pin Mr. Bett down to anything that eventually he introduced him to the Chairman of the Board (Mr. H. H. Bell), who endeavoured over some weeks to conclude an agreement with Mr. Bett.

While these negotiations first between Mr. Membrey and Mr. Bett and secondly between the Chairman and Mr. Bett were pursuing their indefinite course, the Board, as a gesture of goodwill to returned men, granted a short lease of three floors of the building at £7 per week to the Returned Sailors' and Soldiers' Imperial League of Australia pending the completion of the new Anzac House. As Mr. Bett desired accommodation urgently for Radio Times, the Board agreed to the R.S.S.I.L.A. sub-letting part of the premises to Mr. Bett, who was, however, it should be noted, the tenant of the Association and whose sub-let therefore had to expire with the lease to the Association.

By February, 1938, Mr. Bett had offered to purchase the property for £20,000 on terms consisting of a deposit of £2,000 with a mortgage for 10 years on the balance of £18,000. The Chairman declined to sell the property on such terms, and in turn suggested a lease for five years at £1,000 per annum, plus rates and taxes, with the right to sub-lease and an option of purchase at £20,000. As no finality appeared possible, the Chairman was on the point of deciding to summarily terminate the negotiations when he had to leave for his tour abroad.

Mr. W. J. McGrath, who had been appointed Deputy Chairman of the Board, resumed negotiations with Mr. Bett in April, and found himself with difficulties similar to those encountered by the Chairman and Mr. Membrey. Eventually the Board agreed, on payment of six months rent £500 in advance, to give Mr. Bett a lease for one year at £1,000, plus rates and taxes, with an option for a further six years from 1st July, 1939, and an option

to purchase at £20,000, to be exercised six months before the expiry of the term, and with the right to sub-lease.

On the 30th June, Mr. McGrath reported to the Board that he had terminated negotiations with Mr. Bett following upon the failure of the latter to comply with the agreement to lodge his cheque for £500, payment in advance of six months rental. The Board endorsed that action by the Deputy Chairman, and on the same day intimated to the R.S.S.I.L.A. that the Board required vacant possession of the entire building at midnight. The building was duly surrendered by the R.S.S.I.L.A., but on the morning of 1st July it was discovered that Mr. Bett was still in occupancy, that he had had new keys fitted to the doors, and that he refused to leave. At the same time, Mr. Bett asked Mr. McGrath to resume negotiations, and that was done after the Board's solicitor (Mr. W. Slater) had been consulted and had advised that while Mr. Bett had no locus standi and was a trespasser, the legal processes to enforce ejection would take some time. The Board felt that it was better to get £1,000, plus rates and taxes, than have the building standing empty, a source of much expense, and three days later Mr. Bett executed the agreement and lodged a cheque for £500.

Some weeks later the Board was astounded to learn that negotiations were in progress between Mr. Bett and the office of the Commonwealth Works Director in Victoria, on behalf of the Postmaster-General's Department, for a sub-lease of part of the building, particularly as when conversations were in progress between the Board and Mr. Bett, Mr. Membrey had made another effort to interest the Department in the building and had offered it at a figure much below that quoted originally, £2,300. In due course Mr. Bett applied under the sub-leasing provisions of the lease for consent to make certain interior alterations with the view of sub-leasing the three upper floors to the Postmaster-General's Department. Under the lease the Board had no option but to acceded to the request, and on the 23rd December the Department entered into a five years lease at £2,704 per annum notwithstanding the fact that but a few months previously it had had the opportunity to lease the whole of the building for a much smaller sum. Subsequently, it was learned that the transaction had been carried through by the Works Department of the Commonwealth, and that the proposed terms had been recommended to the Minister of Works (Mr. Thorby) by the Director-General of Works (Mr. Mehaffey).

In the course of 1939, having secured premises in King Street, Mr.

Bett again approached the Board and sought permission to carry out extensive alterations and improvements to the ground floor and basement. Once more the Board had no choice under the lease but to consent, and, the alterations having been effected, the P.M.G.'s. Department took over for five years from the 5th January, 1940, a sub-lease of the ground floor and basement at £780 per annum. Mr. Bett is, therefore, receiving a total of £3,484 per annum from the P.M.G.'s. Department.

As the circumstances surrounding ~~the first transaction~~ the first transaction appeared to the Chairman to be somewhat unusual, he wrote Lieut.-Col. the Hon. T. W. White, M.H.R., through Mr. Membrey, in December, 1938, who in turn communicated the facts to the then Postmaster-General (the Hon. Archie Cameron, M.H.R.) Writing to Lieut.-Col. White on the 9th February, 1939, Mr. Cameron said that "he was satisfied that there were no circumstances of a questionable character associated with the transaction." In addition, Mr. Cameron added to the various explanations already given by officials of his Department as to how the Board's offer to lease the premises had been repeatedly rejected. Mr. Cameron's version is that the proposal "was not favourably entertained for the reason that at the time the Department had other plans in contemplation to provide accommodation elsewhere to meet the normal growth of business." Later, the Department discovered that its plans "could not be realised, and it became necessary to re-open the question of securing the required space in leased premises." Mr. Cameron concluded :—

"After a careful investigation it was found that the only satisfactory accommodation which could be obtained on reasonable terms was in the premises originally offered by Mr. Membrey, but which had in the meantime been leased to the Radio Times. The space was offered at 3/ per square foot, but a reduction to 2/9 per square foot was secured under conditions which included payment of rates and taxes by the lessor and the re-conditioning of premises and the maintenance of lift services at the expense of the lessor. The amended proposition was accepted and, as in other similar transactions in connection with the lease of property for the use of Commonwealth Departments, the negotiations were conducted and brought to finality by the Department of Works."

It is more than interesting to direct special attention to the various official explanations for rejecting the repeated offers by the Board. In order they are :—

January, 1937.—Officials of the P.M.G.'s. Department inform Mr.

Membrey that on no account will the Department rent a place. If additional accommodation is required—which is not considered

then the Department would re-build at their Elizabeth Street property.

February, 1937.--The Director-General of Postal Services (Mr. H. P. Brown) informs Mr. Membrey that the matter of leasing the Board's building had not been pursued the previous year because it had been learned that the building would not be available until May, and because the Department was not in need of additional accommodation "beyond that which it now has or can readily possess in Commonwealth buildings."

February, 1939.--The Postmaster-General (Hon. Archie Cameron, M.H.R.) states in letter to Lieut.-Col. White that the Board's offer had not been favourably entertained for the reason that at the time the Department had other plans in contemplation to provide accommodation elsewhere.

The Tramways Board has no means of knowing which, if any, of those mutually contradictory explanations is correct. All that it can do is to point out that a building which was rejected in the first half of 1938 at a low rental became in the Spring of the same year "the only suitable accommodation available" (vide the statement by the Minister for External affairs, Mr. McEwen in The Age of 11th October, 1940), and that the recommendation by the Director-General of Works in Canberra (Mr. Mehaffey) that the three floors be leased at £2,704 per annum was adopted and approved by the then Minister for Works (Mr. Thorby).