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1901-07-31

Senate

The President took the chair, at 2.30. p.m., and read prayers.

PERSONAL EXPLANATION

Saunders v. Matheson

Senator Lt Col NEILD

- I have received a telegram from Senator Ewing, in Western Australia, requesting me to make a personal explanation on his behalf and I ask the indulgence of the Senate for that purpose.

The PRESIDENT

- If no honorable senator dissents the honorable senator may proceed.

Senator Lt Col NEILD

- Senator Ewing has sent me a wire to say that though he was legal officer for petitioner Saunders at one time, he about two months, since relinquished that position. He also requests me to say that he was not willing, to present the petition to the Senate.

Postmaster-General

Senator DRAKE

- Since. Senator Lt.Col. Neild him made that statement I desire to say that I have received a letter from Senator Best, who is confined to his bed; having reference to the same subject: I should not have referred to the matter if it had not been for Senator Lt.-Col. Neild having said that he had received this message from Senator Ewing. I think, under the circumstances, it would be better, perhaps, if Senator Lt.-Col Neild we're to omit any. mention he may have contemplated making to Senator Best in his question.

COMMITTEE OF PUBLIC ACCOUNTS

The PRESIDENT

- I may mention that Senator Sir Frederick Sargood has written to me stating that ill-health prevents his attendance here to-day, to ask the question standing- in -his name -with reference to the appointment of a Committee of Public Accounts.

Senator Lt Col Neild

- Is it competent:for me- to ask the question ?

The PRESIDENT

- Not unless Senator Sir- Frederick- Sargood- asks the honorable- senator to do so ; he may not want: to ask the question.

COMMITTEE OF ELECTIONS AND. QUALIFICATIONS

Saunders v. Matheson

Senator Lt Col NEILD

In view of the notice I' have given for . a motion for an instruction to the Elections -and.-Qualifications - Committee,-I propose to withdraw the question standing, in- my name;

Senator Drake

- Before -that- question is withdrawn-, sir, I should like to raise a point of order.

The PRESIDENT

- It has- not been asked.- As a matter of fact, it is not necessary to withdraw the.- question. The proper- procedure- would- have been for Senator Lt.-Col. Neild 'not to say anything about it:

Senator Drake

- I would like to raise the- question of - whether' the- honorable senator was in- order in giving notice- of that question ? It appears- to me.- that if any- harm is- done- more harm- is done -by having a question of that- character put on the notice-paper and not answered than by putting: it- on the notice-paper and having it answered. If it is competent for you-, sir, to hear me now-, I 'should: like to give my reasons why the question should1 not have been allowed - to appear on the notice-paper.

Senator Lt Col NEILD

-col. Neild. - This isa reflection on the Chair:

The PRESIDENT

- I do- not think. any debate can take place, because there is really nothing, before the Senate. Perhaps I may be permitted to make a statement

Senator Sir Josiah Symon

- No.

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The PRESIDENT

- If any honorable senator objects, I shall not do so. I told Senator Lt.-Col.- Neild that I had very -great doubt as to -whether that question ought to be asked, and since - then -I-' have looked into the matter: I' asked the Clerk- to- look up the records of the British Parliament, and I have come to the conclusion -.that although it is an objectionable form -of asking a question, still I could not prevent it being asked if the honorable senator wished . to ask it auditbill.

Second Reading.

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Post master-General

Senator DRAKE

. - I move -

That the Bill be now read a. second time.

This. Bill may, be described as a machinery Bill. These Bills- are necessary under every- Government, and this- Bill has- become move particularly neecessaiy in consequence' of federation. Every State of the Union has one or more Audit Acts under which the public accounts are checked and audited- for the information of Parliament and the public. . ' It is desirable in the first place with regard i to the accounts of the Commonwealth in the several States that, there should be one uniform practice, and seeing, that we are now commencing to have what, is called - new expenditure, that is federal expenditure pure and simple, a proper system of auditing, the accounts has -become absolutely necessary. The main principles of all bookkeeping and accounts,- whether of the individual, or the trader, or the State, , are extremely simple, but when we come to details they are matters of very great complexity. The -main principle of account keeping is that a]l the moneys which are collected shall find their way into the proper fund, and that- all the moneys paid, out of. that fund shall . be applied to the right purpose, and find their way to the- right persons. But the accounts of a nation or a country become very complicated, and. it is the duty of the person in the position of Auditor-General to hunt through all these complexities, to watch all the accounts,- and to see that the account keeping of the country is faithfully carried out. For this purpose it is neecessaiy to have some officer- who lias of course the necessary ability for that purpose, and who is so placed i that though he is not altogether free from control still he is free as far as possible from, all influences which would tend -to bias- him -or interfere with him in the discharge of that' public duty. We therefore, in- the first' place, have to endeavour to secure -the: services of such a person j and- the measure" now under consideration proposes the- appointment of- an Audifcoi^Generai at a salary of (£'l, 000 par 3'ear. - In order thafo-this officer- may be free from any business engagements which would tend . to bias his- mind op interfere with the discharge of his -public duties, it is provided in i clause1 5 that he shall be " incapable of being a member of -the -Executive Council or a Member of' Parliament, whether of a State or of the Commonwealth and that- he- shall not, . directly- 1 or indirectly engage in any employment outside the- duties of '-his office except being- a member of a -registered company. It is also provided that if; he becomes insolvent - that- is to say, if he becomes embarrassed in his own financial affairs to that extent - he shall 'cease to'-be Auditor-General.'; and- that he shall be also disqualified if he absents- himself from duty without leave for fourteen consecutive days or for twenty-eight days in any. twelve- months. The object of that' provision is, as I have stated, to -insure that the officer shall always be in such a position that he shall be able to discharge his public duties.. He is also placed in a' position of great i security under clause 7. He can only be -removed from his office by an -address presented to -the Governor-General by both Houses of -Parliament in the same session. He is,' however, not entirely free from control.- If 6 officer in the service of ' the Government or of Parliamentshould.be placed in such a position. The Auditor-General is therefore- liable either for- incapacity, incompetence, or mis* behaviour 'to be suspended --by the Governor-General. But if be is suspended from duty by the Governor-General a full statement'-of the grounds' of that suspension must, within seven days, if Parliament is sitting, be laid before Parliament ; and if Parliament is not sitting, within seven days after the commencement of the next session. The third sub-clause of clause 7 provides that unless the Parliament - that' is to say both Houses of Parliament - within 42 days come to -a resolution that the Auditor-General is to be removed from his

position, the suspension ceases and he is restored. The Senate will, I think; see from that clause that ample provision is made to insure his secure tenure of office. If he should -from any of 'the causes mentioned in the clause become unfit power is given to the Governor-General to suspend him, and there is- a very carefully considered and weighed power given to the Parliament to remove him- from his office. There is provision made -for the appointment of a deputy- in case of the illness -or incapacity of the Auditor-General ; and there is a very important provision in clause 10 that the Auditor-General -may appoint a person to act as his deputy. He may appoint the Auditor-General or the Commissioner of Audit in any

State or any other person to act for him in case he is not able to exercise his powers in that particular part of the Commonwealth himself. That provision is very necessary in a Commonwealth consisting, as ours does, of a number of States that are a great distance apart. In case of any such officer being appointed, he is required to subscribe before a Judge of the Supreme Court of the State a declaration which is contained in one of the schedules of the Bill. Having, therefore, made provision for the appointment of an Auditor-General with those powers, and also for the appointment of a deputy, in case of his incapacity, and having made provision for a deputy to act for the Auditor-General in any State, if necessary, the Bill next provides the machinery by which the inspection of accounts can be periodically carried out. The Auditor-General may, by writing in his hand, appoint any person to inspect documents or audit any books or accounts. He also has power to report defaulters to the Treasurer, and to call for persons and papers to enable the inspection to be properly carried out. For that purpose he may also administer oaths to such persons. . If necessary, in case of any legal question arising, he may obtain a professional opinion from the Attorney-General. The next portion of the Bill deals with public accountants. Here I would refer the Senate to the interpretation clause, which defines what a public accountant is. A public accountant includes -

Every person' who by any law, regulation, or appointment, is charged with the duty of collecting or receiving or who does actually collect or receive any public moneys or who is charged with the duty of disbursing or who does actually disburse any public moneys.

Honorable senators will see from clauses 16 to 19 the duties which are cast upon such persons. First of all, they are required to give security. Then a public accountant is not allowed to open any account at any bank except as authorized ' by the Treasurer, and no bank is to permit any public accountant to have an overdraft. But that provision is slightly qualified by a succeeding clause in the Bill which provides that in certain cases a bank credit may be allowed for certain purposes. Having dealt with the appointment of the Auditor-General and the inspection of accounts, it will be seen that the Bill resolves itself into two parts and deals with two subjects - the collection and the payment of moneys. It deals first of all with the collection of public moneys. What is to be done with public moneys when they have been collected from the public ? The 20th clause provides that the Treasurer may make an arrangement with any bank - and of course that means with any bank or banks - for the " receipt, custody, payment,, and transmission of public moneys " ; with this proviso - that any agreement which may be made by the Treasurer with any bank is not to be made for a period of more than one year unless it contains a provision -

That the same may be terminated at any time after a notice of not exceeding six months.

The second sub-clause of clause 21 simply provides that all moneys paid into any bank "to the Commonwealth public account," which will be one account, shall be deemed to be " public moneys and the property of His Majesty."

Senator Pulsford

- Is the public account to be limited to one bank ?

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Senator DRAKE

- No; because by the interpretation clause it is made clear that the single includes the plural, and under that definition the word " bank " as here used will include any number of -banks. I may say that the Treasurer has stated publicly that he is negotiating or is about to negotiate with several of the banks, in regard to arranging for the public account. It will be seen from the 23rd clause that the Treasurer or his deputy is to pay daily into the Commonwealth account " all moneys received." The public accountants are to pay from time to time all moneys they have in their hands into the public account. Every public accountant is also, by clause 24, to furnish to the Treasurer or his deputy a statement showing -

The days of the month on and the particular heads of receipt under which such money came to his possession or control, with such other particulars as may be prescribed.

The public accountant, on paying the money into the bank, obtains a receipt in duplicate and forwards it on to the Treasurer or his deputy. Then every month every public accountant, who has collected and paid money into the bank, is to transmit before the tenth day of every month to the Auditor-General a return, verified by his statutory declaration, of all moneys that have come into his hands, and showing also how he has dealt with them. There is one exception to the ordinary rule that is followed with regard to persons having the receipt and control of public moneys, and that is in the case of the Post-office. As is well known, the Post office is continually receiving money for money orders and telegraph orders, and so on, and is continually paying out money from the same account. Clause 26 'therefore provides that in the case of a postmaster he may pay moneys into a money order account and operate upon it ; with the proviso that he may operate upon it only by " cheque signed by the Postmaster-General, or some person appointed in writing by him to act as his deputy for that purpose."

Senator MACFARLANE

- Is that a trust account ?

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Senator DRAKE

- It is practically a trust account, but the name given to it here is the money order account. That term is very well known, I think, in all the States. At the end of each month, or oftener if required, the postmaster is to pay into the public account all moneys so received as revenue. The 27th clause deals with the disposal of private moneys which have been collected under Acts of Parliament. That also is to be paid into a trust fund. Clause 28 relates to the receipt of money by public officers, which money comes to them "for or on account or for the use or benefit of any other person." The clause more particularly refers to the case of registrars of courts who receive money in respect of verdicts. In those cases the money is received for and on behalf of the person who is entitled under the verdict to it, and it would not be desirable that in that particular case the money should be at once paid into the consolidated revenue account. It is, therefore, kept as a separate account for a certain limited time, and the 29th clause provides that when any such money shall have remained in such bank for three months, the person who has received it shall pay the same or act in respect thereof and in regard thereto in like manner as public accountants are required to pay and act, with reference to moneys which shall come to their possession or control for or on account of the 'consolidated revenue fund.

That is to say, the money at the end of three months is to be paid into the Commonwealth account. Then clause 30 provides that in cases where moneys which have been paid into such trust fund have remained unclaimed for six years, they may be carried to and form part of the consolidated revenue fund ; with the proviso that if any time after the six years the Governor-General is satisfied that a claim to that money has been established, it may be withdrawn from the consolidated revenue fund and refunded upon the authority of the Governor-General. The clauses down to that point deal with the collection of public moneys and their payment into the consolidated revenue fund. We now come to that portion of the Bill which deals with the payment of moneys from the fund. The method prescribed is very similar to that which has already been adopted in the States. The Treasurer, as often as occasion may require, is called upon to make a statement in the form of schedule 2, showing the amount of moneys which are likely to become due and payable during a period of not more than three months. In some of the States that period has been limited to one month ; but, in the circumstances of the Commonwealth at the present time, it would be certainly more convenient for these warrants to be made out quarterly. I refer to these instruments as " warrants," although, properly speaking, they cannot be correctly described as such until they have been signed by the Governor-General. The warrant is transmitted to the Auditor-General for his counter-signature. Then the Auditor-General has to perform a very important function. Before counter signing the writ he is called upon to ascertain that the sums therein mentioned are legally available for and applicable to the services and purposes set out. When he has satisfied himself of that he signs the warrant and returns it to the Treasurer. The Treasurer in turn submits the warrant to the Governor-General, and when it has been signed by the Governor-General it becomes a warrant for the issue of drafts and cheques as mentioned in the Bill. Sub-clause (3) of clause 32 provides that in case the Auditor-General finds that the moneys are not legally available for or applicable to the services or

purposes therein set forth, he shall return the instrument to the Treasurer, setting forth the particulars which he challenges. Then the Bill sets forth that the Governor-General is not called upon to sign any such warrant until the Auditor-General has signed it. It thus puts the Auditor-General in the position of being able to keep a continual check on the Commonwealth Treasury. The warrant having been prepared as described, and signed by the Auditor-General and by the Governor-General, it becomes a warrant for the issue of drafts and cheques. The way in which an expenditure of money may take place when that 'Warrant has been -so . signed is . set out in clause '33. There i are three methods in which effect may be given . to the- warrant. The Treasurer or -.his . deputy may pay tile amount direct, or he may withdraw from . the consolidated revenue account . the sums that may be -required for the services or purposes enumerated, and lodge the same in some bank to the credit of the public accountant authorized by the Treasurer to make the payments. Thus, rin special cases the Treasurer may authorize any bank to allow a credit in favour of a public accountant, in which case the . public - accountant may draw upon the bank. He is . required, however, to at once transmit to the Treasurer accounts or abstracts duly vouching for the several sums paid, from such, credit. These are the methods in which effect can be given to the . warrant when it has been signed by the Auditor-General and the Governor-General. Of course there-is provision also that the amounts at no time are to exceed the amounts- of the Appropriation Act. There is a stipulation in sub-clause (7) of clause 34 to which I will direct attention, inasmuch as I think there is -something novel in it. It provides the method. by which, where money is due and payable to any -person, -payment may be made. The sub-clause- sets forth -that -

Any person to whom an account is payable may in such account direct that on- such account being passed for payment an order authorizing the bearer thereof to receive the . amount of such account shall be transmitted to him and the Treasurer or lds deputy rna}' if he think fit transmit such order to- such person by registered letter - and any person producing such order signed by such first-mentioned person shall be entitled to receive payment of such amount and such . payment shall 'be as- valid and effectual in all respects us if ..made . to such : fii:st-mentaoned person personally, and. such order shall for all purposes bo deemed a valid and effectual receipt.....

That will be a (considerable convenience to persons. living in a-emote parts of (the Commonwealth who are entitled to . receive money from -the . Government. There have been » other systems of payment. New Zealand had a : practice by which, -in. . such cases, . the . order . might be transmitted . to the person -who -was . to -receive 'the money, and . he on presenting it- to a- public accountant . -might get it countersigned by him. This method is more simple, and I think it is at all events- worthy of a trial. Clause 37 gives power- to vary the annual appropriation.

It provides that the Governor-General may by order direct -

That there shall be applied in : aid of any item that may. be deficient a further limited sum out of any surplus arising, on any other item under he same subdivision unless such subdivision shall be expressly stated to be " unalterable."

When such an order is made it is safeguarded in this way. The order is to be delivered to the Auditor-General. A copy has to be laid before both 'Houses of Parliament within seven days after the meeting thereof if the Parliament be then in session, and actually sitting, or if the 'Parliament be not then in session or actually" sitting, within seven days after the commencement of the next session or sitting. It is also stipulated that -

Nothing hereinbefore contained shall authorize the Governor-General to direct that any such sum as aforesaid shall be applied in augmentation of

Or as an- addition to any salary or wages.

The object of that is to enable the Treasurer, if i necessary, to carry -on for one montli at all events without an appropriation. Of course it is very well-known to all honorable senators who have been at the head of a. government, and perhaps to a. greater extent, to those who -have held office as Treasurer, . that it is absolutely impossible to get an Appropriation -Bill passed before the 30th June, 'and . it is necessary i that- at least an opportunity should be given to -carry on for one -month in anticipation of- 'the vote of Parliament. The next clauses deal with audit and inspection. "We have considered the collection of the money, and the payment of accounts, as well as the way in which -they are to be i paid. Now ^ve are proceeding to -that part of the -Bill which prescribes the way in -which the audit and inspection is to be made. The bankers with whom the public account is- placed, at such i times as.-are required, must furnish

to the Treasurer -or . to his deputy a -copy of so much of -the debit and credit sides of the Commonwealth Public -Account, or of the account -in connexion with which such . advance or -.lodgment shall have been made as have' not 'previously 'been . transmitted: to'the Treasurer- or his deputy. Every public-accountant, by clause- 39; is 'required ' to' furnish to i the Auditor-General, not later than the fourth > day after the expiration of each' month at detailed statement, verified- by his statutory declaration,- of the several drafts or cheques which i he shall -have drawn during the preceding-month. T-he Treasurer is^required daily to-supply to-the Auditor-General a statement: of accounts 'and receipts for that day. I need not refer at - length to Clause 41, which details the -duties- of the Auditor^General i upon receipt . of that information. Under clause 42 -and certain clauses - which follow it, the duty of the Auditor-General. with regard to any errors that 'he may find 'in these accounts is dealt with. -If he finds that any public accountant has wilfully or negligently omitted to collect or receive any money, or if he finds that there- has been-any deficiency or loss through the fraud, mistake,- default, or error of any person, then he is required within three -months to surcharge the Treasurer with any deficiency-'or -loss,- and any expenditure which shall- not have been duly authorized . If the Auditor-General finds when inspecting . the accounts that there is any shortage, his first duty is within three months to surcharge the Treasurer. At the end of six months the Governor-General may make an order that such surcharge may be removed,- and such surcharge shall then be deemed to have been satisfied. The meaning of this provision is, that the first person to be surcharged with any deficiency is the Treasurer. Deficiencies may consist perhaps of a few shillings, or they- may comprise larger sums. They ' accumulate from time to time, and when a sufficient period has elapsed to enable these matters to be properly dealt with, then the Governor-General is authorized to make ari order that such surcharges shall b© deemed to have been satisfied. Under clause 43 and 44, we go on to say what is to be done by 'the Treasurer in 'cases' where deficiencies' have occurred. 'The Treasurer is of course, the person whose1 duty it is to 'find out where the fault rests,- 'and if there is a1 fault, to see that proper punishment - is ' meted Out. 'In the first1 place he himself ' is surcharged, and at the- 'end of'sixuoriths when' the time:has been given to find out where' the' fault rests and to '-mete out the proper punishment, then the Governor-General "'has- power to make an order providing that the surcharge 'shall be deemed1 to 'have 'been satisfied. Clause 43 provides that where the Treasurer finds out that there' has been any fault, mistake, default, or error occasioning such surcharge, then he 'is to send a notice 'in writing to the 'person who is supposed to be at fault, "'and the amount 'of 'any surcharge may be sued for as money ."paid by His - Majesty for the use 'of such person at his request.

Any person upon receipt 'of notice of surcharge has 'the right of appeal to the Governor-General within three ' months. 'If it is proved that there has been any neglect or fault, then the .appropriate penalty -may be imposed. There are some other clauses with regard to the 'provision of ' proper machinery for the inspection- of accounts. Clause 49 and other clauses later on provide the statement that is to be made. The Treasurer is to give a "quarterly statement of receipts and payments, and in. like manner at the expiration of every financial year, there is to be an annual statement of receipts and expenditure, with a comparative statement of receipts and expenditure for the preceding financial year. Honorable senators are well acquainted' with 'these periodical returns of receipts and expenditure, which are . published at the present time by the Auditor-General in every one of the States. I think that the Bill makes no alteration in the practice which has been, observed by the States in that respect. The clauses dealing with the loan fund commence with clause 55. A separate account is to be ' kept of the loan fund, and there is one matter here to which I may . draw attention, because it involves a departure from the practice which has been followed 'in some of the States. In some of the States it has been customary to debit the charge -for interest not to the period during which that interest has ace rued, but- to the period next ' following. For instance, supposing the interest is payable on the 1st July 'and on the 1st January respectively, 'when the charge for intere'st for the -first -half of the year is due it 'is chititged against the 'half ' of the ' year c«sd:innencing on ' the 1st July, though, of course, the' interest is the interest due upon the first half of the 'year, -'and should properly be charged 'against the first half-of the year.

Senator PLAYFORD

- That is a very bad practice-

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Senator DRAKE

- It is a very "bad practice, but it is the practice that has been followed in some of the States, and perhaps it would be very inconvenient to those States if any change were made. A proposal to change the practice in many of those States would mean, of course, that interest that previously had been chargeable to the succeeding half of the year would be made chargeable to the half during which it had actually accrued. But now we are commencing with new expenditure, and I suppose in course of time it will be necessary for the Commonwealth to be a borrower, and it is provided by clause 56, which I am happy to say appears to have been taken from Queensland, that - All interest (other than interest on loans taken over by the Commonwealth from the States or any renewal or conversion thereof) -

I have explained just now that where we have taken over loans from the States we do not propose to alter their practice, because it would cause considerable inconvenience, and perhaps financial disturbance to those States - payable on account of the public debt of the Commonwealth on the first day of any quarter of the financial year shall be charged and included as a payment in the preceding quarter of such year.

Therefore, we are going from this time with regard to all Commonwealth expenditure to adopt a very much better plan than has been adopted in most of the States.

Senator Playford

- Very much better.

Senator DRAKE

- Clause 57, and this is a safeguard, provides -

It shall not be lawful for the Treasurer to expend any moneys standing to the credit of the loan fund except under the authority of an Act. Such Act shall show the nature of the proposed work or other object of the proposed expenditure, and the amount of the proposed expenditure in each case, and the total amount proposed to be expended for such work or object.

The reason of that is that in the past it has happened in some of the States that when Treasurers have come down and asked for a vote of £20,000, £30,000, or £50,000 for some work, the money has been voted and the work commenced, but no one has known at the time the total amount that was going to be involved by that vote, and it has really been a vote on account. This provides that before any money is expended from the loan fund there must be an Act of Parliament to show the particular work for which the money is required, and also the total amount to be expended. The object of clause 58 is this: In many cases money is required for the purchase of material, which may go into one work or may go into another, and in such cases under this Bill the moneys expended are charged in the first instance to a suspense account until it is ascertained in what proportions exactly the money voted is required for the several different works. An ordinary instance of that would be the case of a large purchase of rails that might be wanted to form part of a number of different works. In that case the amount would be charged in the first place to a suspense account, and afterwards would be debited to the different works, of which those rails would form a part. In my own department in the same way it is customary to order large quantities of wire and other materials, which may be required partly for one work and partly for another. A separate account also is to be kept for trust funds. The trust funds and the loan funds are subject to exactly the same provisions as the general revenue, but there is one divergence from this general rule, and that is with regard to moneys outside the Commonwealth. It will be clearly seen that in the case of balances of money in London, mostly, I suppose, balances of loan funds, that it would be almost impossible to apply the provisions of this Bill. It is therefore provided under clause 63 that -

The Governor-General may make such arrangements as he considers necessary for the collection, receipt, custody, issue, expenditure due accounting for care and management of any money belonging to the Commonwealth outside the territory of the Commonwealth, and for the keeping of books and accounts, and so on. I think that with regard to the accounts in London it is not necessary, and, in fact, it is impracticable, that the provisions of this Bill should apply. The remainder of the Bill deals with penalties, and there is the usual power to make regulations for carrying out its provisions. I do not think I need refer in detail to these clauses. The Bill has been carefully framed. We have had, of course, in this case the advantage of being able to compare the Audit Acts of all the States, and to consider the practice in all the States. I hope that when this Bill becomes law, it will be so clearly superior that it will be an encouragement to the States to alter their Audit Acts; and to bring their practice into line with the practice

of the Commonwealth.

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Senator PLAYFORD

- Having neglected to take a copy of the Bill with me to South Australia last week, I have not had an opportunity of reading it with the care I should desire. I have only been able to glance through it to-day, but there are only one or two points in it that I think call for any criticism. The first is with regard to the audits. The method proposed is certainly different from the way in which we audit our accounts in South Australia. In South Australia, our accounts are audited by our Auditor-General after payment. This Bill provides that the accounts shall be audited before payment. That is a very marked difference, and the only criticism I can offer with regard to it is that while I can see certain advantages connected with it, I can also see certain disadvantages to the people to whom the State owes money. If they are to wait until the Auditor-General has audited the accounts there will be some delay, how much it is impossible to say now, in the payment of accounts. Another point in connexion with the Bill is with regard to the reports to Parliament. One of the most important functions which the Auditor-General has to perform is undoubtedly the presentation of his report to Parliament, and we have guarded that in South Australia with exceedingly great care. Not only do we provide, as is provided here, that the Auditor-General shall not be under the thumb of the Ministry, and that they shall not have the power of dismissing him at their own sweet will or pleasure - though, of course, they have the power to suspend him under circumstances similar to those mentioned in this Bill - but we take great care that his reports are made direct to the President and the Speaker, and that they are never seen by the Treasurer before they are handed to the heads of Parliament. Now, in looking at this Bill as it is drawn, I notice that it is contemplated that the Auditor-General may not be able to bring up his report while Parliament is sitting. I contend that that is a contingency which should never arise, and under no circumstances should Parliament close the session before the Auditor-General's report is laid before it. The most important matter in connexion with the Auditor-General's report is that we should have it at the earliest possible moment after the meeting of Parliament, and after the close of the financial year, because he calls attention to matters relating to the public accounts which are of the greatest value to Parliament when considering the Estimates for the year. I do not like the provision in sub-clause (2), of clause 53, in which it is anticipated that there may be occasions on which the

Auditor-General will not be able to bring up his report while Parliament is sitting. And then who is he to report to? We never allow him to report to the Treasurer, but always to the President and Speaker of Parliament. Here it is provided that -

The Auditor-General shall within fourteen days after making and signing the said report, That is his actual report on the year's transaction. If the Parliament be not then in session transmit a copy of the statement, and of such report and copies to the Treasurer, and the Treasurer shall within fourteen days thereafter publish them as a public document.

We are anticipating there that our Auditor-General's report will not be in time for Parliament. If that is so, it will be of no use at all, and the mere publishing of it in the Gazette for the time being, although it will be information, will be of very little use, if Parliament is not sitting. We shall want the Auditor-General's report for the purpose of taking such action as we may consider necessary - and as he may have pointed out, it would be advisable to take - to stop irregularities. If the report is not before us in time for doing that, it will be of precious little value after Parliament meets in the next year. It is extremely important that the report should be laid on the table at the earliest possible moment, and I trust Parliament will be very careful to see that it is done. I know that in South Australia it has been an inconvenience not only to Parliament, but also to the Treasurer, when as has happened in some cases, the Auditor-General's report has not been presented until nearly the close of the session. The Treasurer has himself been at a disadvantage in connexion with some parts of the public accounts in not knowing what criticism the Auditor-General is going to offer, or what he has said in the meanwhile in regard to them. The Auditor-General is the adviser of the House, and stands between Parliament on the one hand, and the Ministry on the other. He has to keep the Ministry up to the mark, and see that they do not do anything, unless they have proper authority for the purpose, and it is most important that we should have his report in time. Clause 37 provides for transfers, and to my mind, as an old Treasurer, it is exceedingly objectionable. In South Australia we adopted a similar practice in years gone by, and it is very liable to be abused. The clause says -

If the exigencies' of the public service . render it necessary to allocate the proportion assigned to the particular items comprised under any subdivision in the annual supplies the Governor-General may by Order direct that there shall be applied in aid of any item that may be deficient a further limited sum out of any surplus arising on any other item under the same subdivision unless such subdivision shall be expressly stated to be "unalterable."

In South Australia the results of this practice were not good. Parliament votes a sum for a certain service. Under that vote on one particular line there may be a surplus, and on another line in some other department there may be a credit, but the Government take the credit balance and apply it to wipe off a deficiency on the other line. It is an exceedingly objectionable practice. We have put a stop to it in our State for many years by insisting that the Treasurer shall bring down each year every surplus which has been made during the year, and show it as an unappropriated balance to credit ; and on the other hand, that he shall show wherever he has made an excess on every line, ; no matter how small it is - even if it is only a shilling. If he has made an excess on a line voted by Parliament, he has to show on another paper what the excess on the vote for the year has been.

Senator Drake.-That will be done.

Senator PLAYFORD

-That is the proper course to adopt; but this clause will prevent it.

Senator Drake

- No.

Senator PLAYFORD

- It allows a credit on one particular line to be put against a deficiency on another line,

Senator Drake

-No. That is only for a month, to allow the Treasurer to carry on.

Senator PLAYFORD

- It is not for a month. It is for the annual appropriation.

Senator Drake

- It is to enable the Treasurer, to carry on for a month if he has not got a Supply Bill.

Senator PLAYFORD

- The Treasurer has no right to be able to carry on for a month. It is a very objectionable principle. It was found to work exceedingly badly in South Australia, and was abandoned years ago, and it ought undoubtedly not to be revived. It is evidently a principle which has been applied in various States; for the marginal note says it comes from New South Wales, Victoria, Queensland, New Zealand, and Western Australia. I contend that the South Australian practice is the correct one, because then Parliament knows exactly how the money has been spent, and there is no taking a surplus on one line to cover up a deficiency on another line, and thus balance the accounts and keep the whole thing hidden from Parliament, as this clause would enable the Treasurer to do. The principle which I have sketched as the one adopted in South Australia obviates all that. Unless I get better information on the subject I shall oppose the clause.

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Senator Pearce

- Does not sub-clause (2) provide that it shall be brought before Parliament ?

Senator PLAYFORD.- It says it shall be brought before Parliament, but it is a great mistake to do it at all. It is a great deal better to bring it before Parliament in the way in which we do in South Australia. Clause 57 also calls for a word of comment. It provides for what we call suspense accounts. At times suspense accounts are very necessary and we really cannot do without them, but they are liable to a very considerable amount of abuse. In our State we have had suspense accounts which have run on for years and years before they have been properly debited, and the Auditor-General has constantly complained of the fact that Ministers have been in the habit of too frequently making suspense accounts and then neglecting to properly apportion the line to which the amount was to be debited. I notice that this clause only applies to the loan fund. So far as I can see, if it is carefully watched by the Treasurer and the Auditor-General it can do no harm. At the same time, it is one of those points which have to be watched with very great care, else very great abuses will creep in. Take the way in which these accounts work in regard to the ordinary revenue. Parliament appropriates a sum out of the

ordinary "revenue for the purpose of -planting a i forest -reserve, and the Treasurer- says " L do' not know exactly what line ; fc>' -put that- under. 1 shall put it into a.suspenseiaccount." The nuisance of the practice is . that it -does -not appear- in the year's transactions, with the- result. that, by means of a suspense- account, he ; may -sometimes be able to - balance the year's -accounts and shew a surplus, which otherwise he would not be- able to do. I do not know that there is . any other clause which I need touch upon. "Prone. a cursory examination -the Bill . appears to be very carefully drawn. I am not in favour of the parsimonious payment of -any officer. I look upon the Auditor-General, however, as one of the most important officers in 'the Commonwealth. . It is . absolutely necessary that we should have a "thoroughly reliable, upright, intelligent man, and it appears to . me that for. £1,000 a year we -shall not be able to get that man. 'Really it is . not -sufficient, because I look upon this position as the most important position in the civil service, if I may use that- term in relation to this officer, who is not a. civil servant. In -South Australia we pay our Auditor-General i: rom £800 to £1,000 a year.

Senator Glassey

-We -pay ours £1,000.

Senator PLAYFORD. - That is -about the regular amount. I look upon the Auditor-General as occupying quite, as important . a position as any Judge of a Federal Court will . occupy. We -shall want a thoroughly independent, upright, honorable man with a considerable amount - of experience of accounts ; i in a word, we shall want a brainy man, and if we want brains -we -shall have to pay for'them in. this world.

Senator Sir Josiah Symon

-Besides brains we- want bravery.

Senator McGregor

- We want backbone.

Senator PLAYFORD

- The man may have as much backbone and stiffness -as you like, but he also wants brains. He wants a combination of the most excellent qualities -which it is possible 'to find in . a human being. I am inclined 'to think that £1,000 will not enable the Commonwealth to get such a. highly intelligent officer-as the position really demands. -If 'I. thought we could . get-the kind of officer we demand, I should ' be very pleased to say pay him £1,000 a-year; but I really do not think it is- sufficient to induce a gentleman of the qualifications I have indicated to take the position.

Senator Sir JOSIAH SYMON

- The "Senate, I am -sure, is greatly indebted to Senator Playford for his exceedingly instructive review of -some of the important provisions -of this Bill. I think Ave shall all. agree . that no man is more capable than-he is, from. his long experience, not only as State Treasurer, but also as Agent-General for a State 'in London, to give us opinions of great value on matters such as are dealt with 'in the. Bill. I am entirely -at one with his remarks as ' to the -salary 'to -be paid to i the Auditor-General. Whilst desiring . in every tiring to study economy, and whilst thinking that there are instances in the existing service to which the rules of economy have not been very stringently applied, feel at the same time with. Senator Playford -that' in regard to the Auditor-General £1,000 a year is more or less parsimonious. I know, . and I dare say other honorable senators knowveiywell, that there are companies which pay their auditors as much, as £250 a year. I have one case in i my mind in . which one auditor is paid £250 a year for auditing the accounts of a company, which involves -probably a periodical inspection -and counting of cash, and at the end of the yeav-j or at the end of

Six months, -an examination of the accounts. To offer only if our times that sum to a man who has to- devote 'the whole of his time, energy, experience, 'and ability is erring,- 1 think unnecessarily, on the side of undue economy.

Senator Dobson

-Can the honorable and learned Senator name any Auditor-General in a State whose salary is higher or as high.

Senator Sir JOSIAH SYMON

- Senator Glassey

has said that in Queensland the salary of the Officer is £1,000 a year.

Senator Dobson

- Ours is £600.

Senator Sir JOSIAH SYMON

- Tasmania is such a little place.

Senator Dobson

-We have to pay our share of this £1,000.

Senator Sir JOSIAH SYMON

- But it will be an infinitesimal share. I put . it on the grounds which Senator Playford has referred to, and which I think will commend themselves to the Senate, and also on "the ground that we require : not only a brainy man, but a- man with pluck, and we must -pay for the one as well as for the other. The great necessity-is when we get our brainy- man to pay him a salary which will make him feel absolutely independent, so it li at he may act without fear or favour, in his stringent regard for the public purse. Therefore, I -am entirely at one on that- point. This is not a Bill which at this stage we need very fully discuss, but if Senator 'Playford -takes steps with a view to- give effect to the . opinions he has expressed, certainly he-shall have my support.

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Senator Dobson

- I hope he will not take them.

Senator Sir JOSIAH SYMON

- I hope Senator Dobson, discarding for a moment the. precedent of Tasmania, will gradually on reflection come round to the same view.

Senator Dobson

- I shall not. We talk about economy and never practise it. I shall oppose it absolutely.

Senator Harney

- There is a difference between parsimony and economy.

Senator Dobson

- This is not parsimonious, as proved by the salaries which others are getting.

Senator Sir JOSIAH SYMON

- My honorable and learned friend will have an opportunity later on to deal with it. As regards clause 37, Senator Playford has laid a finger on a very vulnerable provision of the Bill. It seems to me, in effect, to be giving by "anticipation parliamentary sanction to unauthorized expenditure. It is a kind of prophetic authorization by Parliament of an expenditure which has not been brought explicitly to its notice, and its authority invited upon it. Probably it was not quite correct to say, as Senator Playford said, that it was concealing the expenditure from Parliament, because there is a provision by which the order carrying the excess from one item to another item is to be laid before Parliament ; but I have the strongest objection to that method of securing parliamentary authority to expenditure. It simply means that the matter is allowed to slide. We know that the very object of having a Government is to bring these items of expenditure directly under the attention of Parliament and invite the consideration of Parliament to them : but when a Government simply lays

Upon the table of Parliament an order, so to speak, authorising an operation of this kind, it may be assumed that unless there is in the Parliament some Hume - the same kind of man ' as there was nearly 100 years ago in the British House of Commons - the item will be passed by without getting the incidental or implied authority of Parliament. That system leads to many abuses and vicious practices. Therefore, I hope this clause will be struck out. There is a very ready executive method by which the same operation can be done, whilst at the same time expressly directing the attention of Parliament to it, and inviting the approval of Parliament.

Senator DRAKE

- What is the method 1

Senator Sir JOSIAH SYMON

- The method of seeking the express authority of Parliament to the excess vote.

Senator DRAKE

- In each case ?

Senator Sir JOSIAH SYMON

- In each case, decidedly. Suppose there is a sum of £50 wanted for a particular public work. The Executive will, in the ordinary constitutional way, spend the £50. They will bring the matter down to

Parliament in the ordinary way, showing the excess on the vote, and then they will expressly ask the authority of Parliament to each of the items of surplus expenditure. But by this clause the Government specifically provides for expenditure at the will of Ministers.

Senator Drake

- It is the Governor-General who may order.

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Senator Sir JOSIAH SYMON

- That is the Executive. The Executive provides the money without the authority of Parliament, and simply notifies it to Parliament by laying a paper on the table. The difference is that in the one case the Government has to take the risk of asking parliamentary authority to their act, and in the other case the Governor General absolutely provides the money, and then the risk the Government takes is merely to lay the paper upon the table of Parliament, when, unless some very curious member discovers the paper by taking it out from amongst all the other papers that may be laid on the table, no more is heard of it. This would be what I have called a prophetic expenditure of money; it is putting the cart before the horse, to use a common expression. If the Minister considers it from the point of view to which attention has been directed to-day, he will see the importance of adhering to the well known constitutional practice of asking parliamentary authority to any expenditure that may have been deemed necessary or may have been made. The importance of that, and of putting a stop to all unauthorized expenditure, has been exemplified by a matter to which attention has been called in another place. That is as to allowances having been made to officers in addition to their salaries, and without parliamentary sanction. No more objectionable system can possibly be introduced; and if we can under this Bill do anything to signify our disapproval of a course of that kind we ought to do it. It is this kind of unauthorized expenditure which is so very ready to creep in where any Government does not feel itself bound by those rigid rules which should be followed in regard to the expenditure of public money. .

Senator DRAKE

- To what allowances does the honorable and learned senator refer 1

Senator Sir JOSIAH SYMON

- To the allowances of 10s., and £2 per week to public officers. Those allowances are simply increases of salary - in some cases amounting to £100 a year - without parliamentary sanction of any kind; and of course, if the matter is passed by now, the practice may go on to an indefinite and unlimited extent. When Parliament has approved of certain remuneration for public servants, additional allowances, whether of £100 a year or £25, should not be permitted at the mere will of the Government and without parliamentary sanction or authority. I call the attention of honorable senators to that matter as an additional argument why we should carefully consider clause 37 and any clause under which unauthorized expenditure of public money might be made in any shape or form. There is one other matter to which I invite the attention of the Minister. It affects the administration of matters connected with Parliament itself, and it arises under the definition of "Public Accountant," in clause 2, paragraphs (d) and (fi). I allude to the position in which, under the present system, the parliamentary catering stands, and I ask whether, in the Minister's opinion, it is necessary that all the catering accounts should be subject to the provisions of this Bill? If so, I would point out how exceedingly inconvenient that may be, and how difficult of practical accomplishment. As I understand the system under which we are now working, it is that the Usher of the Black Rod has charge of the whole catering system, which is carried on, in point of fact, by the Government.

The PRESIDENT

- There is a joint House Committee.

Senator Sir JOSIAH SYMON

- Under the control of a joint House Committee. If there is a deficiency, as unhappily I believe there may be, it is met out of the Treasury. It is, therefore, quite clear that if the Treasury meets the loss, it would also retain any profit that might arise. It is obvious that, under the definition in the clause I have just mentioned, these moneys would come under the category of public moneys, and would be subject to the whole scheme of audit laid down by the Bill. I am quite sure that is not intended, because if it were it would necessitate the existing management having a staff of clerks in order to keep accounts and details in connexion with the catering. It would be necessary to have a full system of books and so on, which

might be very expensive. What I suggest is, as a method to prevent anything of that kind, that in the definition of public moneys we shall make the paragraph read -

Public moneys shall include all revenue, loan, trust, and other moneys whatsoever, unless excluded by resolution of Parliament.

Of course I do not desire that these accounts should be left without control. It would be undesirable to put in any words singling out this particular matter, but in the order appointing the House Committee each year, words might be inserted which would have the effect of excluding these accounts from the operation of this Bill, and subject them to the control of the House Committee itself. At any rate, I suggest that for the consideration of the Minister, believing it would be well to free the question from any doubt, because if the view I suggest is the correct one, great inconvenience might possibly arise, and I am sure that "under the existing system it would be undesirable that there should be any expensive clerical staff required to keep up such accounts as the Auditor-General might insist upon.

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Senator WALKER

- It is not my intention to take up much time with the few remarks I have to make upon the Bill, inasmuch as some of the ideas I had intended to express have been better put by Senator Playford and Senator Sir Josiah Symon. I am in accord with both honorable senators in their remarks as to the remuneration of the Auditor-General. I presume, however, from clause 4, where it is said that the Auditor - General shall receive a salary of £1,000, that it does not mean that he shall not receive more if Parliament so determines. I presume that when the time comes we can suggest the insertion of the words "not less than £1,000." As the business of the Commonwealth grows, the public duties of the Auditor-General will increase in importance, and I agree with those who think that if a State like Queensland can pay £1,000 to its Auditor-General, the Commonwealth of Australia should be in a position to pay something more. Those of us who have had anything to do with financial institutions are aware, that such 'banking officials, as chief accountants and branch accountants frequently receive more than £1,000 a year, and it seems absurd to think that the Commonwealth will be able to command the best men for the position unless greater remuneration is offered. With regard to clause 37, to which Senator Playford has directed attention - namely, the clause giving power to vary the annual appropriation - I think there is a possibility of great danger arising under that provision. On the other hand I presume that the Treasurer for the time being, would ask Parliament to vote a certain sum for unforeseen expenditure, which would probably go a long way towards meeting this point. But many Treasurers in these days, have a habit of wishing to close their accounts too soon, without showing the possible liabilities that may arise. When the time comes I trust that the Commonwealth Treasurer will not hesitate to show the true state of liabilities which have not been rendered on the 30th June, in order that Parliament may know the exact position of the finances. The point, however, to which I wish to direct special attention is that contained in clause 56. That clause provides -

All interest, (other than interest on loans taken over by the Commonwealth - from the States, or any renewal, or conversion thereof) payable, on account of the public debt of the Commonwealth on the first day of any quarter of the financial year shall be charged and included as a payment in the preceding quarter of such year.

With the Postmaster-General I have often deplored that the State Treasurers have not had the courage to include the accrued interest up to the end of the financial year in the outgoings of that year. I think we are going to repeat that mistake if we allow the words in parentheses to remain in the clause, we should make a correct start, and when we take over, loans have the interest paid debited to the quarter in which it accrued. I would suggest that this should have consideration. If we do not make such a provision we shall have two systems of charging interest - one with regard to interest on our own, direct loans, and the other in regard to interest on loans taken over from the States. I would rather have an honest deficit than a concealed deficit. Then, again, in regard to the suspense account named in clause 58, I cannot see how the Treasurer could do without it. I would suggest that the particulars be summarized in the statement given to Parliament. If that is done, I do not see that we need be afraid of any harm. We occupy a different position in the Commonwealth Parliament, to that which some of us occupied as members of the State Parliament. We shall show a greater spirit of independence, having a larger constituency to represent, and we shall endeavour to do good to the whole Common

wealth rather than to any particular, locality.. I trust that, we shall, proceed with the business and get through this Bill as soon as possible. I cannot conclude without giving the Postmaster General my meed of praise for his clear exposition of the measure.

Senator GLASSEY

(Queensland). - I regret that, in consequence of my absence from the State during the last fortnight, I have not been able to read this Bill very carefully. I have merely glanced over it during the Postmaster-General's explanation. I have, listened, with much attention and a great deal of interest and profit, to the speech delivered by

Senator Playford,

who has had some experience in South Australia in the handling of State finances, and in the discharge of duties relating to other responsible positions. He has watched with a great deal of care and concern the finances of that State; and, I think his contribution to the debate is a very valuable one: In my opinion, the matter is most important. The position of the Auditor-General will be one of great trust and responsibility, and I think it ought to be filled by the most competent man that we can obtain. I join with other honorable senators in saying that, although I have advocated rigorous economy, in this case I think, that economy and efficiency must be combined. While we should obtain efficiency at the most reasonable cost, I do not think, that, £1,000 per annum will be sufficient for this office. I certainly do share the opinions expressed by some honorable senators that such a salary is not sufficient to command the services of the best man obtainable for this most important office. In the State for which I have the honour to be one of the representatives, we have a very excellent man as Auditor General. That gentleman has filled the position for years, with great credit to himself. He has given unbounded satisfaction, and has the confidence of Parliament and the people. On two or three occasions we have had some rather serious crises in our financial affairs, and the Auditor-General of Queensland has not failed to point out the delinquencies and deficiencies of those concerned. As a member of the committee of investigation which was appointed to inquire into the affairs of the Queensland National Bank, he gave his time and attention, to the work after dealing with his own duties; and Parliament not only allowed him his salary, of £1,000 a year, but paid him a handsome sum for the special services which he rendered to the State on that inquiry. This is some indication, that the people and the Parliament of Queensland have recognised that gentleman's ability, and have treated him in a liberal and reasonable way. I do not think that £1,000 a year is sufficient to command the services of the best man for the office of Auditor-General for the Commonwealth. Could any one say that in auditing the whole of the accounts of the six States, in attending to the division of the funds, a portion of which goes to the States monthly and a portion to the Commonwealth in order to enable the Government of the Commonwealth to carry on a man of ordinary ability should be employed? He will be called upon to discharge multifarious duties, and I certainly join with other honorable senators in recommending the Postmaster-General, and through him the Government, to consider the desirability of increasing this salary.

Senator McGregor

- The honorable senator will have the Age and the Age on him for advocating increased expenditure.

Senator GLASSEY

- We all value press criticism. No one recognises the usefulness and ability of public journals more than I do. We know the splendid services that they are constantly rendering, but I am sure the Senate will agree with me that we are not merely influenced by the criticism of newspapers in this Chamber. We are hereto discharge our duties honestly in the way our consciences dictate, irrespective of whether newspapers are friendly or not.

Senator Harney

- But honorable senators do not like the whip for all that:

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Senator GLASSEY

- Does the honorable and learned senator, know what Burns says-

The fear o' hell's a hangman's whip

To iudyifche wretch in orders

I do not know that it has much to do with this subject, but still that is what Burns has to say about the

whip.. I am sure that the owners of the newspapers: take care to employ gentlemen of ability to audit, - their, accounts; and do not run the risk of, having men of little skill, to do the work, by only offering a meagre payment'. I certainly think that we should endeavour to; provide under this Bill for the: payment, of a salary that will enable the - Government to get the best man' available for the position of Auditor-General. As to the other items mentioned by Senator. Sir Josiah Symonds. in reference to the payment of -small allowances such as 10s. and £2, these are matters which are always -cropping up. Sometimes persons have to be engaged 'temporarily,- and it would be -impossible' to fix the; salaries-suitable for temporary employees-. Members- of the Ministry have just as. great' a desire to economize in a reasonable manner as has any honorable senator.

Senator DRAKE. - I am glad that this Bill has met with so very friendly a reception -on the- whole. The criticisms offered have been few in number.- With regard to 'the accounts connected with Parliament -the.-catering; account- and so on--- I. can see that it would be certainly convenient if those accounts had to -be audited in the ordinary manner: . When Senator Sir Josiah Symonds was speaking on this subject, -it struck me that if we put in-, . words which would- explicitly, exclude- those 'accounts, they -would have a very curious appearance- in- the -Bill.-: The honorable . and learned senator has- suggested, however', a way-by which we can achieve the same, object -without specifically mentioning -those accounts. No . doubt that matter- will be fully considered in committee. Taking the points criticised-' in their . order as they appear in the Bill, the first, suggestion is that the. salary proposed to , be paid to the Auditor-General is too small. I am always' inclined to favour the payment of salaries which will command "the highest talent' and ability, but. I would point. out to Senator- Glassey that' the Auditor-General, under this Bill will not be charged with auditing the accounts of the whole Commonwealth. This -is not a case in which, by combining, the State . services, we can appoint one officer; and enable the States to dispense with 'certain.' other officers which they had. previously employed.' It is clearly a case -of employing a seventh Auditor-General: There are six-at-the--present . time,- who are either, described- as-- Auditor-Generals- or Commissioners of Audit) and it- is proposed to appoint another officer outside of the six.

Although the position is one which will call for the highest skill, and I quite admit the desirability of having the very best man we can obtain, we must bear in mind that the position will probably not be for a long time, one in which the officer will have to' work from ten to four every day in the week. The work will require the highest ability, but I do not think it could be called toil.

Senator Charleston

- Still the Commonwealth is going to take up the whole of his time.

Senator DRAKE

- Quite so; but I hope that there are some persons having the necessary skill and ability, who would look rather to the honour and dignity and usefulness of the office than to the question of emolument.

Senator Walker

- The salary can be increased as the business increases.

Senator DRAKE

- Only by Act of Parliament. If the Bill goes through in its present form, we cannot alter the salary without an amending Bill. In fixing the salary at £1,000 a year the Government has been desirous of meeting the demand for economy. The great difficulty is that we all desire economy, but that when any particularly special case comes on there are always a hundred reasons shown why we should relax our stern and virtuous resolutions. That is the reason why our expenditure is increased. The other parts of the Bill to which objection was taken, were, I think, the 37th and 56th clauses. With regard to the objection taken to the 37th clause I may perhaps in my remarks have misled the Senate to a certain extent, because I can see clearly that the clause as it stands would have very little effect in enabling a Treasurer to carry on without an Appropriation Bill. That really cannot be an objection to the clause, and I apologize if anything I said in my introduction of the Bill may have misled some honorable senators upon the point. It is a partial answer to Senator Sir Josiah Symonds and a complete answer to Senator McGregor that section 37 only gives power to alter the appropriation assigned to particular items comprised in any subdivision of the annual supply, and it clearly relates only to a very small matter. I think Senator McGregor suggested that under the clause we might take part of the vote for education and devote it to a building of a fort at Moonee Ponds, and I want therefore specially to draw the honorable senator's attention to the fact that

the clause will, only be operative in certain cases where it is necessary to alter appropriations assigned to particular items comprised under any subdivision. For instance where there is a vote for a messenger, and a vote for contingencies, and the vote for the messenger runs out we would have to go to the Governor-General for an order to allow us to transfer a small portion of the vote for contingencies to the other vote. I used the instance of a vote for a messenger, but perhaps a messenger would be paid out of contingencies without taking any trouble; but where we have a vote in a subdivision for one particular work, and we have another vote for another work we may go to the Governor-General and ask him for an order to allow us to withdraw a small amount from one of these votes and place it to the credit of the other, in order that the last-named vote may not become exhausted before the next appropriation by Parliament. It is only a small matter, and it has been found in the working of departments that it would obviate a great deal of inconvenience that would result if we had to cease paying on one particular account, because the vote for it had run out.

Senator Playford

- It might be worked in the Military department.

Senator McGregor

- We might have the vote for uniforms spent upon something else.

Senator Playford

- Or a vote for horses spent upon guns.

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Senator DRAKE

- I do not think horses and guns would come under the same subdivision, but we can discuss the matter further in committee. With regard to clause 56, the clause dealing with interest, if we were to alter that clause, and provide that in future interest must always be debited to the quarter during which it accrued, the result would perhaps be a disinclination on the part of some of the States to transfer any part of their public debt on that account. It might be calculated to act as a deterrent in that way. If we altered our Audit Act in the way suggested as soon as we took over a portion of the debt from some one of the States where the other practice has been followed, we should have at once to debit that State with interest which they had been accustomed to defer to a future period. Supposing they pay their interest half-yearly, they have been in the habit of paying their interest on the 1st July, and debiting it to the second half of the year. One of the conditions of taking over their loan, assuming that the suggestion made "were adopted, would be that the interest that in the State has been debited to the second half of the year would have to be debited to the first half of the year.

Senator Playford

- It is only a day or two's difference. The interest really should be paid on the 30th June, but the State does not do it. The 30th June is the last day of their financial year, and the 1st July is the first day of the next financial year, and though they show a nice surplus, it is taken away when they pay their interest on the 1st of July.

Senator DRAKE

- It is only a difference of one day in the date of payment, but it makes a difference of six months' interest in their balance sheet.

Senator Playford

- Yes, but it is a very unfair thing.

Senator DRAKE

- I quite admit that. We say now that we are adopting a better principle than some of the States have adopted in the past, - but that better principle if made applicable to loans taken over would mean that the interest would have to be debited to an earlier period than it has been hitherto in the case of some of the States. The condition upon which we can take over a portion of the debt from one of the erring States, would be that when we took over their debt, we would debit them with the interest six months earlier than they had been accustomed to debit themselves with it, and it would consequently make their balance look so much worse. However, the matter is one we can well discuss in committee.

Question resolved in the affirmative.

Bill read a second time.

ACTING CHAIRMAN OF COMMITTEES

Motion (by Senator Drake) agreed to.

That in the unavoidable absence of the Chairman of Committees, Senator Dobson do take the Chair of Committees of the whole for the remainder of the sitting.

AUDIT BILL

In committers :

Clause 1 agreed to.

Clause 2 -

In this Act unless the contrary intention appears -

"

Commonwealth Public Account " shall include the Consolidated Revenue Fund and all public moneys whatever ;

"Deputy" when used in connexion with the word Treasurer shall mean some person appointed in writing by the Treasurer ;

"Prescribed" shall mean prescribed by this Act or the regulations ;

"Public accountant" shall include every person who by any law, regulation, or appointment, is charged with the duty of collecting or receiving, or who does actually collect or receive any public moneys, or who is charged with the duty of disbursing, or who does actually disburse any public moneys ;

"Public moneys" shall include all revenue, loan, trust, or other moneys whatsoever received for or on account of the Commonwealth, or referred to in this Act ;

"Regulations" shall mean regulations made under this Act.

Senator Sir RICHARD BAKER

- I think clause 2 ought to be altered in the manner which has been indicated, for this reason : The Usher of the Black Rod has charge of the refreshment room. There is a good deal of work to be done, and if all the money received from member's has to be paid into the Treasury, and then drawn out again, there will be a very large amount of extra bookkeeping, and another officer will have to be appointed. It is not a question of auditing member's accounts. I do not think that has anything to do with it. I do not suppose it matters who sees the accounts. It is a question of the extra bookkeeping involved. After all, it really amounts to this, that the joint refreshment committee manages a club, and the money paid by members for their weekly bills provides the funds from which all provisions and wines are purchased, and all salaries are paid. If all these details have to go into the Treasury, and then out again, it will create an immense amount of bookkeeping that is absolutely unnecessary. I may also add that the practice in all the States, and in Victoria up till now, has been as we desire it should be. The only point is whether this Bill will not introduce a new practice, and a very undesirable and unnecessary practice.

Senator Sir JOSIAH SYMON

- What I suggest to free the matter from any doubt is, that there should be added at the end of paragraph (d), the words unless such person be excluded by resolution of Parliament."

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Senator Drake

- I think that what the honorable and learned senator suggested before was that the words "unless such moneys as are excluded by resolution of Parliament" shall be inserted after the word " whatsoever," in paragraph (e).

Senator Sir JOSIAH SYMON

- I believe it will be equally necessary to remove any possibility of doubt with regard to the person disbursing moneys, as I think he would come within the definition which is given in paragraph (e) of "public accountant." He is not only charged with the duty of receiving moneys which go into the Treasury, but he is also charged with the duty of disbursing them under this clause.

Senator Drake

- Are these " public moneys " ?

Senator Sir JOSIAH SYMON

- What are they 1

Senator Lt Col Neild

-It is club money.

Senator Sir JOSIAH SYMON

- We are not a club. If we were put upon the footing of a club it would be a very different thing. We are not a club, and any profit goes into the Treasury, while any loss is paid by the Treasury - that is the difficulty.
Senator Lt Col Neild

- I only look upon that as a, sort of subsidization of the committee.

Senator Sir JOSIAH SYMON

- If it were put " by resolution of the House " it might be made more clear, or by some modification of the suggestion which the Minister may find to be necessary. I move -

That the following words be added to paragraph (ti) of the clause : - "Unless such person shall be excluded by resolution of Parliament. "

Senator Sir Richard Baker

- There is no such thing as a resolution of Parliament.

Senator Sir JOSIAH SYMON

- Then " of both Houses of Parliament."

Senator DRAKE

- I think I can show to the honorable and learned senator that the amendment he proposes is not necessary, because he is proposing to deal with the definition of " public moneys " and to exclude moneys in cases where a resolution to that effect shall have been passed by Parliament. The honorable and learned senator will see that the " public accountant" under the Bill is a person who actually receives or disburses any "public moneys," so that if the honorable and learned senator excludes these moneys from the definition of "public moneys" the amendment he now proposes will not be required. With regard to the other amendment, I should like to hear some other opinions upon it. I agree that it is not desirable that these accounts should be subject to audit.

Senator Sir Josiah Symon

- There should be an audit, but not under the Audit Act.

Senator DRAKE

- I should like to know whether generally in the States moneys paid under such circumstances, as are here referred to, to make up a deficiency in the accounts, of the refreshment committee have been regarded as " public moneys."

Several Honorable Senators. - " No."

Senator DRAKE

- If it has not been so regarded in the different States, why should we assume that it will be regarded as "public moneys" here?

Senator Sir Richard BAKER

- Because of the wording of the Bill.

Senator DRAKE

- I have no opportunity now of comparing the audit Acts. I know they have a similar provision in the State Acts, but I do not know exactly what the definition is in the different States. I think that we are perhaps assuming, without any grounds, that this particular money would be " public moneys under" the Act.

Senator Sir Josiah Symon

- The clause says "public moneys shall include all revenue, loan, trust, and other moneys whatsoever."

Senator DRAKE

- It goes on to say " received for or on account of the Commonwealth." Is money that is given to make up the deficiencies in the caterer's account money paid " for or on account of the Commonwealth "1

Senator Sir Josiah Symon

- It also includes receipts in the refreshment department. %

Senator DRAKE

- The money is received by the caterer, most assuredly. I can speak at once with regard to the State of Queensland on that point. The caterer gets a small subsidy which is voted every year by Parliament, and he runs the business, himself.

Senator Sir Josiah Symon

- That is not the case here.

Senator Lt Col NEILD

- I wish to throw out a suggestion which may cover the difficulty, and that is. that there should be added to

paragraph (e) these words, or words to a similar effect - " But shall not include moneys received or disbursed by the House Committee of Parliament. "

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Senator Sir JOSIAH SYMON

- Of course the difficulty, which, I understand, is explained by Senator Sir Richard Baker, is that we are not exactly in the position which Senator Drake has pointed out of having all this done by means of a caterer. It is an anomalous position that it is done by ourselves through an officer.

Senator Sir John Downer

- Where is the authority for doing it?

Senator Sir JOSIAH SYMON

- The authority of the joint House Committee.

Senator Sir John Downer

- Exactly; but no Act of Parliament authorizes that.

Senator Sir JOSIAH SYMON

- Surely moneys may be received on behalf of the Commonwealth without an Act of Parliament? At any rate, the difficulty only arises because we have no caterer. The joint House Committee, through an officer of Parliament, buys all the viands, provides the staff, collects the money, and disburses the money received to pay the accounts.

Senator Drake

- If I pay for a sixpenny cup of tea it will have to be audited !

Senator Sir JOSIAH SYMON

- That is what we want to avoid.

Senator Drake

- The honorable and learned senator says it would be so under the Bill?

Senator Sir JOSIAH SYMON

- Apparently so. I am not familiar with the system which exists, but I understand from Senator Sir Richard Baker that that is what is wanted to be avoided. If there is any difficulty, it is well to clear it up. The position is not that it is desirable that all accounts should not be subject to audit, but that the catering should not come under the operation of the Audit Act. The payments for all these cups of tea should not have to be audited. I suppose it would require an extensive system of bookkeeping to do so. The real question is, on whose account is the money received? Who will get the benefit if there is a surplus in carrying on the operations ? If it is the members, then it is a club. If it goes into the Treasury, then it will come under this very extensive definition. The better plan would be to have the parliamentary catering put on a separate and independent basis.

Senator Sir RICHARD BAKER

- I think I heard the Postmaster-General say that special provision was made that moneys received by the Post-office for payment to another post-office, should be exempted from the operation of the Act. When it is necessary to exempt such moneys, which are evidently held only in trust by the Post-office, surely there may be some doubt, at all events, as to whether moneys received such as those we are speaking about are public moneys. I am not prepared to say that they are, but the position is that these moneys are received by the joint House Committee through their officer. That body is subsidized by Parliament to a very small extent, and perhaps here I may say that the system which is carried on in this Parliament incurs a far less loss than that obtaining in any State Parliament I have ever heard of. If we had a caterer, and found him fuel, light, and salary, this difficulty would not arise, but if we did that we would spend a much larger sum. The present system, I think, is much preferable to that which is followed in the States. The only point is whether, under the peculiar provisions of this Bill, these moneys can be considered as public moneys. The system we are following has been adopted for ten years in Victoria, and the moneys have never been considered as public moneys, and have never been paid into the State Treasury.

Senator Sir JOSIAH

SYMON (South Australia). - I am quite willing, because it is a matter really of concern to both Houses, to withdraw the amendment, and if I do, perhaps the Minister will make inquiry as to what the practice has been, and how far any of the clauses diverge from the provisions in the Victorian Act. It will lie very easy, if he thinks any amendment is necessary, to recommit the clause.

Senator DRAKE

- With regard to the money-order account, the Post-office and postal officials are not exempt at all from the Audit Act. It simply provides that in their case they may have a monthly account.

Senator Sir Richard Baker

- That is clearly trust moneys ?

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Senator DRAKE

- It is trust moneys, but they are continually receiving money and paying it out. Clause 26 provides that the Postmaster-General may pay these amounts which he receives into a bank. He draws cheques, and at the end of each month pays the amount into the Commonwealth public account. The only difference is that the ordinary public accountant has to pay in moneys as he receives them. In the case of the Post-office the Minister pays them into the public account at the end of the month and draws cheques in the meantime against the money order account to pay money orders which may be presented. I think it will be as well to allow the clause to go now, and then I shall find out exactly how the Victorian Act is worded. If I find the wording of the definition in the Act is the same as the wording of this definition, or if I find, having considered the matter carefully, that this definition will not make that particular money public money, I think no danger is likely to arise.

Senator Sir RICHARD

BAKER (South Australia). - I may mention one more fact. About two or three years ago the Auditor-General in South Australia claimed to audit all these accounts, and the joint refreshment committee refused to have anything to do with him. They told him to mind his own business.

Senator Sir JOHN DOWNER

- I take very much the same view as Senator Sir Richard Baker has expressed. I think the clause might very well remain exactly as it is. I do not understand that it is any business of the Commonwealth to provide refreshments for the Members of Parliament. I do not understand that it is within the ordinary curriculum of its business to provide refreshments for members. That is a subsidiary matter which is arranged by the Parliament itself, and in the course of that arrangement they employ a caterer, who undertakes to supply members.

Senator Sir Josiah Symon

- That is not what is done here.

Senator Sir JOHN DOWNER

- That is what will inevitably be done.

Senator Sir Josiah Symon

- No: that is where the difficulty comes in.

Senator Sir JOHN DOWNER

- We cannot possibly put an item on the Estimates for supplying refreshments to members.

Senator Sir Richard Baker

- There is a vote on the Estimates now for it.

Senator Sir JOHN DOWNER

- The question ought never by any possibility to arise. The caterer takes his responsibilities, names his rates, which are agreed to by the House Committee, and the thing works itself. But to provide absolutely in a solemn Audit Bill, for an audit of this expenditure which must occur in public affairs appears to me to be beyond all reason. When we put on the Estimates a sum for the purpose of supplying members with refreshments, then I think will come, incidentally and properly, a corresponding obligation on the part of the Audit department to see that these matters are properly dealt with.

Senator Sir Richard Baker

- There is a sum on the Estimates.

Senator Sir JOHN DOWNER

- But that is for the apartments which are required.

Senator Sir Richard Baker

- No.

Senator Sir JOHN DOWNER

- The rest is a matter of detail for the House Committee to arrange. Even supposing that the direct words

of the clause might allow an inquiry which might be invidious and uncomfortable to be made in respect to expenditure, we had better let them stand as they are rather than put in words of qualification or exception, which would lead to greater difficulties. I think the clause needs no amendment.

Senator Sir JOSIAH

SYMON (South Australia). - The last speaker's conclusion may be very good, but certainly his reasons are the very opposite of those which he ought to have given. In the first place he has done an injustice to everybody concerned in this matter,

by

suggesting that they wish to avoid some invidious and unpleasant examination of accounts. That has not been suggested here this afternoon. On the contrary, it has been agreed that there should be an audit of these accounts, but that it should be under the direction of the House Committee, whose function it is to deal with this matter. The honorable and learned member has entirely misapprehended the facts. It so happens that he has assumed that there is a parliamentary caterer. If there was a parliamentary caterer, this point would not arise. It is because this thing is managed by the House Committee, which represents for this purpose the Commonwealth, that this difficulty arises, and because these moneys may possibly come within the definition of public moneys. We desire that the point shall be made clear. The honorable and learned senator admits that if an amount were voted on the Estimates for these purposes, it would be all right - that we could discuss this question. That, as

Senator Sir Richard

Baker says, is the exact position. However, I am willing to withdraw the amendment, and the Minister can then see if the language of the provision of the Victorian Act is the same as the language of this clause.

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Senator DRAKE

- In the Victorian Act there is no definition, but the enacting section on the subject reads as follows -

If any receiver or collector as aforesaid or any other person in the public service to whom any money shall be legally payable for and on account of the consolidated revenue.

In this Bill we have these words - for or on account of the Commonwealth, or referred to in this Act.

The words "referred to in this Act" do not affect the question, so that we have the words "for or on account of the Commonwealth" in place of the words "for or on account of the consolidated revenue."

Amendment withdrawn.

Clause agreed to.

Clause 3 agreed to.

Clause i -

The Auditor-General shall receive an annual salary of One thousand pounds, and such salary shall be a charge upon and paid out of the consolidated revenue fund, which, to the necessary extent, is hereby appropriated accordingly.

Senator WALKER

- I would suggest to the Postmaster-General that the words "not less than" should be inserted before "£1,000." That would give permission to pay a larger salary than £1,000. I am quite in the hands of the Postmaster-General in regard to the matter, but I think that £1,000 is not sufficient.

Senator PLAYFORD

- I should oppose the suggestion of Senator Walker under any circumstances. I could not agree that it should be left to the sweet will and pleasure of the Government of the day to say what the salary of the Auditor-General should be. The Auditor-General stands between Parliament on the one hand and the Government on the other, and we do not want to have the slightest suspicion that he may be bribed not to do his duty. I do not say he would be under any circumstances, but it would not do to have such a provision as Senator Walker suggests put in the Bill. The salary of the Auditor-General should be fixed by Act of Parliament, and

Ave should not say that his salary should be "not less than" any sum. I contend that the services of the Auditor-General of the Commonwealth will be worth at least £1,500 a year. When we consider that in Victoria the three Audit Commissioners receive £1,000 a year each, I am quite sure that if we give the one Auditor-General of the Commonwealth £1,500 a year we shall only be paying him a fair and reasonable salary. I do not believe the Commonwealth could get the services of a really excellent man for £1,000 a

year. Suppose we tried to secure for the Commonwealth the services of the most excellent Auditor-General of Queensland. Do honorable senators think that he would break up his home, and join the Commonwealth service for £1,000 a year, when he is getting the same salary where he now resides ? If we look round at the men who have had experience at this work we shall find that it will be exceedingly difficult to tempt such men with a salary of £1,000 a year. I move -

That after the word "thousand " the following words be inserted - " five hundred."

Senator DRAKE

- I think I understood Senator Playford to say just now that in Victoria there are three Audit Commissioners who each receive £1,000 a year, but my information is that those gentlemen perform other duties as well.

Senator Sir William Zeal

- They are Public Service Commissioners.

Senator Sir John Downer

- In South Australia the Auditor - General receives £1,000 a year, and does nothing else.

Senator DRAKE

- In Queensland the amount is £1,000 a year.

Senator Sir John Downer

- What is the amount paid in New South Wales ?

Senator DRAKE

- I am not quite sure, but in Tasmania the salary is I believe £600. This is really a question of economy. '

Senator Charleston

- The Comptroller of Customs is to be paid £1,200 a year.

Senator DRAKE

- Yes, but it must be remembered that we do not always pay salaries in proportion to the importance of the duties discharged, or else Members of Parliament would be more highly re- 'munerated. If we say that £1,000 a year is not sufficient for the Auditor-General of the Commonwealth at this stage of our history, I expect that when we come to consider the question of salaries of Members of Parliament it will be said - and I shall certainly agree with it - that £400 is an exceedingly small salary to give a man of business to pay his expenses in attending Parliament thousands of miles away from his home.

Senator Playford

- The amount is paid under the Constitution Act, and Parliament has no right to increase it.

Senator DRAKE

- I did not say Parliament had any right to increase it. I do not know that there is any proposal to increase it. I am only quoting a case where it is admitted that men give their services at a very great cost to themselves for a very small remuneration.

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Senator Sir Josiah Symon

- It is a very fair illustration.

Senator DRAKE

- I am quoting it as an illustration, because my opinion is that there are in the Commonwealth some men of the requisite ability who would be prepared, for the sake of the honour and dignity and usefulness of the position, to serve the Commonwealth as Auditor-General for this salary. I quite admit that if some gentleman who is doing similar work in a leading financial institution for very much more money than £1,000 a year were to be invited to fill this post, we could not expect him to fill it for £1,000 a year. But that cannot be made the test and the standard. If we want a man of great ability, we cannot offer him a position and pay him a salary which we think represents what he would make in some other walk of life. It is not possible to do that. A man of the necessary ability who would be able to make £2,000 or £3,000 a year by acting as manager of a bank, or of some great financial corporation, probably could not be induced to give up his position and accept the post of Auditor-General at £1,000 a year, nor could we tempt him by offering him the same salary as he is receiving. If we followed that practice in all other positions in the service, it can be seen that the expenditure, which has been referred to very pointedly lately, would be considerably increased. I do not wish to labour the matter, because I am always in favour of paying a fair salary myself. But it is a matter for the State to decide whether £1,000 a year is sufficient

in this case.

Senator Lt.-Col.

NEILD (New South Wales). - I think this clause raises a very serious constitutional question, It seems to me that the clause is distinctly, and probably intentionally, a breach of the Constitution Act. It is so important a matter that I think we had better look at this view of the question before we go any further. Clause 4 of the Bill before us provides for an annual appropriation of £.1,000 a year. It positively states that in the following words -

The Auditor-General shall receive an annual salary of £ .1,000, and such salary shall be a charge upon, and paid out of the consolidated revenue fund, which to the necessary extent is hereby appropriated accordingly.

We cannot have a more distinct appropriation than is proposed in this clause. What does the Constitution Act say with reference to this question of appropriation ? I beg your attention, Mr. Chairman, particularly to the fact that this is an annual appropriation. Under section 54 of the Constitution it is laid down that -

The proposed law which appropriates revenue or moneys for the ordinary annual services of the Government shall deal only with such appropriations.

Clause „4 of this Bill .certainly does not include the whole of the annual services of the Government, but it includes one item which is specifically set out to be an annual appropriation, and to be for an . annual service. Therefore, we find that we have sent to us a clause which to my mind appears to be strongly at variance with the Constitution Act, and the Bill comes to us in a form that absolutely prohibits us from amending it. We can only suggest amendments in the Bill. This is a Bill for the .appropriation of money, and therefore we can suggest amendments in, but cannot make them, because it comes to us as an Appropriation Bill distinctly as to £1,000. I should like to have your views, Mr. Chairman, as to whether it is competent for the committee to amend this Bill at all?

The ACTING CHAIRMAN. - It is quite clear that the committee cannot amend the clause in the way suggested under the provisions of section 53 -

The Senate may not amend any proposed law so as to increase any proposed, chui-ge or burden on the people.

But I understand the amendment of Senator Playford to be that the committee should suggest to the House of Representatives an amendment.

Senator Playford

- If we cannot make an amendment.

The ACTING CHAIRMAN. - AVe can only suggest.

Senator Lt Col NEILD

- I take it that we cannot amend any appropriation clauses of a Bill.

Senator Playford

- This clause does not appropriate revenue ; it only fixes the salary of an officer.

Senator Sir Josiah Symon

- It goes further than that ; it makes a charge on the consolidated revenue

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Senator Lt Col NEILD

- It is distinctly an appropriation of £1,000 a year and it is made a charge on the consolidated revenue.

Senator Sir RICHARD

BAKER (South Australia). - I think we may as well settle one 1101nt as we go on. If there is one point that is clear, it is that the section of the Constitution Act quoted by

Senator Lt. -Col. Neild

has nothing to do with the matter at -all. That section, number 54, is <a limitation on the House of Representatives, and has nothing to do with the Senate. It -says -

The proposed law which appropriates revenue or moneys for the ordinary annual services of the Government shall deal only with such appropriations.

It is quite clear that this Bill deals with the audit of public accounts. It is not such a law as is contemplated by section 54. As a matter of fact, section 54 was passed with the avowed object of preventing the House of Representatives from tacking on to the ordinary Appropriation Bills some provisions which ought not to come into an Appropriation Bill. Now we are dealing with a Bill concerning the audit of public accounts, It

is not an ordinary Appropriation Bill, and therefore it is clear that section 54 has nothing to do with the matter at all. But there is another point raised. Section 53 of the Constitution Act says -
The Senate may not amend any proposed law so as to increase any proposed charge or burden on the people.

No doubt it is a matter for grave consideration whether that part of the section applies to the proposal of Senator Playford. That is a question we ought carefully to consider before we decide upon any action in connexion with the proposed amendment. We ought to look at the first part of section 53, and also at section 56. Section 53 says -

Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate. It goes on to say -

But a proposed law shall not be taken to appropriate revenue or moneys, or to impose taxation, by reason only of its containing provisions for the imposition or appropriation of fines or other pecuniary penalties, or for the demand or payment or appropriation of fees for licences, or fees for Services under the proposed law.

The Senate may not amend proposed laws imposing taxation or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government.

Then the section goes on with the words to which I have alluded, and it refers to the method of making amendments - that is, by request. If honorable senators take the whole of section 53, it seems to me to mean - as it has always seemed to me to mean - that a law the Senate cannot amend is a law the main object and reason of which is to appropriate revenue, not a law which incidentally appropriates revenue. This question arose in the Victorian Parliament some years ago, and Professor Hearn, in an appendix in his very valuable book on the Constitution of England, deals at considerable length, and with great ability, with the difference between a law which incidentally appropriates revenue, and a law the main object of which is to appropriate revenue. I have not got the book before me at the present moment, and I am not prepared - I do not suppose any one is - to discuss an important constitutional question like this without some preparation. But I do say that before we make up our minds as to what we are going to do in reference to this proposal of Senator Playford - before we agree not to make an amendment, but to make a request, which in fact is all we can do - we should most carefully consider the whole question, and have the constitutional points which have arisen thoroughly thrashed out.

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Senator Sir WILLIAM ZEAL

- I do not at all agree with Senator Neild in his contention. This clause of the Bill is deliberately framed to protect the Senate. If Senator Neild will read clause 7, he will see that it sets out the duties of the Auditor-General, and the position he holds in the public service. If the clause before the committee is passed as it stands, taking it in connexion with clause 7, it will not be possible either for the Government or for another place to dismiss the Auditor-General, unless the Senate concurs in the dismissal. Instead of receiving the censure of the committee it should receive our support. I think the point raised by Senator Playford is one which should receive due consideration. The question of whether or not we are in a position to do more than make a request in regard to this matter is worthy of our attention. I would suggest to Senator Playford, however, that he should pause before he proposes to fix £1,500 a year as the salary for this officer, inasmuch as that would compel the Government to recast the salaries of nearly all the heads of the public departments. The honorable senator will see that if £1,500 a year were fixed as the salary for the Auditor-General, other officers high up in the service would naturally feel that their services were undervalued, and they would look to the Government to give them larger salaries. I would suggest to him that £1,200 a year would be a fair compromise; it would be a fair suggestion to make to the Government. It has been pointed out by one honorable senator that the Comptroller of Customs receives £1,200 a year. Every one who has the privilege of the acquaintance of Dr. Wollaston knows that he is a most admirable and efficient officer, who has worked his way up from one of the lowest positions in the service. If men of his class were put on one footing, it would encourage other officers to make themselves efficient in the discharge of and to try to rise their duties out of the ruck. I think that honorable senators must see that it is absolutely necessary that the Auditor-General, whatever the duties of other officers may be, should be absolutely independent of Parliament. He must be able to bring up his report to Parliament, and to present it without fear of the consequences, if he has done his duty.

Senator Keating

- And he must be independent of the Executive.

Senator Sir WILLIAM ZEAL

- Yes. It is in that view that I would ask Senator Neild to pause before doing anything which would affect the status of this officer, seeing that the object in view is to establish his independence.

Senator Major GOULD

- The difficulty which has been raised is one of rather a serious character, apart from the question of whether this officer should receive a salary of £1,000 or £1,500 a year. I really fail to see that it is within the power of the Senate to make a suggestion even with regard to a matter of this kind. Clearly, the Constitution Act contemplates that suggestions shall be made in respect of Bills which cannot be amended by the Senate. We all claim that this Bill can be amended by the Senate, and that the only thing which interferes with that right, so far as the question of salary is concerned, is the paragraph in section 53 of the Constitution Act, which provides -

The Senate may not amend any proposed law so as to increase any proposed charge or burden on the people.

If we are in a position to amend this Bill generally, save in this one particular, it does not come within the class of Bills in regard to which we are entitled to make suggestions.

Senator Lt Col Neild

- What about the preceding paragraph of section 53 1

Senator Major GOULD

- The preceding paragraph of clause 53 provides -

The Senate may not amend proposed laws imposing taxation or proposed laws appropriating revenue or moneys for the annual services of the Government.

Senator Lt Col Neild

- This is a proposed law appropriating revenue for the ordinary annual services of the Government.

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Senator Major GOULD

- It is not a proposed law appropriating revenue in the ordinary sense of the term. The clause in question simply appropriates a certain portion of the revenue to pay one particular charge. That does not make this a Bill for the purposes of appropriating revenue for the ordinary annual services of the Government. If the appropriation is for some specific service, there are very good reasons, as Senator Sir William Zeal says, for making the provision in this particular way. He points out that the salary is appropriated by the Bill, and that under a later clause this officer can only be removed by an address of both Houses of Parliament. Therefore his salary does not require to be voted from year to year; the officer does not come under the cognisance of Parliament as an ordinary servant, nor is he in the hands of the Government as an ordinary servant. There is nothing in the contention that this is a Bill appropriating revenue for the ordinary annual services of the Government, but it certainly does come within the third paragraph of section 53 of the Constitution Act. As this is an important matter, and as it has been suggested by Senator Sir Richard Baker that it would be well for us to have some time to consider it, instead of dealing with it, when it has been sprung upon us at a moment's notice, I would suggest to the Postmaster-General that it would be well to postpone the clause and allow us to take it up at a later date when we have dealt with the rest of the Bill. So far as the merits of the matter are concerned, I have no doubt that the salary does appear a small one for an officer having to perform such important duties as will be required of the Auditor-General. If I mistake not, however, the salary is the same as that paid to the Auditor-General of New South Wales, who has an equally onerous and important duty to perform, and who is placed in very much the same independent position as we propose to place this officer in. In any case his duties are quite as onerous and as responsible. After all, however, when we are dealing with the salary of a high official like this, we ought to a great extent to throw the responsibility for the amount proposed to be paid on the Government of the day. It is part of the duty of the Government to see that officers placed in public positions of trust are efficient. If a man placed in such a position as this proves incompetent, and it is shown that the failure was due to the fact that the Government were not able to obtain a more experienced and valuable officer for the salary fixed, then the whole of the discredit goes to the Government itself. Parliament will be placed in the position that they will be able to have this officer

removed upon it being made abundantly clear that he is not suitable for the position to which he has been appointed. If we found out that a competent man could have been obtained for £1,200 a year, and that the Government had appointed a comparatively incompetent man at £1,000 a year, the action of the Government would be looked upon as one going very much against their capacity and fitness for the position which they occupy to-day. In cases like this, one might very well throw the responsibility on the Government. It is not as if the Government were proposing an excessive salary and we were attempting to pull down that salary. That would be clearly within our rights. We would say - "You are going to give more than we think should be given." We should be taking the responsibility on our own shoulders, and the Government would also participate in the responsibility if they did not resist our attempt to pull down the salary when they considered that a reduction would be undesirable. In any case, I think it would be better to have this clause postponed. We will then have a better opportunity of considering not only the matter of salary, but what is really our constitutional position, and whether we should be acting within our powers in making a suggestion to the Government in regard to the salary to be paid. Of course, we are to reserve to ourselves the fullest possible power to amend this Bill in any other way we think desirable.

Senator Sir JOSIAH

SYMON (South Australia). - I also join with

Senator Gould

in asking

Senator Playford

to temporarily withdraw his amendment, and in urging the Minister in charge of the Bill to postpone this clause. I do so for two reasons. One is that it has been put very impressively by

Senator Gould

that it might be very unwise for us as a Senate to interfere with the decision of the Government in fixing the salary which they desire to appropriate for this officer. Certainly the reasons given by

Senator Gould

have impressed me very much. The salary is not quite what I should have liked it to be. At the same time, there is very great force in the argument that the Government are cognisant of the duties which they require this officer to discharge. They may have an officer in view who would be thoroughly competent to discharge those duties, and to whom £1,000 a year would be adequate remuneration. At any rate they have introduced a salary into the Bill, which has had the sanction of the other House, and which has come down to us under circumstances which should make us pause - I say so freely even after the expression which I used earlier in the evening - before we increase the amount. A more important matter is the Constitutional question which has been raised. First of all the question is whether this clause should appear in the Bill at all, or whether it should be introduced in a separate measure. Then we have to consider whether being in the Bill it is open to be amended in the ordinary way in which we would amend any other clause, or whether we should adopt the course of suggestion. I do not agree with

Senator Neild

in thinking that section 54 of the Constitution Act deals with the subject. The view which

Senator Sir Richard

Baker has stated on the subject concurs with what I feel should be the construction of that section. It is a limitation of the powers of the House of Representatives in regard to the subject-matter of a proposed law to appropriate revenue or moneys. It is a limitation imposed upon them which they are unable to transgress under the Constitution. It has no relation to a Bill which may deal with, postal or other matters, but which incidentally contains a provision appropriating revenue or moneys. As to the operation of clause 53, I am equally unable to concur in the view that it is limited to laws designedly intended to appropriate revenue or moneys. It appears to me that the clause with which we are dealing is a provision which does appropriate revenue or moneys. If it ended at the figures £1,000, it would have fixed the salary and done no more. But it goes on to appropriate that salary, and to make it a charge upon the consolidated fund. It provides that-

Such salary shall be a charge upon and paid out of the consolidated revenue fund, which to the necessary extent is hereby appropriated accordingly.

The words in section 53 are a little ambiguous, and the first two lines may lead to misunderstandings -

Proposed laws appropriating revenue or moneys or imposing taxation shall not originate in the Senate.

As that stands it would look as if the proposed laws were to be laws designedly for the purpose of appropriating revenue or money.

Senator Sir Richard Baker

- Look at clause 56.

Senator Sir JOSIAH SYMON

- The proviso says that these provisions may be laws intended for other purposes such as this is, but which may contain clauses appropriating revenue or moneys, and the only exception is grafted upon the enacting part of section 53 is -

But a proposed law shall not be taken to appropriate revenue or moneys or to impose taxation by reason only of its containing provisions for the imposition or appropriation of fines or other pecuniary penalties.

Senator Sir John Downer

- No. There is also a reference to -

Fees for services under the proposed law.

Does not the honorable and learned senator think that £1,000 is a fee?

Senator Sir JOSIAH SYMON

- Certainly not. I do not think that any one in the Senate would agree with Sir John Downer as to that. I am merely suggesting these things for consideration. I certainly do not think the words "fees for licences or fees for services under the proposed law" apply to a salary which is fixed for a Judge, and which is to come out of the consolidated funds. It would be a straining of the words to call such a salary a "fee." It requires consideration before we can say, or before the House of Representatives will permit us to say, that this is a law which we can amend correctly without going through the process of suggestion.

Senator Sir Richard Baker

- Will the honorable and learned senator look at section 56?

Senator Sir JOSIAH SYMON

- Yes. Section 56 provides -

A vote resolution or proposed law for the appropriation of revenue or moneys shall not be passed unless the purpose of the appropriation has in the same session been recommended by message of the Governor-General to the House in which the proposal originated.

Senator Sir Richard Baker

- That would allow us to originate if we got a message.

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Senator Sir JOSIAH SYMON

- I dare say that would be so. I am not going to contend now, however, that we ought to be placed in that position, but there is this fact that if it is an appropriation of public moneys, as it undoubtedly is, it should have originated in the other House by means of a message from the Governor-General recommending the proposed appropriation. The defect appears to me to be in introducing into the clause the words - And such salary shall be a charge upon and paid out of the consolidated revenue fund, which, to the necessary extent, is hereby appropriated accordingly.

Instead of appropriating it year by year in the ordinary Appropriation Act, it is a special appropriation clause introduced for a very wise purpose. Of course the intention is to make the officer practically independent of the Government of the day, so that he shall discharge his duties without fear or favour. If it is possible to do what is proposed, I shall be one to support it ; but we must be very careful indeed as to how far it affects the provisions of section 53 and the subsequent sections of the Constitution Act, which embody the financial basis of our Constitution, and regulate the powers of the Senate. I, therefore, join in asking the Minister to postpone the clause, so that we may give the matter more careful consideration.

None of us can speak with any strong positive opinion on the subject, and a little delay will be very valuable in enabling us to arrive at a definite conclusion.

Senator Sir JOHN

DOWNER (South Australia). - I agree in asking the Postmaster-General to postpone this clause, but in doing so I wish to say two or three words on the question of whether the amount of the salary proposed could be increased and on the constitutional point which has been raised. As to the question of increasing the amount, one feels impressed with what

Senator Gould

has said, that the responsibility in all ordinary matters of the Governmental service should be left to the Government. They should bear the brunt of them. They ought to "know best what is to be recommended, and they ought to be able to tell us best. We should, unless there are some strong reasons to the contrary, act on their advice, and if the advice 'turns out to be wrong, they should bear the responsibility. But allow me to say at the same time that the position of the Auditor-General is not in that ordinary category at all ; he is an officer who stands between the House and the Government. He is our protection against Government aggression, and if we place him in a lower position and the result is that either from too low a salary or from having too indifferent a man appointed, the Government accounts, which should be independently audited as between us and the Government, and not audited simply by the Government themselves - go wrong, we shall be to blame even to a greater extent than the Government. The Auditor-General is not imposed by the Government, but by us, and he should therefore be an officer of high character and high position, removed from all chance of prejudice, corruption, and everything else of the kind, and paid in a manner which will add to that reputation. I entirely agree, therefore, with

Senator Playford

that the salary should be increased. In the matter of the next question, as to whether we can amend so as to increase the salary, that is a constitutional question, and though I join in asking the Minister to postpone the clause, I am strongly of the opinion that it is strictly within our constitutional powers.

Senator DRAKE

- To amend.

Senator Sir JOHN DOWNER

- To amend. And I say that although we never want to be aggressive, we do want to retain all that we are properly entitled to. This is not a new matter, but I have been refreshing my memory, and it really seems to me as clear as the noon-day sun that we have the power to amend. Section 53 of the Constitution Act says -

Proposed laws appropriating revenue or money, or imposing taxation, shall not originate in the Senate, but a proposed law shall not be taken to appropriate revenue or moneys, or to impose taxation, by reason only of its containing provisions for the imposition or appropriation of fines or other pecuniary penalties, or for the demand or payment or appropriation of fees for licences, or fees for service under the proposed law.

Now there is the condition ; a proposed law appropriating revenue shall not originate in the Senate, but no law shall be taken to appropriate revenue simply because it contains provision for fees for services under the proposed law.

Senator Sir William Zeal

- How can the honorable and learned senator make a salary a fee ?

Senator Sir JOHN DOWNER

- I do not understand the distinction. My honorable and learned friend opposite made it, but I have not been able to follow it so far -

The Senate may not amend proposed laws imposing taxation or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government.

I have read the first portions of section 53, and that sub-section practically re-enacts what is there stated. Now we have a nice distinction drawn between salaries to be paid and fees for services under a proposed law. Will my honorable friends, whether honorable or learned or both, - kindly tell me the difference between " fees under a proposed law " and "salaries under a proposed law"?

Senator Sir William Zeal

- I think there is every difference.

Senator Sir JOHN DOWNER

- Whether we say that a £500 fee shall be paid to somebody under a proposed law, or that a salary shall be paid under a proposed law, what difference does it make ?

Senator Keating

- Have we not officers who have been receiving salaries plus fees ?

Senator Sir JOHN DOWNER

- Exactly; but I do not want to distinguish between the two. I want to come at what is the root of the Constitution. The root of the Constitution was that we should not originate or amend the Appropriation

Bill.

Senator Sir Josiah Symon

- Or taxation Bills.

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Senator Sir JOHN DOWNER

- I am taking one thing at a time. It was that we should not amend the Appropriation- Bill, the Bill which recommended the ordinary appropriation for the year, or taxation Bills, but, whilst we agreed to that, we had it perfectly in our hands .-ill through, and I think we put it into very clear phraseology in the Constitution that where Bills are not introduced for appropriating revenue or imposing taxation, and where for the mere purpose of carrying out the provisions of the proposed law, officers were required and fees had to be paid - and we may call them fees or salaries as it is merely quibbling with terms ; I want honorable senators to remember that I am fighting for our rights now - we were not to lose our rights to amend simply because incidentally upon the major matter or substance of the Bill we provided as of necessity for officers to administer the Bill and fees to be paid in respect of that administration which they of necessity have to carry out. That was the intention. The word salaries was not used, but the word fees covers that as a matter of course. The intention of the Constitution was that whilst we had no right to make any amendment in the Appropriation Bill, yet where a Bill came to us in which it was not sought to appropriate revenue at all, but which necessarily involved expenditure, we should be able to make any amendment in such a Bill we pleased, notwithstanding that it involved the necessity of the payment of fees. We were not to be deprived of our right, excepting in the one' case which we had some great fights about. We were not to be deprived of our right to amend any Bill excepting the ordinary Appropriation Bill and Bills which imposed taxation. I say so far as this Bill is concerned its primary object is not to impose taxation. It does not impose taxation. Its primary object is not to invade on the revenue in any shape or form. Its object is entirely departmental - to insure order and good government - and incidentally to that there is to be, as there will have to be in every Bill of the kind, the creation of officers and the payment of fees. I care not whether we call these fees or salaries or anything else. I say the words of our Constitution are broad enough to bring it within our ambit, and give us the fullest right to interfere by amendment, and not only by suggestion. Probably it comes to very much the same thing whether we do it in one way or the other, but remembering the history of the Constitution, and the fights we had over it, I would ask the Senate to adhere to the position that our power to amend is only limited to the ordinary Appropriation Bill and Bills imposing taxation.

Senator Major Gould

- We can reduce the salary if we see fit.

Senator Sir JOHN DOWNER

- Or we can deal with it as we please.

Senator Major Gould

- We cannot increase it in the face of section 53 -

The Senate may not amend any proposed law so as to increase any proposed charge or burden upon the people.

Senator Sir JOHN DOWNER

- I do nob think that applies. We are going to adjourn this matter, and I am only mentioning the views that occurred to me that my honorable friends may give them such/ consideration as they think they deserve. These are very strict words, undoubtedly, but they have no reference to a proposal of this description.

Senator McGregor

- Only to an Appropriation Bill.

Senator Sir JOHN DOWNER

- Or a Bill imposing taxation.

Senator Major Gould

- But we cannot increase a vote in an Appropriation Bill when it is submitted.

Senator Sir JOHN DOWNER

- We cannot touch or amend an Appropriation Bill, or a taxation Bill ; we can only suggest an amendment therein.

Senator Major Gould

- What I mean is, that when the ordinary Estimates come down it is not within the power of either House to increase the amount which the Government are asking.

Senator Sir JOHN DOWNER

- I agree with that.

Senator Sir Richard Baker

- Unless they get a further message from the Crown.

Senator Sir JOHN DOWNER

- Of course, unless they get a further message from the Crown. We all want to preserve our rights. We do not want to increase them or to lose them. .What I suggest for the consideration of honorable senators is, that whilst we cannot amend an Appropriation Bill or a taxation Bill, when any Bills come down for a purpose other than appropriation or taxation, but which of necessity in their machinery involve expenditure, we have a right to amend and deal with them in any way we please. That is my proposition, and whilst entirely agreeing with, the suggestion that this clause should be further considered, I submit these considerations for honorable senators to think over in the meantime.

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Senator DRAKE

- I did not spring this point on the committee. It arises incidentally in a Bill which has been before the Senate for some time. I have no objection to postpone the clause for further consideration, though I always think that when a point of this kind arises it is just as well to hear the opinions first of honorable senators, and not to postpone its consideration until a later day, seeing that the trouble must come up again. It is very interesting to hear the opinions expressed by honorable and learned senators who had a good deal to do with the framing of the Constitution, and if they cannot quite make up their minds as to what is the force of section 53, it is quite permissible for those who were not in the Convention to also .hesitate about forming an opinion. But it appears to me that the arguments which have been used, if they are all correct, lead us into a *aid de gac*, because, tis Senator Gould and others have argued very clearly, this is a Bill which incidentally appropriates revenue. No doubt to the extent of this clause, too, it is an Appropriation Bill. If so, it is a Bill which we cannot amend. If it is a Bill which we cannot .amend, then it is a Bill with regard to which we can make a request for an amendment. But then, as Senator Gould points -out, the part of the section which gives us power to suggest or request that an amendment be made only applies to a Bill which we cannot amend. So that if we have got the power of suggestion - that is the argument . as it has been presented- then we have not the power of amendment of any part of the Bill. There is a possible explanation - though I do not put it forward as my own - and it is that we may regard this as a Bill which to a certain extent appropriates, and to that extent can be only the subject of suggestion, and not of amendment. Although I do not agree with Senator Sir John Downer with regard to fees for services, still I think there is a good deal in his contention that the third paragraph of section 53 of the Constitution will not apply to this particular clause, because it will be noticed that it simply refers to any proposed charge or burden on the people. It says nothing there about appropriation. We can imagine a clause in a Bill which had no direct reference to appropriation or taxation, but which, by amendment, might constitute an increased burden or charge on the people

Senator Major Gould

- -Does not the Minister see that this, to the extent of £1,000, is a burden or charge on the people, and that therefore we cannot increase that charge or burden, but may reduce it?

Senator DRAKE

-, The honorable and learned senator says so because it is here in the bald form of a'n appropriation of revenue but the third paragraph of section 53 does not refer at all to appropriation or taxation, but simply refers to a burden or charge on the people.

Senator Sir Richard Baker

- That is taxation.

Senator DRAKE

- An alteration might be made in the Bill which would involve a burden or charge on the people, but which would have no reference whatever to taxation. By amending a Bill in such a way as to throw duties or obligations upon the people, it might constitute a burden or a charge upon them. I do not think it absolutely follows - so it appears to me at first sight - that the third paragraph of section 53 necessarily

refers to an amendment of a Bill which may incidentally necessitate some addition to the burden of taxation. Here is a Bill to deal with a very large subject, and incidentally it becomes necessary to fix the salary of an officer. The question is whether this clause is of such a character that, if it is amended in the direction of increase, it will be increasing the burden or charge on the people. I am certainly inclined to think - although I hesitate to express an opinion in the presence of honorable and learned senators who have had this matter under their consideration for so many years, who had to do with the framing of the Constitution - that this is a Bill which may be amended. If not, it seems to me we are placed in this position, as pointed out by Senator Gould, that it is a Bill which we cannot even suggest an amendment in, else we have to take up the position that we cannot amend it at all, which is an absurdity. Of course, we know it is a Bill which we call amend in every clause except that one. If we have not the power to amend that one clause, then we must take up the position that we have not the power to amend it at all if we are to treat it as one whole Bill.

Senator Playford

- No.

Senator DRAKE

- - Section 53 says -

The Senate may not amend any proposed law so as to increase any proposed charge or burden on the people.

The Senate may at any stage return to the House of Representatives any proposed law which the Senate may not amend, requesting by message the omission or amendment of any items or provisions therein.

Senator Playford

- We cannot amend this, because it is a direct appropriation of revenue for all time.

Senator DRAKE

- Does the honorable senator contend that we cannot amend any part of the Bill?

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Senator Playford

- No, I contend that we can amend any part except this part.

Senator DRAKE

- But the section I quoted says the power of suggestion is limited to a Bill which we may not amend. If this is a Bill which we may amend, it seems to me we have not the power of suggestion.

Senator HARNEY

- I only entered the Chamber while the last speaker was addressing the committee. I also express the opinion I have formed with great diffidence, having regard to the difficulty which has arisen in the minds of the framers of the Constitution. It does seem to me from a reading of the clause that we cannot amend it, because I read section 53 of the Constitution in this way -

Proposed laws for appropriating revenue or moneys or imposing taxation.

Now to start with, apart from the qualifications, this is such a proposed law. What then are the qualifications ? -

But a proposed law shall not be taken to appropriate revenue or moneys or to impose taxation by reason only of its containing provisions, for the imposition or appropriation of fines or other pecuniary penalties, or for the demand or payment or appropriation of fees for licences, or fees for services under the proposed law.

It does appear to me tolerably clear that when we have a proposed law which unquestionably does appropriate revenue, that is subject to all parts of the Constitution which have reference to proposed laws appropriating revenue, unless it falls within the exceptions to section 53. I think it certainly does not fall within the qualification appearing in the first paragraph of that section, because how can it be said that this is a fine or a pecuniary penalty, or a fee for a licence or fees for services ? I take it that the meaning of that exception is that if we are passing any Bill we may annex a penalty to it ; if we are passing a licensing Bill we may annex the fees to it ; that if it is necessary to have any service discharged under a Bill we may annex a fee for that service, too. But this clearly is not a case of the kind. The clause says that the sum of £1,000 is appropriated hereby. This frees us from the question - in my opinion, at any rate - of how we are to deal with this proposed law. I certainly entirely agree with Senator Drake in one part of his remarks, and that is, that if we cannot amend this clause, we cannot amend any clause in the Bill.

Senator PLAYFORD

- Oh !

Senator Major Gould

- That was not Senator Drake's contention either.

Senator HARNEY

- I understood that it was his contention. If we can amend the most infinitesimal part of the Bill, it is a proposed law which we can amend. Consequently, if it contains a clause which in our opinion we have no power to amend, clearly the proposed law is one in which we cannot effect an amendment, therefore it is one which we can only return to the lower House with certain suggestions. It is unfortunate, but I certainly think that is the correct reading of the section.

Senator Playford

- That lands us in a beautiful position.

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Senator HARNEY

- It does, and we are so landed for this reason. I think the House of Representatives was perfectly right in putting in a clause, in which it said it appropriated £1,000 for a purpose. By putting in that clause, that House made the Bill, if not an Appropriation Bill, at all events a Bill dealing with the appropriation of moneys. We find that the moneys in question do not answer the description of fees, licences, or services in the qualifying portion of section 53 of the Constitution. We therefore look to another paragraph of that section, which refers to any such Bill as we cannot amend - not any clause of a Bill. This Bill contains an objectionable feature, and this Bill we cannot amend. Our only power, therefore, in reference to every part of the Audit Bill is, I think, to suggest amendments.

Senator Major GOULD

(New South. Wales). - It appears to me, that if we follow the interpretation suggested by the last speaker, we shall find ourselves landed in a very absurd position. We shall find ourselves in the position of having placed before us a machinery Bill which mentions, and appropriates the salary to be paid to the chief officer under it, and which we are utterly powerless to amend. Our only course with regard to such a Bill would be either to reject it on the second reading, or to get rid of it in some way or other, in order that the other House might submit two Bills to us, one fixing the salary, and the other dealing with the appropriation of the revenue. No doubt that would get us over the difficulty, but is there power for such a course to be taken ? I do not think there is under the Constitution Act. Although this Bill provides money for one of the salaries to be paid, I do not take it to be - a Bill which comes under the ordinary category of Bills - appropriating money or revenue which could not originate in the Senate, and as a Bill which we have no power, to amend. The section clearly contemplates a Bill dealing primarily and chiefly with the appropriation of revenue, and not a Bill which deals only incidentally with such appropriation. The difficulty with regard to the clause simply arises under the 53rd section, which provides that the Senate - May not amend any proposed law, so as to increase any proposed charge or burden on 'the people. This clause does impose a charge or a burden on the people, inasmuch as it provides a certain sum of money, which has to be found out of the taxation of the people themselves. Therefore it clearly is a clause dealing with a charge or burden on the people. But it is only a clause incidental to the Bill, and not a portion of the primary objects of the Bill. Therefore, once we pass that clause, it appears to me that we are at perfect liberty to amend the Bill in every other respect we think fit. I think there is no doubt about that.

Senator -Sir John

Downer. - We could have originated the Bill, and, therefore, we can amend it.

Senator Major GOULD

- I do not think we could have originated a Bill containing that clause appropriating money for a salary.

Senator Sir John DOWNER

- I think we could.

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Senator Major GOULD

- Let us see what sections 53 and 56 say. Section 53 says -

Proposed laws appropriating revenue or moneys, or imposing taxation shall not originate in the Senate.

There is a clear and definite statement in the Constitution Act that such Bills shall not originate in the Senate. What does section 56 say?

A vote, resolution, or proposed law for the appropriation of revenue or moneys shall not be passed unless the purpose of the appropriation has in the same session been recommended by message of the Governor-General to the House in which the proposal originated.

An earlier section provides that such proposals shall not originate in the Senate, and, therefore, section 56 cannot, I take it, give the Senate any power to originate such a Bill, even if it 'can get a message. My contention is, first of, all, that we could not get a message, and that even if we could, it would not be enough to enable us to originate a Bill of this character in the Senate in the face of the first part of the 53rd section. But that is really beside the question, which is whether this is a Bill which we can amend ; and I submit that the only provision which prevents us from dealing with the clause under consideration is that third paragraph of section 53, which does not enable the Senate to increase any charge or burden upon the people of the country. But if this committee thought the salary proposed to be paid too much, and desired to reduce it, I submit that it would be clearly within the power of the committee to reduce it to any lesser sum it thought fit. Taking that view, I naturally hold the opinion that this is a Bill which we can amend, because it does not come under the category mentioned in the latter part of the section - The Senate may at any stage return to the House of Representatives any proposed law which the Senate may not amend.

It does not come within that provision at all. This is either a Bill we may not amend in any particular at all, or a Bill which we may amend. If we say we cannot amend it in any particular at all, we may make suggestions for amendment ; but we cannot make a suggestion for the amendment of one clause of the Bill and then take another portion of the same Bill and claim that we are able to amend it. I do not think we can cut a Bill into two in that way. If it is necessary to cut a Bill into two, it must be done under the 54th section of the Constitution. I do not think we can do anything of that kind with regard to this particular Bill; and while I advocate the postponement of the clause, I believe we shall, when we come to reconsider it, find ourselves in very much the same position. We shall find it best to leave the clause alone and deal with the remainder of the Bill, amending it in such a way as we think fit. Should the other Chamber take up the attitude that this is a Bill we have no right to amend because of the 4th clause, then there is one manifest and simple duty for the Senate, and that is to put the Bill on one side and let the Government, introduce two other Bills, one of which we may amend directly, and the other, dealing with the salary, in which we may suggest amendments.

Senator Sir RICHARD

BAKER (South. Australia). - Perhaps I may be permitted, as one who had a great deal to do with the sections under consideration in the Convention of 1897-8, to state what the view and intention of the Convention was. The first part of section 53 relates to initiation, and initiation only. The major proposition in that section is this -

Proposed laws appropriating revenue or moneys for imposing 'taxation shall not originate in the Senate. The remaining part beginning with the word "but" down to the words "proposed law " is a proviso on that major proposition, and does not refer to amendments at all. All the first part of section 53 refers to initiation. Then the second paragraph of the section simply refers to the Appropriation Act and to nothing else. It was so stated over and over again.

The Senate may not amend proposed laws imposing taxation or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government.

That is the Appropriation Bill. There can be no doubt about what the intention was. The third paragraph was simply intended to refer to taxation Bills. We do not necessarily impose burdens on the people by increasing any particular salary. The theory is that there is a certain amount of revenue which is raised from the people, -and whether it is proposed to pay one man £500 and another man £1,000 or vice versa does not increase the burdens on the people. If more revenue is not appropriated by increasing one salary and lowering another, the burdens on the people are not increased. I am simply arguing as to the intentions of the framers of the Constitution. The third paragraph, as I say, refers simply to taxation Bills.

Senator Keating

- Are not the words " any proposed law " in the third paragraph of section 53 far wider than the words in any previous paragraph 1

Senator Sir RICHARD BAKER

- Those words were intended to apply to laws which impose burdens on the people, and I am arguing that the increase of one salary need not necessarily be an increase of the burdens of the people. If you have a competent Auditor-General, at £1,500 a year, he may decrease the burdens on the people, whereas an incompetent man at £1,000 a year may increase the burdens on the people by passing defalcations. I am only stating now what the intentions of the framers of the Constitution were - that the second paragraph of section 53 should, apply to the ordinary Appropriation Bill, and the third paragraph to taxation Bills. That is all. I think there is a great deal of force in what Senator Gould has said about the strict division between two classes of Bills - one a request or a suggestion Bill, if I may so call it, and the other an amendment Bill. We cannot divide a Bill into two parts. We have, however, done that to an enormous extent in South Australia ; for the reason, however, that we were enabled to do it, because of the particular wording of the compact between the two Houses. But that would not apply here. I would point out to tiny honorable senator who thinks it desirable to consider the point, that in South Australia we have adopted practically the British practice of considering some clauses in a Bill, quite apart from the Bill itself, and a series of clauses as practically a Bill by themselves, and so on . There was no reason why we should not make both amendments and suggestions in the same Bill ; amendments in the part of the Bill which had nothing to do with money matters, and suggestions in those parts of it that dealt with money matters. But I doubt very much whether that would apply here.

The ACTING CHAIRMAN.- Is there in South Australia an equivalent to section 54 ?

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Senator Sir RICHARD BAKER

- No. The practice in South Australia would not necessarily apply here because we are bound by the provisions of our Constitution Act, and in South Australia they have no such wording, and no such Constitution. I hope this clause will be postponed, and that we shall all carefully consider the whole position before we come to any conclusion.

Senator Lt.-Col.

NEILD (New South Wales). - While I suppose the Senate will be willing to adopt the view that

Senator Sir Richard

Baker has expressed with reference to the imposition of burdens on the people, I may point out that he did not refer to the preceding words " so as not to increase any proposed charge." I submit that whether my view is the strictly legal one or not, its certainly the parliamentary view that a proposed charge of £1,000 is a proposed charge on the people ; and as such I take it that from the parliamentary stand-point we cannot authorize the proposed increase of the salary in question from £1,000 a year to £1,500. I rise particularly, however, to combat the position of

Senator Sir John

Downer. The honorable and learned senator read the word "salary" into the section. He read " salary or fees." There is no such word as " salary " in the section, and the fees named are not fees as payment for a man's individual services as clerk or accountant, as is clearly shown by any one who looks at May.

Section 53 says - "Fees for licences or fees for services under the proposed law."

A reference to May shows clearly what, in the parliamentary sense, constitute fees. They are not payments for sitting on a board of directors, or for discharging clerical or accountancy duties, but they are fees connected with the administration of Acts of Parliament. I refer honorable senators to the 10th edition of May, page 547.' The passage is absolutely pertinent to the whole question which has been discussed by the committee this afternoon. Therefore, no apology will be required on my part for quoting the passage, especially as the 10th edition of May seems to be unknown in Melbourne. I believe a supply has been telegraphed for from London. As the book is not here for general reference, I will quote this particular passage :--

Relaxation of Commons' Privileges. - The claim to exclusive legislation over charges -

That :is fees imposed upon the people whs formerly extended by the Commons to the imposition of fees and pecuniary penalties, and to provisions which touched the mode of suing for fees and penalties, and to their application when recovered; and they denied to the Lords the power of dealing with these matters.

The' rigid enforcement of this claim proved inconvenient ; and in 1849 the Commons adopted a standing order, based on a resolution passed in 1831 , which gave the Lords power to deal, by Bill or amendment,

with pecuniary penalties, forfeitures and fees, when the object of their legislation was to secure the execution of an act.

That is entirely in accordance with section 54 of our Constitution.

Provided that the fees were not payable into the exchequer, or in aid of the public revenue, and when the Bill shall be a private Bill for a local or personal act. And the Commons also agreed to another standing order, whereby they surrendered their privileges so far as they affected private and provisional order Bills sent down from the House of Lords, which refer to tolls and charges for services performed, not being in the nature of a tax ; or which refer to rates assessed and levied by local authorities for local purposes.

Turning over to the succeeding page I find the following foot-note : -

Good examples of this practice are afforded by the Burial Grounds Bill, in 1853 ; the Police (Scotland) Bill, in 1857; the Probates, &c, Act Amendment Bill, in 1858 ; the Cayman Islands Government Bill, 1863 ; British North America Bill, 1867 ; and Supreme Court of Judicature Bill, 1873. A Poor Law Administration Bill, a class of Bill formerly not accepted by the Commons from the Lords, was, by the adoption of this method, received and considered by the Commons. Poor Relief Bill, 1868.

Senator Sir Josiah Symon

- Fees under the Supreme Court Procedure Act are " fees " for services.

Senator Lt Col NEILD

- Precisely, they are not salaries in any shape or form. Section 54 of the Constitution Act has no reference whatever to salaries from a parliamentary stand-point. I do not argue from the legal stand-point. I do not set myself up to contradict Senator Sir John Downer on a question of law, but on the question of parliamentary custom I certainly differ from him.

Senator Sir Josiah Symon

- The honorable and learned senator would not regard a fee on his brief as a salary.

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Senator Lt Col NEILD

.- I think not; there is a wide distinction. Consequently the argument which the honorable and learned senator put forward on this occasion is entirely beside the question. It does seem to me that this insertion of an appropriation clause in an ordinary Bill, which otherwise we should be competent to handle in any way we thought fit, places a limitation on the powers of the Senate. It is a matter of great importance to us, because there is no limit to a leak in a dyke of this kind. Bill after Bill may be sent here, containing clauses appropriating money here and there and we may find ourselves in conflict with the other House in consequence of the undesirable insertion of an appropriation clause in a plain machinery Bill. I think the practice is most undesirable. If this sort of thing is ' allowed it will inevitably lead to conflict between the two Houses sooner or later ; to collisions which would be most happily averted by keeping an appropriation distinct from a machinery measure. What is there, for instance, to prevent a Bill to regulate the Customs coming up to us with an appropriation clause in it. We might find ourselves at every turn brought up by this question of appropriation. I venture to think, as the Postmaster-General has been courteous enough to express his willingness to postpone this clause, that he will see that it is in the interests of the satisfactory transaction of business between the two Chambers that this appropriation of moneys shall be put in that separate Bill. I take it that there would be no difficulty in passing it in that form and it would happily avoid the absolute certainty of future conflict between the two Houses if matters of mere machinery are mixed up with appropriations.

Senator HARNEY

(Western Australia). - I only rise to make the humiliating admission that I am satisfied that I was clearly wrong just now, in the latter part of my argument. I rose hastily, and I did confuse "origination" with "amendment." Now, when I read section 53 carefully, I have not the slightest difficulty in understanding it, nor have I the slightest difficulty in saying that this is a clause which we may amend.. Section 53 of the Constitution Act deals with initiation and initiation only.

Senator Sir Richard Baker

- The first part does.

Senator HARNEY

- There are certain Bills which must start- in the House of Representatives. Of those Bills, some we can amend and some we cannot amend. This Bill is properly started in the House of Representatives. It

comes to us, and now we have to look at paragraphs 2 and 3 of section 53 of the Constitution Act to see how we can deal with it. That it appropriates revenue is unquestionable; that it is not within the exception is also unquestionable ; but it comes to us, and what we have to remember in ascertaining our powers of amendment is, first of all, that -

The Senate may not amend proposed laws imposing taxation or proposed laws appropriating revenue or moneys for the ordinary annual services of the Government.

This is an appropriation, but it is not an appropriation for the ordinary annual expenses of the Government.

Senator Lt Col NEILD

-Col. Neild.- -It is an appropriation for portion of the ordinary annual expenses.

Senator HARNEY

- We have already had a discussion raised by Senator Ewing as to what is ordinary annual expenditure, and I think we were all satisfied on that occasion that the term applied to such items as come forward in the yearly routine administration of the department, that it had nothing to do with specialized items relating to the ordinary administration. This is not appropriating money for the ordinary annual expenditure, and we can clearly -amend it under the second paragraph of section 53. But there is another provision. Even assuming that we can amend it under that paragraph we have still to get over the third paragraph of section 53 which provides that -

The Senate may not amend- any. proposed law so as to increase any proposed charge or burden on the people.

I may say that I felt oppressed with my own stupidity when I listened to the remarks made by Senator Sir Richard Baker, because it was so obvious, the moment he spoke, that I had been grievously wrong in thinking that this was a proposed charge or burden. As the honorable and learned senator pointed out, the people are dealt with by taxation, which makes up the revenue. We can deal with that revenue in several ways without adding one penny piece to the burden of the people. For instance, supposing we had two Auditors-General at a salary of £1,000 a year each, and supposing the Lower House decided to wipe out one altogether and to give the other £1,500 a year, could any one* say that a new Bill raising the salary to £1,500 a year imposed an additional burden on the people ? We may wipe out one office where an officer is obtaining £500 a year, and give him, under a new name, £1,000 a year; but by doing so we may dispense with other services required in other departments and thereby impose no new burden.

Senator Sir William Zeal

- But that would be an annual vote, while this is a specific vote originated by a message from, the Governor-General.

Senator HARNEY

- I am aware of that.. I am only seeking to make clear that this may or may not prove to be a burden, but that, on the face of it, it is not the imposition of a charge or a burden.

Senator Sir Josiah SYMON

- An expenditure in paying salaries is a disbursing.

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Senator HARNEY

- Yes ; it is as if a bank had a revenue of £20,000 a year. The directors of that bank may pass resolutions raising one man's salary, lowering another man's salary, and dealing with the revenue in various ways, but never wanting more than the £20,000. This section clearly has reference to Parliament dealing with the revenue which has been obtained from the people. If we cannot deal with that revenue without putting an additional burden upon the people, then when a Bill comes before us which has that additional burden on the people suggested and brought about by the necessity for this change we cannot amend it. I must say I feel I was very wrong in expressing my opinion without having thought it out. The section now reads, to me exceedingly plain. We cannot originate a Bill of this kind. I think the House of Representatives must originate all these Bills of the department over which their origination goes. When such a Bill reaches us we must consider how we are to deal with it. One class of Bills in that department we can deal with by suggestion, and another class we can deal with by amendment, although we cannot originate. Of the Bills that come down to this Senate, those that propose new taxation and impose a new burden on the people

must be dealt with by suggestion ; but in regard to all other appropriation Bills, which do not fall within paragraphs 2 and 3 of section 53, the mere fact that they are Appropriation Bills does not preclude our power of amendment. My conclusion is that the Audit Bill, as now before us, does not deal with ordinary revenue. It does not impose a new burden on the people. It does appropriate revenue, It is, however, an Appropriation Bill outside the exceptions, and therefore an Appropriation Bill which we can amend.

Senator Major GOULD

(New South Wales). - I find that it is laid down in

May

that -

In Bills not confined to matters of aid. or taxation, but in which pecuniary burthens are imposed on the people, the Lords may make any amendments, provided they do not alter the intention of the Commons with regard to the amount of rate or charge, whether by increase or reduction.

I think that clearly applies to what is in the minds of many honorable senators with regard to our power of amendment in respect to this clause. It would never be contended that our powers were less than the powers of the House of Lords in dealing with a matter of this kind. Our contention is that our powers are very much greater, and are expressly given to us by the Constitution. But even, if we were placed in the position of an ordinary Legislative Council or of the House of Lords, I think it would still be quite clear that a Bill of this character could be amended by the Senate so long as we did not interfere with the amount of the salary itself. It is clear that the House of Lords has power to make any other amendment in Bills not confined to matters of aid or taxation, but in which pecuniary burthens are imposed upon the people. This Bill is clearly not confined to aid or taxation, but there is a pecuniary burthen imposed so far as this salary is concerned. In such a case the House of Lords may make any amendments so long as they do not alter the intentions of the Commons with regard to the pecuniary rate or charge. With regard to the power of dealing with the salary as it is stated in this Bill ; and with regard to the contention that any alteration in that would not be increasing the burthens of the people in any way, I find it laid down clearly in May-?- A grant recommended by a message from the Crown, or proposed in the annual Estimates presented by command of Her Majesty, cannot be increased.

Senator Sir Richard Baker

- Yes ; that is because it is the revenue of the Crown.

Senator Major GOULD

- But is it not the Crown's revenue that we are giving this officer when we propose to increase his salary ?

The quotation goes on to say -

On the 8th December, 1857, in committee on the Queen's message for granting £ 1,000 a year to Sir Henry Havelock, for the term of his natural life, a member desired to propose that the pension should be continued to his son.

Senator Glassey

- Has that any application to this question 1

Senator Major GOULD

- I think it has application in this way - that we are, under this Bill, contemplating the payment of £1,000 a year to a certain officer; and it is applicable with regard to the contention that it is not a burthen or charge that we are proposing to increase. I take it that the suggestion. made is that we should allow this officer a salary of £1,500 a year.

Senator Glassey

- If we had not a written. Constitution it might apply, but seeing that we 'have a written Constitution, does it apply ?

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Senator Major GOULD

- I think the quotation does apply, or I should not have read it. I may be mistaken, and perhaps honorable senators will be able to show me that it does not apply. As I have started the quotation, I may as well conclude it -

But the Chairman intimated that he would not be able to put any such amendment without the recommendation of the Crown. '

Clearly, because that would be increasing what appeared there to be an appropriation and charge upon

the Crown. The reference in May goes on to point out -

On the death of Sir Henry Havelock, the order of the committee on the Bill was discharged and the Bill was withdrawn ; and the Queen's recommendation being signified, another committee of the whole House resolved that an annuity should be granted to Lady Havelock and her son, Sir Henry Havelock ; and a Bill founded upon the resolution was passed.

May

goes on to say -

Neither can any item comprised in a vote be increased.

If that applies to cases where money is being voted in the ordinary Revenue Appropriation Bill that the item cannot be increased, surely it will apply in a case like this when there is an appropriation of a sum of money in payment of a salary, and the amount cannot by any means be increased by this Chamber. I believe the proposal is also against the provision contained in the third sub-section of section 53 of the Constitution. But if any question arises upon it at this stage would it not be well to negative clause 4 of the Bill, and leave it to the House of Representatives to submit a Bill making provision for the payment of the salary of an officer of this category instead of embodying it in a Bill like this 1 If we have not the right under the Constitution to suggest an increase in the salary, by getting a Bill introduced dealing solely with the salary, we would have the power, at any rate, to make a suggestion as to an increase of the sum that should be appropriated in the future for the payment of this officer. It might not appear to be a very important matter in this present Bill, but it is a matter that will crop up in all the Bills that will be submitted here from time to time dealing with machinery primarily, but including the payment of the salaries of high officials, and we will be placed in the position that it will not be in our power to suggest increases of salaries in any way at all. It will only be within our power to propose a reduction. Will not that to a certain extent be cutting into the power of the Senate 1 The other House may say - " We will embody these salaries in a Bill which will _ prevent you from considering any increase or 'suggested increase," but if they are submitted in a Bill by themselves, then we will be in a free and untrammelled position to deal with the question of salaries. There is no doubt it is rather an important matter as affecting the interests of the Senate.

Senator Sir RICHARD

BAKER (South Australia). - I am afraid that

Senator Gould

has mixed up two very different things - the question of the imposition of taxation upon the people, and the appropriation of the revenue. In theory the revenue is the revenue of the Crown, and the parliamentary appropriation is a modern innovation. Not so very long ago in the history of England the Crown appropriated the revenue, raised by burthens and charges placed upon the people, as it liked without any interference whatever by Parliament. The Crown got into difficulties sometimes, and Parliament helped it out of those difficulties. Parliament said - " Well, if you cannot live within your income we will help you out of these difficulties on this arrangement, namely, that in future we will appropriate the revenue to specific purposes, but we will not take the whole control of the revenue within our hands. We will not appropriate any revenue unless you, by message from the Crown, recommend its appropriation." It is from that state of things that there has arisen the modern parliamentary practice that the Legislature cannot increase an appropriation of the revenue recommended by the Crown, but it can decrease it. It is possible that we cannot make this increase without a message from the Crown, but that is a different question altogether. That is a question only incidentally referred to, but the reason we cannot increase has nothing to do with the fact that it is a burthen upon the people. It arises from the state of affairs to which I have referred, and from the fact that the revenue is theoretically the revenue of the Crown, and cannot be appropriated unless by message from the Crown. Whether we can get that message or can not get it, and whether it is necessary or not necessary, are matters which I do not want to enter into. I only rose to point out that

Senator Gould

gave reasons which appear to me altogether inappropriate, and put it to the Senate that we could not increase an amount placed upon the Estimates, because it might increase the burthen upon the people. The reason we cannot increase it is because we have not got a proper message from the Crown to do it.

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Senator CLEMONS

- I have listened with considerable interest to this discussion, and I may say that since Senator Harney made his second speech that interest has been increased. I recognise that the decision and solution of this difficulty is one that is going to seriously affect the powers of this House. Senator Harney told us in his second speech that he recognised clearly that this Bill could not have been originated in this Chamber, and he further went on to say that while it could not have been originated in this Chamber it might be amended in every clause.

Senator Harney

- When I said that the Bill could not be originated in this Chamber, I was drawing a distinction between origination and amendment, but I did not make origination the gravamen of my observations at all, but only the question of amendment.

Senator CLEMONS

- I still point out to Senator Harney not only the importance of his remarks upon the question, but the importance of the discussion of the question by the Senate. If we have the power to amend, this is a Bill which might have been originated in the Senate. Senator Harney said that the Bill could not have been originated in the Senate, but that the whole Bill and this particular clause could be amended. It seems to me that that is a Contradictory statement, because it is an absolute sequitur that if we have the power to amend this clause, then the Bill might have originated here. Honorable senators will agree with me that it is a very important consideration for them. In the case of a Bill such as that we are discussing at present, I say that if we have the power to amend it we at once assert our rights to originate, and that assertion may be of very great importance to the Senate. It must appear to most of us that the opportunities we will have for originating Bills are going to be very seriously limited, and limited almost to vanishing point, if we are not to be in a position to originate Bills of this character. With the exception of such a Bill as that which, with all respect to the Postmaster-General, we have, very fortunately, just got rid of dealing with the Postal department, I can hardly conceive of any Bill which we could have the honour of originating here, because the draftsman might insert a clause involving a matter which it would be held that we could not amend.

Senator Glassey

- If we cannot originate such a Bill as this our powers will be extremely limited.

Senator CLEMONS

- I am very glad to hear Senator Glassey say so, and I think it is very desirable that we should have our powers laid down and that we should settle this very important question. It was Senator Harney's remark that induced me to rise to point out to what a contradiction he had reduced his argument. I think every honorable senator will agree with me on the point that if we can amend any clause that contains an appropriation of money, then we can originate a Bill containing such a clause. I point out that section 53 of the Constitution Act might be read in this way without altering the sense -

The Senate shall not originate any law that appropriates revenue or moneys, or any law that imposes taxation.

We could read it in that way, and follow with the next paragraph-

The Senate may not amend proposed laws imposing taxation, or proposed laws appropriating revenue or moneys.

I admit that the words, "For the ordinary annual services of the Government," are also contained in the paragraph. This is the only distinction drawn between the right of the Senate to originate and the right of the Senate to amend; and, though Senator Harney said, in order to get rid of the difficulty, that the question involved in this Bill did not come within the scope of the ordinary annual services of the Government, I am afraid that this really does come within the ordinary annual services of the Government. With regard to the discussion which has taken place as to the clause imposing a burden on the people, Senator Sir Richard Baker has, I think, very rightly pointed out to us that the Bill merely refers to the manner in which the money found by the people is distributed, and with that view I entirely agree.

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Senator STEWART

- We are no doubt very much interested in this very technical constitutional discussion. This is one of

those cases which are unavoidable in the launching of a new Constitution. Section 54 says -
The proposed law which appropriates revenue or money for the ordinary annual services of the Government should deal only with such appropriations.

There is no doubt that this Bill appropriates money. The clause distinctly says that a salary of £1,000 a year is appropriated for the Auditor-General, and so it appears to me to come under that section. The proper course for the Government to adopt, that is if we are going to stick closely to the letter of the Constitution-

Senator Drake

- We must do that, I think.

Senator STEWART

- I suppose it is only proper that we should. According to this section we cannot deal with anything else in a Bill which appropriates money. This Bill not only appropriates money, but creates the office of Auditor-General and provides the machinery for carrying on his office. It appears to me to combine two things. What the Government ought to have done was to introduce a Bill creating the office of Auditor-General and fixing the salary, and another Bill to appropriate £1,000 per annum for the office. I do not know what the Minister proposes to do. He said that we must stick to the Constitution. If that is so, the Bill proposes to do something which the Constitution does not allow it to do. It is introduced in violation of a provision of the Constitution, and that being so, I think it ought to be withdrawn. I do not know whether a message has been sent down.

Senator Drake

- It came down by message. I have it here.

Senator STEWART

- In any case it appears to me to be the proper course for the Government to pursue.

Senator Lt.-Col.

NEILD (New South Wales).- It is of no use to discuss this question for all time and attempt to accomplish nothing except to talk about it. I am going to test the matter.

Senator Drake

- I have already moved that the clause be postponed.

Senator Lt Col NEILD

.- That fact had quite slipped my recollection.

Senator DRAKE

- I was willing for the clause to be postponed, and the only question was whether Senator Playford would withdraw his amendment, or whether the clause should be postponed with the amendment moved. I understand from the honorable senator that he is agreeable that the clause shall be postponed with the amendment moved. That can be done under the standing order.

Senator Lt Col Neild

- What is the amendment?

Senator DRAKE

- It is to insert the words "five hundred" after the words "one thousand."

Senator PLAYFORD

(South Australia). - I am quite willing to withdraw my amendment.

Senator Drake

- No ; let the clause be postponed with the amendment. Do not withdraw it.

Senator PLAYFORD

- On looking at the matter it appears to me that we have power to amend, but I am doubtful whether we have power to amend in such a way as will increase any proposed charge or burden on the people. That is the only point which is troubling me at present. I shall leave the amendment exactly as it is.

Senator Lt.-Col.

NEILD (New South Wales). - The amendment which I proposed to move, and which I shall move if the opportunity offers, was to omit all the words in the clause after the word "fund." I have no objection to the salary being fixed and being a charge on the consolidated revenue. But I propose to omit the words "which to the necessary extent is hereby appropriated accordingly." That, I think, would be a simple way for the committee to act.

Senator DRAKE

- I have no wish to interfere with the action of Senator Lt.Col. Neild, but he will have an opportunity of doing that when the clause comes up again. Seeing that it has been discussed for a long time on the understanding that it shall be postponed, it will be better that we should come with our minds fresh to it when it is brought up again, and then decide what objection shall be taken. I agree with Senator Playford that the crux of the whole question is whether the clause comes within the third paragraph of section 53 of the Constitution -

The Senate may not amend any proposed law so as to increase any proposed charge or burden on the people.

Is this a Bill which if amended in the way proposed would increase the burden or charge on the people? If so, then the amount cannot be increased ; but it leaves the Senate full power to amend by decreasing the amount, so that the clause then can be amended. Any part of the Bill can be amended, but the amount cannot be increased because it is contrary to that provision. The point we have to decide now is whether in increasing this amount we shall be increasing a burden or charge on the people. It certainly is a very nice technical point which has arisen. It is one of those points which it is most desirable shall be correctly decided in the interests of both Chambers, and in the interest of the smooth working of the Constitution.

Senator Stewart

- Does not section 54 apply 1

Senator DRAKE

- I think it is quite clear of section 54, because this clause certainly does not deal with moneys for the ordinary annual services of the Commonwealth. It is an Appropriation Bill, but it is not an Appropriation Bill for annual services.

Senator Lt Col Neild

- Surely an annual salary must be payment of an annual service.

Senator DRAKE

- I quite disagree with the honorable senator on that point. I think it is an Appropriation Bill so far as that clause is concerned which the Senate may amend, but the question is whether if we amend it in the direction of increasing that amount we are not increasing the burden or charge on the people, and consequently doing something contrary to the third paragraph of section 53 of the Constitution. This is my Opinion at the present time, and I think it is desirable that the matter shall be very carefully considered before we decide* what action we shall take.

Senator Lt Col Neild

- And an increase also in direct opposition to Imperial usage.

Senator MCGREGOR

- I have no desire to continue the discussion if the clause is to be postponed. But I would point out to Senator Lt.-Col. Neild and others that we have no precedent to go by. We are now commencing a parliamentary career", and I think that the fewer references we make to the practice of the House of Commons or of State Parliaments the better. What is the use in quoting what has been done in New South Wales, in England, or anywhere else? We are beginning a practice, and I can distinctly recollect the difficulties which have arisen in South Australia in connexion with questions of this kind. Clauses in Bills were considered appropriation clauses, which could not be dealt with by the Legislative Council. The Convention sat for the purpose of framing provisions to avoid these difficulties ; sections 53 to 56 were really drafted to meet them. I think it is clear enough in these sections that when we talk of an Appropriation Bill, or a Bill appropriating revenue, we are more particularly referring to ordinary appropriation. Of course taxation is a different thing. That is also referred to but this Bill is not for the purpose of imposing taxation, nor is it an Appropriation Bill in the sense indicated in the Constitution. The difficulty arises that it imposes on the people an additional expense. Did Senator Playford move the amendment with the intention of imposing an additional burden on the people 1 His very arguments were, that if we paid £1,500 instead of £1,000 to the Auditor-General we should get such an efficient person that he would so protect the interests of the whole people that we should save a lot of money. These were the arguments which were used by every one who would support 'the amendment, without taking a constitutional view of it. I am against the increase, of course, .

Senator Walker

- Why, " Of course " ?

Senator McGREGOR

- Some senators have said here that which is. not absolutely correct. We are told that the great Commonwealth finances, and all that sort of tiling, will have to be looked after. The great Commonwealth finances will be no' greater than the finances of some of the States, seeing that a number of services are not taken over to make them greater. In some of the States the revenue of the Railway department is almost as great as half of the finances which have to be dealt with.

Senator Playford

- In South Australia the Railway department has its own auditors.

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Senator McGREGOR

- That does not matter. I am only talking of the importance of what is to be looked after under the Commonwealth in comparison with the States. It will be time enough to magnify the office when the importance of the services taken over in comparison with the States warrants it. Those are the reasons why I am against the increase. I have no intention of going into the constitutional question, because it would probably occupy a consider-' able length of time to do so ; but from my reading of the Convention debates, the members of the Convention were very particular to specify what they had done much more clearly than is the case in any of the Constitutions of the States. As to the practice of the House of Commons, that has grown up in the course of years, and if we want to make precedents for ourselves we shall have to begin now. I have no doubt that there are plenty of federal legislators who would like to curtail the powers of the Senate. as much as possible, but I am surprised at honorable senators who are always- talking about the dignity and power of the Senate, hesitating to take those powers to themselves when they have the opportunity. This is the opportunity ; miss it, and we may never have the chance again.

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Senator GLASSEY

- As a layman, I always feel a great amount of diffidence about entering into discussions like this, which require a great amount of' legal knowledge and training that I do not possess; but I have listened, as I usually do to discussions of a constitutional nature, with very great interest, and with a view to learning, in order to assist me to arrive at some conclusion. If the contention of some honorable senators be correct, I do not know where we are likely to land after drifting about for a considerable length of time. Here is a Bill dealing with the question of auditing .the accounts in connexion with the Commonwealth, and with the appointment of an auditor for that purpose! It is alleged by some honorable senators that it may be all right to deal with the Bill as it is, inasmuch as it has been dealt with by the Government, and the salary of the officer has now been fixed and embodied in the Bill ; and it is contended that any increase of that salary is beyond our power and province, and that we shall be entrenching on the rights of another Chamber if we attempt to alter it. From a layman's point of view, I do not agree with that contention. I would not pit my opinion against that of senators of eminence and ability, who have been trained in the law, and have given a great deal of attention to such matters as this. But the question arises - if this contention be correct - how could we deal with such a question as old-age pensions 1 Can it be contended by honorable senators who take the view that it is impossible for the Senate to amend this clause, that it is out of the province of the Senate to deal with the question of the administration of old-age pensions, and the appointment of persons who would pay the pensions in the different States' of the Commonwealth, and the appointment of inspectors and various other officers in connexion with the subject? I ask the question for the. purpose of gaining information. I want to know where we are and where we are likely to drift to, and what the powers of the' Senate are ? If the contention of some honorable senators be correct our powers are very little higher and better*, and very little beyond the limits of an ordinary State Legislative

Council. I contend however that we have a perfect right in the Senate to initiate legislation of the kind I have mentioned. We have a right to set up machinery and appoint persons to administer an OldagePensions' Act, or if it be a question of erecting homes for the aged poor, we have a perfect right to appoint persons in connexion with such a department in order to administer the law. We have a right also

to pay them such salaries as in the judgment of the Senate it is desirable to pay. At any rate, that is the power we ought to possess ; and if we cannot initiate legislation of that nature, then our powers are practically speaking only on a par with the limited powers enjoyed by the Legislative Councils of the States. I hope that Senator Playford will insist upon his amendment. If the clause is postponed for the time being in order to give an opportunity for personal consideration and thought, that is all right. Personally, I think the salary proposed by Senator Playford is a reasonable one. If the best talent and ability of Australia are to be employed for the purpose of auditing the accounts of the Commonwealth, I certainly do not agree with some honorable senators that the work of the officer whoever he may be will be no greater than that of auditing the accounts of some of the States, or of some of the Railway departments. The work will be infinitely greater. The responsibilities of the Auditor-General will be correspondingly large ; and to place him on a par with the auditors ' in some of the States, who are receiving the same salary as proposed by this Bill, would be wrong. I do not think the Government can possibly secure the services of the best man, who ought to fill a post of this kind with credit to himself and with satisfaction to the whole Commonwealth, for the sum mentioned in the Bill. I make these few observations, from a layman's and a common-sense standpoint.

Clause postponed.

Clauses 5 to 19 agreed to.

Clause 20 (Treasurer may agree with any bank for conducting business).

Senator STEWART

(Queensland). -I want to know whether care will be taken to see that any bank with which the Treasurer may decide to do business is in a solvent condition? In Australia we have had ample experience of banks becoming insolvent at one time or another. It is extremely desirable that the Commonwealth should only do business- with banks that are in a sound and solvent condition, and are known to be so. I wish to know whether any steps will be taken to ascertain that fact before business is done with any of the banks ?

Senator DRAKE

-I desire to assure Senator Stewart that every care will be taken by the Government to assure itself as to the solvency of any bank to which public moneys are intrusted. I may mention, as I did in introducing the Bill, that the Treasurer is negotiating with several of the banks with a view of placing the public account with them. I have no doubt the arrangement ne will make will be entirely satisfactory.

Senator WALKER

(New South Wales). - I trust that when: the Banking Bill is introduced by the Government there will be a clause in it making, the Commonwealth a preferential creditor of any bank that goes insolvent. That is done in some of the States at the present time. Such a step would meet the 'case that

Senator Stewart

has in view. It is Only right that the State should be a preferential creditor in any bank in which it deposits money.

Clause agreed to.

Clause 21 (Commonwealth Public Account).

Senator STEWART

- Would it not be better to insert a provision in this clause embodying the idea suggested by Senator Walker, that the State should have a preference over all other creditors in the banks in which it deposits its money ? Senator Playford. - I think that is the common law.

Senator Drake

- I think so too.

Senator STEWART

-We should put the matter beyond doubt by inserting a provision here that all moneys paid into the bank by the Commonwealth shall be deemed to be moneys deposited by a preferential creditor.

Senator DRAKE

- I think it has already been decided that the State is a preferential creditor of any bank that goes insolvent. I have no doubt that that is the law on the subject, and that there is no necessity for putting such a provision in this Bill. The committee may rest assured that the present Treasurer of the Commonwealth will take all precautions to see that the public moneys are properly safeguarded.

Clause agreed to.

Clause 22 agreed to.

Clause 23 (Treasurer to pay daily into bank).

Senator WALKER

- Is this deposit of money to be carried out daily ? Saturday is a very short day, and I suppose Sunday will be regarded as a dies non.

Senator DRAKE

- Of course this clause will not apply to Sunday. I think it is quite as well to have it established by law that the amounts are to be paid into the bank daily. It is not desirable to allow any latitude in the matter. There can be no possible excuse for not depositing the money daily, except of course on holidays and Sundays.

Clause agreed to.

Clauses 24 to 28 agreed to.

Clause 29 (Private moneys after three months to be paid into the public account).

Senator Walker

- Does the Postmaster-General think that three months is long enough in this case ?

Senator DRAKE

- I should think three months would be sufficient, especially as the next clause provides that the person who is entitled to the money may make a claim at any time, even after six months. We have two considerations at work. One is to make it as convenient as possible to persons entitled to the money to get it. We want the officer to hold that money in his hands a sufficient time in order that he may pay it with all possible expedition to the person who is entitled to it. On the other hand, we want to avoid leaving it in the hands of officers for an unduly long time. The Treasurer thinks three months a fair time.

Clause agreed to.

Clause 30 (Unclaimed trust funds to be carried to revenue).

Senator PEARCE

- I wish to direct attention to the last subclause of clause 30. Does the Minister think it convenient that there should be a time limit as to when claims may be established to the satisfaction of the Governor-General. No such limit is fixed at present. It is very indefinite. A sum of money may be disputed after all the witnesses who may be able to throw any light on the case are dead. It seems to me very unsatisfactory that no time is fixed when a case may be made out before the Governor-General.

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Senator DRAKE

- In the case supposed by the honorable senator the claim would not be established to the satisfaction of the

Governor-General. If the witnesses are all dead or dispersed that fact would be taken into consideration ; but it will be noticed that sub-clause (2) makes a special proviso in the case of persons within the category of infants or of unsound mind. This is in accordance with most of the provisions of the same kind in other Acts of Parliament. The statute of limitation is six years, and special provision is made in the case of persons who, in consequence of being under disabilities, are unable to make their claim during the six years. Under ordinary circumstances it would be considered that if, at the expiration of six years, a person who was not under any disability had not made his claim, he would really forfeit all right to it. This sub-clause (3) comes in - and the Crown in all these [matters is inclined to be more liberal and fair than any private individual is compelled to be - and provides that where a claim has been established to the satisfaction of the Governor-General, he should have the power to withdraw the amount and pay it to the claimant. I do not think it is desirable to fix the limit of time, because a very strong case may be established after a long lapse of time, and it might be an injustice not to pay the money over. Supposing we fixed the time at 10, 20, or 30 years even then, if it is shown that the money has been paid into the consolidated revenue,, and the country has had the benefit of it, it seems to me that when a claim to it is fairly established, it should be fairly met.

Senator Clemons

- - Does this exempt the Governor-General from pleading the statute of limitations ?

Senator DRAKE

- The Governor-General may do so if he likes. He may plead the statute of limitations, and get out of paying the amount of the claim, but this gives power where a claim has been established to the

satisfaction of the Governor-General, to withdraw the money and pay it.

Clause agreed to.

Clauses 31 to 36 agreed to.

Clause 37 -

If the exigencies of the public service render it necessary to alter the proportions assigned to the particular items comprised under any subdivision in the annual supplies, the Governor-General may by order direct that there shall be applied, in aid of any item that may be deficient, a further limited sum out of any surplus arising on any other item under the same subdivision, unless such subdivision shall be expressly stated to be "unalterable."

Every order by which such altered application, may be made. shall be delivered to the Auditor-General, and a copy thereof shall be laid before both Houses of the Parliament within seven days after the making thereof, if the Parliament be then in session and actually sitting; .or if the Parliament be not then in session or actually sitting, within seven days after the commencement of the next session or sitting.

Nothing hereinbefore contained shall authorize the Governor-General to direct that any such sum as aforesaid shall be applied in augmentation of, or as an addition to, any salary or wages.

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Senator DRAKE

- This was the clause upon which a good deal was said in the debate on the second reading. I would like to say, in order that there may be no misapprehension, that it only refers really to small sums comprised in subdivisions of annual supplies, and then it is only a limited amount that can be transferred in this way. Honorable senators will see that power is given to Parliament to declare certain subdivisions unalterable, and where that is done it will, prevent this clause having any operation at all. But, in practice, a provision of this kind has been found very .useful, especially' towards the close of the financial year, when all the votes are running out. It is impossible, twelve months beforehand, to exactly tell how much will be required in the different subdivisions in the Estimates, and it must very often happen that the amount required in some item of a subdivision has been underestimated. In the past Ministers have had, by means of an Order in Council, to transfer some portion of one vote in aid of another vote in order to eke out an amount that has fallen short, until the passing of the next Appropriation Bill. This enables a Minister in many cases to carry on his department in a proper manner without spending money in anticipation of the sanction of Parliament. I am afraid that without some provision of the kind, it will be found impossible sometimes to carry on the department without sanctioning the expenditure of money in anticipation of a vote of Parliament. It is only with respect to small amounts, and honorable senators will see that it is quite sufficiently safeguarded under sub-clauses (2) and (3). I have dealt with the matter at greater length now than I should otherwise have done, as I think that in moving the second reading of the Bill I inadvertently referred to this clause giving to the Treasurer greater powers than it really does.

Senator PLAYFORD

- I shall ask the Senate to strike out this clause, because if it is only wanted for very small sums, and to a limited extent, it is hardly worth while having it in an Act of Parliament. For some five years I carried on the business of the State of South Australia without having any such clause.

Senator Drake

- Did the honorable senator spend money in the anticipation of the approval of Parliament ?

Senator PLAYFORD

-v-Undoubtedly. I took it upon myself, and Ministers took upon themselves the responsibility which properly belongs to Ministers, of paying any sum that might be absolutely necessary for carrying on the business of the country ; we then brought down a statement showing the items in connexion with which we took that responsibility, and asked Parliament by resolution to pass legally the necessary authority to cover the advances made by Ministers. That is a far more satisfactory way of doing business than is here proposed. Under this Bill, Ministers would never ask Parliament for the authority to spend the money. They would ask Parliament to spend money in a certain direction, and then take the money away from the vote to which Parliament appropriated it and apply it to some other line on the Estimates, and make up the deficiency. All that it would be necessary for them to do under this Bill would be to quietly lay before Parliament a statement that they had done this kind of thing, and they need never ask for parliamentary 'approval for the action taken. I contend that the proper course to adopt in this matter is the course

adopted in the State of South Australia. We pass, in the first instance, an Appropriation Bill based upon certain Estimates. These estimates have numberless subdivisions, and cover the sums of money considered necessary for carrying on the business for twelve months. If the money voted is not required we bring down a statement to Parliament showing the savings that have been effected, and that statement is laid upon the table. Then in cases where the appropriation has not been sufficient to cover the necessary expenditure for the year, the Government in the first place pass through the Cabinet and the Executive the necessary warrant for the payment of the excesses, and we place on the table of the House a paper showing exactly the sums we have been short of, and what the Government of the day have taken upon themselves the responsibility of paying. That we call the "excess votes," and that paper is tabled in Committee of Supply, and we move the votes exactly as we move the ordinary Estimates for the year.

Senator Glassey

- In detail?

Senator PLAYFORD

- If any honorable member wishes that they should be moved in detail they may be put line by line but they are generally put under the heads of the various offices in which the excess votes have occurred. We ask for a special vote of Parliament to cover the excess of votes, and include it in our appropriation. Under this system the necessary papers are placed before Parliament, and Parliament is able to say whether the Ministry have properly taken upon themselves the responsibility of providing for the service of the year by these excesses; and if they have gone beyond what is absolutely requisite they can be called to book. The papers are laid upon the table early in the session. As a rule members look into them and criticise them, and may ask questions about them; and, if they find that Ministers have exceeded their proper functions, they can call them to book. Parliament in this way never loses its hold of the money which is voted; and once voted for one particular purpose it is held sacred for that purpose, and no Government can divert it from the purpose for which it has been voted. Under this proposal they may devote money appropriated for one purpose to some other purpose. It is a mistaken principle, and it will be a great deal better for the Government and for the Treasurer, as well as for Parliament, that we should adopt in the Commonwealth the practice we have in South Australia. It will be more satisfactory [all round], and I ask the Senate to excise the clause.

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Senator DRAKE

- I have the very highest respect for South Australia - if for no other reason, because it has sent such excellent representatives to this Parliament - but I do not think we should adopt its practice, because the practice in four of the States has been to work under a clause such as that contained in the Bill. It is admitted by Senator Playford that some provision of the kind is necessary. He will not contend that it is possible for any Treasurer to frame his Estimates, or any

Parliament to vote supplies so perfect in detail that the votes for some items under subdivisions will not run out before the termination of the financial year. Through not having such a provision as it is proposed to have in this Bill in existence in South Australia, the practice there has been to spend money in anticipation of its being voted by Parliament. That is a technically illegal voting of the money.

Senator Playford

- We do not vote it, we spend it.

Senator DRAKE

- An illegal spending of money that has been voted for some other purpose.

Senator Playford

- No, it has not been voted at all.

Senator DRAKE

- That is worse still. What we propose to do here is to adopt the practice followed in most of the other States. It will be found that New South Wales, Victoria, Queensland, and Western Australia have in their Audit Acts a clause which is substantially the same as that proposed in this Bill.

Senator Clemons

- Why not take the Acts of South Australia or Tasmania?

Senator DRAKE

- I am not aware of the Tasmanian practice. The honorable senator will accept the fact that four of the States have a provision similar to this clause, and there is nothing before the Senate at the present time to show that the practice which has obtained in these States has not 'been as satisfactory as that obtaining in the two States where such a practice has not existed. It is admitted that in every case there must be some votes for, items under subdivision which will necessarily fall short of what is required. This is considered the best means of supplementing those particular grants in order to enable the Treasurer to carry on. I have not heard anything to convince me that it is not better to have such a provision as this and a statement laid before Parliament than to take the action which has been taken under the practice in South Australia.

Senator WALKER

- I hope that Senator Playford, under the circumstances, will not press his objection to the clause. It seems to me, after what the Minister has stated, that the system proposed to be adopted is superior to the practice in South Australia, which is evidently the old Scotch law, known as "Jedburgh justice," where they hang a mau and then try him. In South Australia they spend the money, and then ask permission to spend it. All things considered, I think we should support the Postmaster-General.

Senator PEARCE

(Western Australia). I feel inclined to support

Senator Playford,

because I find this provision is contained in the Western Australian Act. I have a very vivid recollection of the bitter cry which used to go up from the Opposition benches as to the amount of excess spent during the recess by the Government. If this Act was the vehicle which enabled them to do so--

Senator Drake

- Was it under that section it was done 1

Senator PEARCE

- I take it that it was.

Senator Drake

- They do just the same, I understand, in South Australia, but they do it in a different way.

Senator PEARCE

- I shall give an instance. Supposing that an amount was voted for the purpose of deep drainage, and during the recess it was diverted to harbor works. Of course there was no Minister responsible for the diversion, because the Audit Act gave the Government the power to do so.. It was not limited to a small sum, but involved a large amount. There is no limit in this clause. In the opinion of some persons a few hundred thousand pounds may be a small sum.

Senator Drake

- That could not be an item in a subdivision. These are only items in the same subdivision.

Senator PEARCE

- I take it that there would be a vote for drainage, but there might be a surplus in hand until the authority of Parliament to spend it otherwise had been given. I think it is advisable that we should make Ministers responsible for their departments. Under this provision, they would not be responsible ; they would not have to ask Parliament to sanction the alteration of the expenditure. The order would be laid on the table, and our silence would be taken to give consent.

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Senator MCGREGOR

-I support Senator Playford, not because the practice particularly comes from South Australia, but because this clause really gives the Government the power to do things which they have a desire to do, and which Parliament has no desire should be done. When I interjected that they might pass a certain amount for one purpose, and apply the money to build a fort, the application might not be the most appropriate. A great many persons are desirous of seeing nothing but a citizen soldiery. They might be quite 'willing to pass £20,000 or £30,000 to provide rifles and ammunition for the purpose of rifle clubs to practice, but they might not be inclined to pass £100 to provide gold lace for officers to march about the parks and fascinate the girls. ' Yet the Defence department might, if they felt so inclined, spend only one-half or two-thirds of the amount which was appropriated for arras and ammunition, and they might spend the £100 which was appropriated for furnishing a tinsel show, and then add £3,000 or £4,000 out

of what was appropriated for a useful purpose. It is to prevent anything of that kind that Senator Playford has asked for the omission of the clause. He wants to put the Government in this position - if they are not prepared to spend the £20,000 for the purpose for which it was voted, come back and tell Parliament so. If they are prepared in the other case instead of spending £100 to, spend £10,000, come back and tell Parliament so, and let it deal with them - not spending more than has been appropriated for that department, but really misappropriating what has been voted for a purpose. It can inflict no hardship to omit the clause. There is ' not one honorable senator who >will say that any Government ought to have the power to :spend, no matter what 'department or subdivision it is in, a penny more than is appropriated, or a penny less for that matter. If Parliament says £20,000 is required to be spent for a purpose, the Government are not fulfilling its intention if they do not spend it for that purpose. Of course, it may not always be necessary to do so, but they ought to come to Parliament and justify themselves. On the other hand, a Government should never be allowed to carry out their own whim by spending for one thing money which was appropriated for something else.

Senator DRAKE

- ,I am sorry that Senator McGregor should have got such an extraordinary idea of this clause. Where would the representatives of the people be if they consented to putting a vote for a citizen soldiery and a vote for a paid soldiery as two items in one subdivision 1

Senator McGregor

- I did not say anything about a paid soldiery or a citizen soldiery.

Senator DRAKE

- I think if the honorable senator will look at the report of his remarks he will see that he did.

Senator McGregor

- If I did I did not intend to do so.

Senator Clemons

- He said arms and ammunition on the one hand and gold lace on the other.

Senator DRAKE

- Does Senator McGregor really believe that the Estimates would go through Parliament with arms and ammunition as one item of a subdivision and gold lace as another item of it 1

Senator McGregor

- Not absolutely gold lace.

Senator DRAKE

- Such large amounts as the honorable senator quotes could not appear as items in .one subdivision. I shall give an instance which has almost happened to me in administering the Education department in Queensland. Our grant for education was voted in, perhaps, 50, 60, or 100 different items. There would be an item for school material, an item for repairs to schools, and an item for cleaning schools, in one subdivision. When the Minister compiles his Estimates at the commencement of the year, he endeavours to ask for a certain amount which he thinks will be sufficient to carry him on in regard to every item in that subdivision ; and in June, the last month of the year, he finds that the amount which has been voted for cleaning schools has run out, and that he has not used so much as he asked for of the vote for school repairs or school material ; in fact, that he has a balance which will become a lapsed vote on the 30th June if it is not made some use of. He can then go to the Governor in Council and ask. to be allowed to transfer £50 from the vote for school material to the vote for cleaning schools. If he is not allowed to do that, either he will have to give authority for schools to be cleaned illegally, or, if he strictly observer, the law, he will have to allow the schools to become dirty, and on the 30th June he will have perhaps a surplus of £50, £100, or £150 on his vote for school material or school repairs.

Senator Playford

- He will get an excess warrant.

Senator Staniforth Smith

- Is not there a sum of money on the Estimates for contingencies 1

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Senator DRAKE

- The vote for contingencies can be used in the same way if it is in the same subdivision.

Senator Playford

- There is a vote for unforeseen expenditure.

Senator DRAKE

- In the Estimates for the year there is no vote for unforeseen expenditure. If the vote for contingencies is in the same subdivision, then no doubt he may draw upon that, but it may be the one which is exhausted, and he may have a surplus perhaps on his vote for cleaning schools. Under this clause he would have power to go to his colleagues, and ask them to get an executive warrant put through enabling him to take so much from his contingencies, and apply it to the vote for cleaning schools, or viceversa. I do not want to put pressure on the committee to retain the clause if it particularly desires to strike it out, but I wish it to be clearly understood that I am not asking for power for the Treasurer to devote large sums from one kind of purpose to a different purpose. It is more a matter of departmental convenience, in order that when we approach the end of the year, and some of these little votes, as they are described, items in the subdivision, run out, the Governor-General in Council should have power to take a certain sum from one item in a subdivision, and apply it to the purpose of another item in the same subdivision.

Senator McGregor

- Oh yes ; if it stops at that.

Senator DRAKE

- That is all the clause refers to.

Senator CHARLESTON

- It strikes me that we have a choice of evils here. We must either accept the provision which states very clearly that only money can be spent which has been appropriated,, but that if there is a surplus in an item it may be transferred to make up a deficiency in the same subdivision. If that be done, a statement showing the amounts transferred must be laid before Parliament. The alternative is that the Treasurer or the Minister can spend apparently any amount without asking the sanction of Parliament until it has been spent, and then it is practically useless to cry out. The lesser evil is the one provided for, and I intend to support the clause.

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Senator DRAKE

- There is one matter on which I would like to satisfy my mind, and perhaps honorable senators from Tasmania and South Australia will be able to help me. In their Audit Acts have they not some section which takes the place of this clause? Because if they have a different practice they should have some section which accords with that practice. The object of an Audit Act is not so much to lay down the practice which shall be followed in regard to the public accounts as to lay down for the instruction of the Auditor-General the way in which those accounts shall be kept, and to provide proper means by which he may audit and check them. I think before the committee, without, perhaps, due consideration, strike out the clause, they ought to be sure that we are not making a gap in the Bill, that we are not striking out a clause without substituting one which would have the same purpose and would fit in with the South Australian practice. I have sent to get the Tasmanian and South Australian Acts in order to find out if they contain another section which corresponds with this clause, but is somewhat different ; because if the Auditor-General has to keep a proper control over these accounts, we must authorize him to audit and to check the amounts which are paid under the practice referred to by Senator Playford, just as much as we must authorize him to audit and check the accounts when they are transferred from one item to another, as is proposed under the clause.

Senator PLAYFORD

(South Australia). - There is nothing really in the contention of the Postmaster-General, because the position of South Australia is precisely the same as it is in the Commonwealth. I suppose he will not for a moment dispute this fact, that in the Commonwealth considerable sums will have to be spent before the end of the year at times before the House meets, and the Ministry will have to accept the responsibility of authorizing this expenditure. He admits that this clause only provides for small sums. He must know that in the working of the Estimates there are sure to be many occasions when there will be excesses on various votes.. What provision is there in all the States to meet a case of that sort ? For the smaller sums there is this provision which is proposed in the Bill, but which is considerably modified by the provisions contained in the law of the various States. They have much larger powers than evidently

Sir George

Turner took when he drafted' this Bill. The power which the Ministry have for expending money on items which have been insufficiently voted is exercised. by means of what are known throughout the States as Cabinet and, Executive Council excess warrants. This is exactly the power which the Commonwealth has. The Ministry will pass through the Cabinet, and the Executive and the Governor-General will sign the necessary documents approving of a certain excess on a particular vote. The Ministry take upon themselves the responsibility for that excess, and very possibly it is absolutely required, and the Auditor-General is bound to acknowledge the Cabinet excess warrants. He will be bound, in making his report to Parliament, if the Ministry attempt to spend any money without having these Cabinet and Executive Council excess warrants properly passed, to call attention to the irregularity. The fact is that South Australia has no more power in . its Audit Act. There is no special power to meet this case. No special power is wanted. In all the States the same process has to be gone through with regard to excesses on votes. There is not the slightest necessity for the clause., It only applies to exceedingly small sums: It is a great deal better out than in. It is a great deal better for the Government to come down and say straightforwardly : " Here is our excess sheet ; we have spent this money 'without authority, but we have spent it in the interests of the Commonwealth. It is in excess of a certain vote which we found insufficient during, the year. We ask you to approve of our action, and vote more." It is a plain, straightforward way of doing business, and a great deal better than this small pettifogging method. The effect of it all is, that in regard to small items one course is to be adopted: whereas the larger items are to be brought down upon excess sheets.

Senator DRAKE

- I am quite with Senator Playford, as he has so forcibly pointed out that this clause deals with exceedingly small items. Of course, that argument ought to help me against the arguments of,, those' who have been endeavouring to show that this is an important matter. I cannot see> that there is any substantial difference between the practice in South Australia and the practice proposed here, with the exception that in South Australia they do that which is technically speaking illegal. What they do is this. If they want money for a particular purpose, the sum voted for that purpose having run short, they use money from the consolidated revenue, and they come down to Parliament afterwards and ask for the approval of Parliament in regard to what they have done. This clause only proposes to make these almost infinite small amounts a legal instead of an illegal expenditure.

Senator HARNEY

- Is the Minister's case that the Government will make the practice illegal in respect to large sums, but legal in respect to small ones ?

Senator DRAKE

- What we are proposing is to do nothing illegal. It is admitted that in all the States a certain practice has been followed in the case of very small sums. Our desire is that the expenditure shall not be incurred illegally but legally, and that there shall be a proper form -of coming to Parliament.

Senator HARNEY

- The Minister has stated that in South Australia they have followed the illegal course of expending these sums out of consolidated revenue and then subsequently getting the sanction of Parliament. He also says that under the Bill it is not proposed to follow that illegal course in reference to small sums. Does the Minister propose, then, to follow that course in the case of large sums t

Senator DRAKE

- Most assuredly not. I am not dealing with large amounts at all,, but with very small infinitesimal amounts. In every State at the present time when a vote for one of the items on a subdivision runs short, it is supplemented by the Government. In South Australia they do it without any legal warrant whatever, afterwards coming down to Parliament and asking for an indemnity for what has already been done. In two States that has been done without any authority whatever. In the other States it has been done under a similar authority to this clause, under the Audit Acts of those States. The practice is followed in every State, but in four States it is. followed on the authority of a section of the Audit Act, whilst in two States it is done without any such authority. What is here proposed is the better practice.

Senator Clemons

- The Government know the risks they run in the two States mentioned.

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Senator DRAKE

- They know that they run no risk whatever. Is it not better that the practice followed in all the six States should be followed with the sanction of law, and that proper provision should be made that, without undue delay, a statement- as to the expenditure in question should be laid before Parliament for parliamentary approval ? It is decidedly preferable that this course should be followed.

Question - That the clause stand as printed - put. Committee divided.

Ayes 11

Noes... .. 8

Majority 3

Question so resolved in the affirmative.

Clause agreed to.

Clauses 38 to 52 agreed to.

Clause 53 -

The Auditor-General shall within fourteen days after making and signing the said report if the Parliament be then in session and actually sitting", or if the Parliament be not then in session or actually sitting within fourteen days after the next session or sitting transmit to both Houses of the Parliament the statement transmitted by the Treasurer accompanied by such report and by the copies hereinbefore directed to be appended thereto.

The Auditor-General shall within fourteen days after making and signing the said report if the Parliament be not then in session' transmit a copy of the statement and of such report and copies to the Treasurer, and the Treasurer shall within fourteen days thereafter publish them as a public document.

Senator PLAYFORD

- The provision of this clause is that the Auditor-General shall, after making and signing his report, within fourteen days submit that report to Parliament if Parliament be in session, or if Parliament is not sitting, then within fourteen days after the next sitting the report must be transmitted to both Houses. The first sub-section is consistent with itself, and I can thoroughly understand what it means. It means that the Auditor-General must report directly to Parliament, but if Parliament is not in session he is to keep his report and forward it to Parliament when it is in session. But sub-clause (2) is contradictory of the first. The sub-clause says that the Auditor General shall within fourteen days after making his report, if Parliament is not in session, transmit a copy of it to the Treasurer, who is to publish it as a public document. We should be very careful that there is no reporting to the Treasurer or to the Government at all from the Auditor-General, who is the special servant of Parliament. His report should be made directly to Parliament. In South Australia, although I have been in Parliament since 1868, I have never known a case of the Auditor-General furnishing his report to the Treasurer before it was submitted to Parliament. I feel confident, in my own mind, that nothing of the kind has ever taken place there. We insist that our Auditor-General shall only communicate directly with the Speaker of the Legislative Assembly, and when Treasurers have desired to be allowed quietly to see the report of the Auditor-General before it was laid before Parliament, the request has been very properly refused. Therefore, unless the Minister gives some reason for subclause (2) we should excise it from the Bill. Senator DRAKE. - I do not think there is any contradiction in the clause. To my mind, the meaning of it is perfectly clear. I can quite understand Senator Playford's desire that the Treasurer should not have an opportunity of seeing the report before it is laid on the table of Parliament, but the inconvenience in adopting the plan he proposes will be . that if Parliament is not in session the public will be deprived of the opportunity of seeing the Auditor-General's report.

Senator Playford

- In the first subclause it says that the public shall be deprived until Parliament has seen the report.

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Senator DRAKE

- No ; because here is a provision that if Parliament is in session the Auditor-General shall send his report directly to Parliament, and it is then laid upon the table of the Houses. Being laid on the table of Parliament it becomes a public document. If Parliament is not in session the Auditor-General is to send the report down to the Treasurer, and within a limited time the Treasurer is to publish the report as a public document. That insures that the report shall reach the public promptly, even though Parliament

may not be in session. Then, when Parliament meets again, within a limited number of days, the report will be laid on the table of Parliament. The question for the Senate to decide is whether it is desirable, if Parliament is not in session, that the public should have no opportunity of getting that report until it is in session. If Parliament is in session the statement and report are laid upon the table of the House, and by that means become public documents. If Parliament is not in session they have to be sent to the Treasurer, and he has to make them public documents, and as soon as Parliament meets they are laid upon the table. I do not know whether I am throwing any new light on the question for the benefit of Senator Playford, but what we have really to decide is whether, supposing Parliament is not in session, the public are not to have an opportunity of seeing that document when it is ready, but must wait until Parliament meets.

Senator Major GOULD

- It is not quite clear that the second part of this clause appears in the statutes referred to in the marginal notes to the clause ; but I do not think that the second part of the clause in any way contradicts the first, so far as the wording of it is concerned. There is no question about the intention of the clause, that if Parliament be not sitting then the report shall be sent to the Treasurer by the Auditor-General, and he must also transmit it to Parliament within fourteen days after it has met. The second portion of the clause is really a superadded provision in order to give an opportunity to the public to know exactly what appears in the report. The question is whether there is anything much to be gained by it. The Postmaster-General informs me that there is only the first part of the clause in the New South Wales statute, and I expect it will be found to be the same in the South Australian statute. The question is whether there is anything to be gained by the public in having the report published before it can be dealt with by Parliament. Of course we are perfectly well aware that the Auditor-General's report is really a check upon the Treasurer, and a report that comes from an absolutely independent source, and by which we are able to see whether the state of our finances are - according to this trusted officer - in exactly the same position as they are shown to be by the Treasurer. The question is whether the public will be the gainers by having the report sent through in this particular way. It appears to me that it may mean rather a benefit to the public to have an opportunity of an earlier consideration than they otherwise would have if Parliament be not in session. We know quite well that a document of this character will demand attention at the hands of the press, who will be prepared to point out to the public anything improper that may be shown to have been done during the time covered by the Auditor-General's report. I do not know whether that would not be rather a gain to the public than otherwise. We know that while it would be giving the Treasurer no opportunity to interfere with the report in any way at all, while it may give him an opportunity of being better prepared to answer anything that may arise in connexion with the report. That will not be a disadvantage, because it may give him a fair opportunity of pointing out to the public where anything is reported which he thinks is not in accordance with the facts, or where the report is of such a character as may cause the public to be misled as to what really was the action of the Government questioned by the report. I think it would be well if honorable senators would agree to keep in the second portion of the clause as an additional precaution, but it might be as well to amend it so as to make it absolutely clear that it is not in substitution in any way for the presentation of the report to Parliament as soon as it may be in session.

Senator Drake

- That is clear, because the first portion of the clause provides that it must be laid before Parliament as soon as Parliament meets.

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Senator Major GOULD

- There is another way of dealing with the provision of the second portion of the clause. Instead of handing this report to the Treasurer and letting him publish it as a public document, we might put the duty upon the Auditor-General himself, and let him cause it to be published through the Gazette within fourteen days after the report is prepared. By that means we would be absolutely certain that there would be no possibility of any unfairness on the part of the Treasury officials. It would be well for honorable senators to consider the advisability of throwing the responsibility of publishing the report as a public document upon the Auditor-General himself, and let the Treasurer, as well as the public, get his information concerning the report from the Gazette.'

Senator PULSFORD

--With regard to the second portion of the clause, I think that it is- probable that though the Commonwealth Parliament may not be sitting at the time, one or more of the various State Parliaments will certainly be sitting, and it would be a distinct advantage to those State Parliaments to have access to this document, because it will undoubtedly be of great interest to the public men in the various States. I therefore urge that the clause be carried as it stands.

Senator PLAYFORD

(South Australia). - What I wish to point out to

Senator Gould

is that these Auditor-General's reports, to be of any service at all, should come down early to Parliament, and we should do all we possibly can to insist in getting them before Parliament early. The person to whom we have to look for assistance in bringing them down early is not the Auditor-General, but the Treasurer. Honorable senators will see that it is upon particular statements provided for in previous clauses to be furnished to him by the Treasurer that the Auditor-General bases his report, and until he gets the Treasurer's statement and figures he cannot make his report. Treasurers, perhaps wilfully in certain instances, and through carelessness or dilatoriness in other instances might keep back the statements for such a length of time that the Auditor-General might find it impossible to bring his report forward while Parliament was sitting. I may say that has never occurred within my knowledge in the history of the South Australian Parliament. Although the Auditor-General's report has often been long delayed, it has always come down before the end of the session. It always will if the Treasurer does his duty, and I say that under no circumstances should we provide

a

loop-hole or hold out by legislation any idea of this report not being presented to Parliament when it is in session. Here we are deliberately, under an Act of Parliament, making provision for a contingency that, I say, never ought to occur. Such a contingency as that of the Auditor-General's report on the finances of the Commonwealth being delayed, beyond the session of Parliament which deals with the Estimates and the receipts and expenditure of the Commonwealth, should not be contemplated. We are making deliberate provision for it in this Audit Bill. It is not made in New South Wales, as Senator Gould has pointed out, and it is not made, I guarantee, in South Australia, or, possibly, in any other State. This second portion of the clause is entirely new to me, and it deliberately anticipates and makes provision to meet a state of things that never ought to exist. So important is the Auditor-General's report to Parliament, in considering the finances for the year, that we should do nothing, even by implication or insinuation, which suggests that there is a possibility, under any circumstances, of that report not being presented before Parliament rises. I therefore object to the second portion of the clause altogether.

Senator Major GOULD

(New South Wales). - I admit that there is a great deal of force in what has been said by

Senator Playford

with regard to the second portion of the clause. I can see the possibility of a difficulty arising. Suppose the financial year ends on the 30th June, the Treasurer has to submit his report as soon as practicable after that date, and the question arises as to when Parliament is likely to be in session. We are regarding this session as of abnormal length, and we are told that in future sessions we shall be able to do our work in a much shorter period of time. The question is at what time of the year we contemplate holding sessions of the Commonwealth Parliament. Are they to be held during the summer or winter months

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Senator PLAYFORD

- Later on I suppose we will provide that the financial year shall end about the beginning of October, and we will have our sessions in the summer.

Senator Glassey

- The Queensland representatives want to have the sessions held in the summer.

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Senator Major GOULD

- In any case, our financial year ought to terminate while Parliament is sitting, so that we may know as soon as possible what has been the result of the operations during the immediately preceding year. If we

determine upon that, and the Government carry out that determination, I can see at once that this second portion of the clause is of no value in the Bill, because, we may depend upon it, there will be every inducement to the Treasurer to send his statement to the Auditor-General in sufficient time to enable that officer to have an opportunity of reporting- to Parliament in the beginning of the session.

Senator Drake

- And Parliament will be in session.

Senator Major GOULD

- It is for Parliament to see that that is done. I think it is just as well not to contemplate the possibility of this return being submitted at a time when Parliament is not in session. We will have an opportunity while Parliament is in session to hurry the Treasurer¹ up that he may supply the Auditor-General with the necessary statement upon which to submit his report before we close our labours for the session. We can practically say to the Government we insist upon having this report, and if we omit the second portion of the clause, the Government will not be in a position to turn round and say - "What does it matter. The report will be published in the Government Gazette for you after the session has closed." If we do not meet again for six months 'after the Auditor-General's report has appeared it will by that time be pretty stale; and members will not be prepared' to fight the Government in the event of there being any impropriety referred to in the Auditor-General's report. If honorable senators follow me they will see that we shall be in a position to say to Ministers that we want Parliament to sit at a certain time in the financial year, and we want all these financial matters brought up in such a way that Parliament will be able to deal with them. If we can carry that into effect we shall be in a stronger position, and the country will be in a stronger position, while the Government and the Auditor-General will better realize the importance of attending to this duty than they would if there was a possibility of postponing the presentation of the Auditor-General's report. We might kick up a row in the newspapers, but Parliament would have power to deal with the different matters and with the Government, if there was any necessity for dealing with them. I think, on the whole, it would be wise if Senator Playford would move the omission of the latter paragraph of this clause, and so far as I am personally concerned, I will give the honorable senator a vote in support of such a course of action.

Senator DRAKE

- A threat of that kind might be used perhaps, and it might be effectual, but certainly it is paying a very big price for the increased prospect of being able to force the Treasurer to compel the Auditor-General to do something which the Treasurer has no power to compel him to do. Supposing the report does not come down in time, we shall have no opportunity of seeing it until Parliament is in session again. However, all this is on the assumption that the months during which Parliament will be sitting will lie changed very much from what they are now. It is only supposition after all. Nothing has been done yet that I am aware of to fix any other time for the sitting of Parliament than the time at which most of the States are accustomed to sit.

Senator Playford

- It is a great mistake to have the Commonwealth Parliament meeting at the same time as the State Parliaments.

Senator DRAKE

- I have heard a great many arguments to that effect, and people have different opinions upon the matter. Some think we should meet in the winter and some in the summer. Senator Gould is of opinion that the term of the financial year should be changed. These are mere forecasts of changes which may or may not take place, and in the meantime what we have to decide here is whether we are prepared to accept the proposal presented to us that, if Parliament is not sitting when the Auditor-General's report is ready, then we must wait until the next session of Parliament before we can see it. There is great reason for giving this matter careful consideration, because, as has been suggested by Senator Gould, future sessions of the Commonwealth Parliament may be much shortened.

Senator Major Gould

- I say that has been indicated.

Senator DRAKE

- Suppose that instead of sitting five or six months, the Commonwealth Parliament only sits for three months in the year, the prospect of the Auditor-General's report coming down during the session will be

less than if the Parliament sat for six months, and the interval of recess will of course be so much longer.

Senator Major Gould

- When is- .the Treasurer to get his Supply and pass- his Appropriation Rills ? It must be somewhere about the end' of the financial year.

Senator DRAKE

- But I understand -the honorable senator proposes that the financial year shall be changed.

Senator Major Gould

- I did not propose it. It was- Suggested', I think, .by Senator Playford that it might be changed.

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Senator DRAKE

- There is no use y building upon that, and whatever period of the year Parliament site it is clear that if the session is to be shorter the recess will be so much longer. Is it not the more necessary that some provision should be made - and perhaps that may be the reason why the second subclause is put in - to enable the public to get the Auditor-General's report while Parliament is in recess?

Senator GLASSEY

- I do not join in the fear which has been expressed by some honorable senators with regard to the Auditor-General's report. If Parliament meets at about the same time as it met this year, then the accounts will close on the 30th June, and in the natural order of things his report will be prepared and presented to Parliament within the next two or three months. At any rate that is the case in Queensland. The accounts closed, there on the 30th June, and during thirteen years' experience I do not remember a time when the Auditor-General's report was not placed on the table of the Assembly in August or September, or at the latest in October, and sometimes too late at that, inasmuch as we were always urging that it should be produced before we discussed the Estimates for the next year. The Auditor-General, whoever he may be, will feel it to be his duty, if it be not his pride, to prepare his report as quickly as possible so that it may be laid before Parliament early. If Parliament meets at anything like the time at which it met this year, and the accounts close on the 30th June, his report will be laid on the table of both Houses in August or September. Surely that is early enough. I do not think there is any justification to indulge in the fears which have been indulged in. I see no reason to omit the second sub-clause. Even supposing that the Government, when making this appointment, did not impress on the Auditor-General the necessity of preparing his report as early as possible, he, as the servant of Parliament, will naturally be anxious to serve Parliament as efficiently as he can, and so he will prepare his report as early as possible.

Senator Major Gould

- He must get the Treasurer's report first.

Senator GLASSEY

- Of course if there is any laxity in that direction the Auditor-General will' feel it is his duty to see the Treasurer, and ask that his accounts be presented at the earliest possible moment with a view to preparing his own report to Parliament.

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Senator WALKER

- It always gives me a feeling of pain to have to disagree with Senator Gould, but on this occasion I must do so. He knows that in New South Wales the report of the Auditor - General has sometimes been delayed six months Or more after the Treasurer's statement has been delivered. I think the sooner we have the Auditor-General's report, and a knowledge of the public accounts the better, not merely for ourselves, but for the benefit of the State Treasurers and Parliaments, who have an interest in the state of the federal finances. I trust that honorable senators will allow the clause to pass without further debate. _ Senator Major GOULD (New South Wales). - Whenever the financial year ends or soon after it ends, the Treasurer will come down and want supply for a greater or less period ; at any rate, before the session closes he must get his Supply for the whole of the year. Before he gets that Supply Parliament ought to have in its possession the Auditor-General's report on the operations of the preceding financial year. If it says it will not give to the Treasurer Supply until it has been presented with the Auditor-General's report, we have something superadded, and there will be no necessity for sub-clause (2). If Parliament will make up its mind that it will have his report before it gives the Government its final supply for the year, then,

depend upon it, that before it goes into recess the Treasurer will find that it is necessary to send his report in very speedily after the 30th June. I do not wish it to be assumed that the Auditor-General will be spurred on by the Treasurer to do any work, because he is not a Government officer, but our officer. He will recognise that as soon as he gets the report from the Treasurer his duty will be to hurry on with the preparation of his own report in order that Parliament shall not be kept too long in session. Therefore, there is no occasion to contemplate the necessity of sub-clause (2). Of course, there are differences of opinion, but we are all seeking to attain the same end. The State Parliaments cannot deal with the Auditor-General's report. This Parliament only can deal with that document, but the Auditor-General may point out facts of interest to the State Parliaments as well as to the general public.

Senator Drake

- They want the information it contains the same as the ordinary public do.

Senator Major GOULD

- That is perfectly true, but the question is which will insure attention to our business best. Is it best insured by leaving a loop-hole, or by saying this matter is of such very great importance that Parliament will remain in session until the report is submitted?

Senator DRAKE

- Parliament is not likely to keep in session for, that report to come down.

Senator Playford

- Yes, it is.

Senator MCGREGOR

- I would like the committee to pass the clause as it stands. I have my doubts as to the advisableness of leaving in the second portion, but if we make up our minds that the Auditor-General's report must be tabled before we grant Supply, it will be a guarantee that it will be presented.

Senator DRAKE

- Whether sub-clause (2) is there or not

Senator MCGREGOR

- Yes ; but, then, supposing that something did happen which made it impossible to do that - we have the additional safeguard in the second portion of the clause, and the report will appear in public if it has not appeared before Parliament. I hope that the clause will be left as it is, and that honorable senators will make up their minds that the report has to be presented to Parliament.

Senator STANFORTH SMITH

- We should frame these Bills in such a way that they will embrace even unusual circumstances. We do not know what the length! of a session may be, and by eliminating this second sub-clause we may keep from the public information which they are entitled to have for perhaps six or nine months. We should guard against a contingency of that sort. Again, it occurs to me that it will take probably longer to have these accounts read and audited than it did in the colonies before they became States. We shall have to get accounts from Western Australia, Queensland, Tasmania., and the other States, which, of course, will take a considerable time, and there may be further information which the Treasurer will require. Under these unusual circumstances, and in view of the fact that we do not know what the length of a session may be, it is just as well to leave the sub-clause in. I quite agree with Senator Playford that it is exceedingly inadvisable not to have the Auditor-General's report on the accounts while Parliament is in session, and I hope such will never be the case. If the Treasurer shows undue delay, and the accounts are not ready within a reasonable time, it may result in a vote of censure being passed on the Government. For the reasons I have given we might leave the clause as it is, though I hope it will never have to be availed of.

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Senator STEWART

- It appears to me to be absolutely necessary that the report of the Auditor-General should be presented while Parliament is sitting. The sub-clause contemplates that presentation at some time, probably when it is not sitting. As the financial year ends on the 30th June, Parliament must be summoned to meet near that date, because the Government will want supply to go on with, and Parliament ought never to consent to consider any financial statement until the report of the Auditor-General is in its possession. In Queensland on several occasions the report was presented late, and we were very much at sea in

discussing the Budget for the year, and then it was borne in upon me very forcibly that before the financial statement should be discussed the Auditor-General's report on the transactions of the previous year should be in our hands. I do not know why this sub-clause was put in. It appears to me to be an attempt to provide for some contingency which ought not to arise. Why should the report be presented when Parliament is not sitting ? The financial year ends on the 30th June, and clause 50 provides that as soon as practicable after that date the Treasurer shall prepare a full and particular statement, that it shall be submitted to the Auditor-General, and that he shall make a report upon it. Parliament undoubtedly ought to be sitting somewhere in July. If it were not sitting in July, how could the Government carry on without cash ? And if that is the case, where does the need come in for the sub-clause ?

Clause agreed to.

Clause 54-

The Auditor-General may in such yearly report, or in any special report which he may at anytime think fit to make, recommend any plans and suggestions for the better collection and payment of the public moneys, and the more effectually and economically auditing and examining the public accounts and stores, and any improvement in the mode of keeping such accounts, and generally report upon all matters relating to the public accounts, public moneys, and stores, and such plans and suggestions will be considered and dealt with by the Governor-General.

Senator Major GOULD

- I do not find that it is specifically pointed out that the special report to the Auditor-General must also be a report to both Houses of Parliament. There is a provision that such plans and suggestions shall be considered and dealt with by the Governor-General, but I do not see any provision that the report shall be sent to each House, and it might be that such a report would be sent to the Treasurer or to one House alone.

Senator Glassey

- Is not that implied by the preceding clause?

Senator Major GOULD

- It may be implied, but the question is whether that is sufficient.

Senator Stewart

- It could be dealt with by the Governor-General.

Senator Major GOULD

- It may be sent to the Treasurer or to the House in which he sits, and it may not be sent here at all. I think it ought to be made perfectly clear that a copy of the special report shall be presented to both Houses within the fourteen days after it has been made if Parliament is sitting ; or, if it is not sitting, within fourteen days after it next meets.

Senator DRAKE

- It does not clearly state to whom the special report is to be sent. I shall compare this clause with the provision in the Audit Acts of the other States, and find out -there there is any difference. It may be that in adapting this clause from the State Acts, or moulding the provisions of two or three Acts into one clause some words may have been dropped. I shall have the matter inquired into, and, if necessary, the clause recommitted.

Senator Major GOULD

- The section in the New South Wales Act is practically the same as this clause, but we must bear in mind that, under that section, the Auditor-General of New South Wales reports to only one House, namely, the Legislative Assembly. In the case of the Commonwealth the report has to come to both Houses of the Parliament) and, therefore, I suggest to the Minister that the best thing would be to allow the clause to be postponed.

Senator DRAKE

- I will consent to the postponement of the clause, if that will meet with the wish of the honorable and learned senator.

Clause postponed.

Clause 55, agreed to.

Clause 56 -

All interest (other (than interest on loans taken over by the Commonwealth from the States or any

renewal or conversion thereof) payable on account of the Public Debt of the Commonwealth on the first day of any quarter of the financial year shall be charged and included as a payment in the preceding quarter of such. year.

Senator WALKER

- In my speech on the second reading of the Bill I drew attention to this clause, and the more I think of it the more I am persuaded that we ought to delete the parenthetical words -

Other than interest on loans taken over by the Commonwealth from the States, or any renewal or conversion thereof.

Not a few of us hope that the time will come when all the debts of the States will be consolidated. When that time arrives, or even earlier, it will be very extraordinary to have one portion of our debt, the interest on which will, be charged to the half-year ending 30th June, and another part of it upon which the interest will not be so charged. When we take over the debts we shall, of course, consider the accrued interest as part of the debt taken over. If the States have through bad bookkeeping been in the habit "of- charging to the half year beginning the 1st of July interest pay able in the previous half-year, the Commonwealth Government should not do anything to perpetuate such a system. I hope the Postmaster-General will, therefore, do something towards adopting the suggestion I have made. In the interests of correct bookkeeping and financing, I hope we shall delete . the words I have quoted. If not, I shall consider it my duty to move an amendment.

Senator Pearce

- What is the honorable senator's suggestion ?

Senator WALKER

- I suggest that the parenthetical words I have just quoted be deleted. We should have only one system of paying interest on the public debt of the Commonwealth ; and it must be admitted that if debts are taken over from the States those debts will be the public debt of the Commonwealth. The interest on them should be charged, and the payment made on the 30th June, and not on the 1st July.

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Senator DRAKE

- I think I explained this matter in my speech on the motion for the second reading. I will endeavour to put n concrete 'Case. Suppose it is proposed at some time to take over a portion of the debt of one of the States, which has been in the habit of debiting the half-year's interest to the -half-year following that in which the interest accrues.

Senator Walker

- A very wrong system.

Senator DRAKE

- That is admitted, and we are now establishing a right system so far as new Commonwealth debts are concerned. But we make an exception in .the case of loans which we take over from the States. The reason is that in those States they have been debiting interest to the half -year following that in which it was paid. We consider -that to be a vicious and improper system. The position will be this : If we are proposing to take over a portion of the debt of one of the States, say, £1,000,000, we shall charge the State 3 per cent, interest ; that will be £30,000 a year, or £15,000 for the half-year. The financial penalty that that State will have to bear, supposing that the words objected to by Senator Walker are knocked out, will be that from the time the Commonwealth takes over the debt, the State will have to pay £15,000 in the half-year in which the interest accrues, instead of carrying -it forward to the succeeding half-year. Will not that to a certain extent act as a deterrent to those States having their debts taken over 1 We admit that the plan is wrong; but the States, for their own convenience I presume - perhaps on account of financial necessities at some time - may have been willing and desirous that their interest should always be thrown on the period succeeding the period during which it accrues. Senator Walker would say to such a State - " We are willing to take a portion of your debt, but the instant we take it Over our Audit Act requires that your interest bill must be paid from the period when the interest became due." That would make a difference in the financial accounts of that particular State in the case I have suggested of £15,000 in the half-year.

Senator Walker

- The Government are going on with renewal and conversion in the same way ?

Senator DRAKE

- Yes, because the Government' do not feel justified, even though they say that the proposed Commonwealth system of bookkeeping is correct, in forcing it upon the States, and in saying to a State that maybe in a necessitous condition - " We will take over your debt, but only on the condition that we force you to adopt a more correct system of bookkeeping than you have adopted in the past." Perhaps the State may say- "Our finances are in a position that does not warrant us in having this £15,000 made a debit for the half-year during which it accrues." Of course this would only operate during the first period. If Senator Walker looks at it in that way it may be said that, financially speaking, his amendment would cost the State at the time the loan was taken over £1 5,000.

Senator WALKER

- And a good job, too.

Senator DRAKE

- I am very glad that Senator Walker exactly grasps the position ; but the reason why this exception is put in is that the Government, though they have adopted a right system of financing in regard to their own loans, do not feel justified in forcing this system upon, the States.

Senator Major GOULD

- If a debt were taken over by the Commonwealth the interest on which would be charged on the 1 st July, and if it were taken over on 2nd July, I assume that the Government would expect the State to meet the interest up to that date ? Suppose the debt were taken over on the 29th June, could not the Government of the State call upon the 'Commonwealth Government to pay that interest instead of paying the interest over to the Commonwealth Government itself? It would be practically giving the State an extra half-year's interest under this provision. The Government practically say to the States that the Commonwealth takes the transfer of the debt, but that the interest' due for the past six months is to be paid out of the current six months; so that the Commonwealth would be paying a premium equivalent to six. months' interest.-

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Senator DRAKE

- I think not, because the disadvantage that the Commonwealth will be under will be simply one of bookkeeping and nothing else. There will be no more interest paid. It does not matter whether the interest is paid on the 30th June or the 1st July, the Commonwealth will pay exactly the same amount of interest as is due by the State. Though the debt may have been taken over by the Commonwealth, the State will have to pay the interest debited to the succeeding quarter instead of to the quarter in which the interest accumulated, It is simply a matter of bookkeeping. Of course the Treasurer of the Commonwealth is not going to pay the £1 5,000 interest and not debit it to the State. It will be debited to the State on the day when the Commonwealth pays the interest, which will probably be on the 1st July ; but in the Commonwealth accounts the interest on Commonwealth loans will be debited to the quarter during which the interest accrues. When the State account is kept by the Commonwealth that amount of interest may be debited to the succeeding quarter in exactly the same way as it stands during the time the State is paying its own interest. We shall go on with it until the State itself sees the desirability of altering its system of bookkeeping. By a simple stroke of the pen the matter can be altered if the State likes to alter it ; and, of course, the only effect will be to make the State accounts for the period during which the interest accrues look worse than they would do if they had not adopted this vicious practice.

Senator MACFARLANE

(Tasmania).If

Senator Walker's

proposal is adopted it will only make the State accounts look as they ought to look ; and we should not help them to get off paying their debts.

Senator Drake. - They will pay their

Klebs all right.

Senator MACFARLANE

- I shall certainly support Senator Walker if he moves an amendment of the character he suggests.

Amendment (by Senator Walker) proposed -

That the following words be omitted from the clause : - " Other than interest on loans taken over by the Commonwealth from the States or any renewal or conversion thereof. "

Senator DRAKE

- I cannot, accept the amendment, and shall, therefore, consent to the clause being postponed.
Clause postponed.

Clauses 57 to 71 and schedules agreed to.

Progress reported.

STATE LAWS AND RECORDS RECOGNITION BILL

Bill returned from the House of Representatives with amendments.

ADJOURNMENT

Order of Business : Public Service Bill

Motion (by Senator Drake) proposed -

That the Senate do now adjourn.

Senator Major GOULD

- I should like to ask what business the Postmaster-General proposes to take tomorrow?

Postmaster-General

Senator DRAKE

. - I propose to, take the first reading of the Public Service¹ Bill ; after that I propose that the Senate shall go into committee again to deal with the postponed clauses of the Audit Bill.

Senator Major GOULD

- After the Minister has moved the second leading of the Public Service Bill, I hope he will consent to the adjournment of the debate. It is a very important measure, and I am sure it will be in conformity with the wishes of honorable senators to have an opportunity of considering the matter before it is debated.

Senator DOBSON

- I hope that the course suggested by Senator Gould will not be adopted unless there is an absolute certainty that the Senate has work to do. The Public Service Bill was the first Bill of importance introduced in the House of Representatives, and the second reading of it there occupied nearly 7 days. Honorable senators . know that the speeches upon it are reported in *The Herald*.

The PRESIDENT

- I do not think that Senator Dobson should make a speech at this stage.

Senator DOBSON

- My only desire is that the Senate shall not be left without work. We should have enough to do until 10 o'clock to-morrow night.

Senator DRAKE

- I shall be glad if honorable senators will proceed with the debate on the motion for the second leading of the Public Service Bill to-morrow. I will not ask them to go into committee, but there must be some members of the Senate who have sufficiently considered the measure to be able to continue the debate. In fact, I know there are some, and there will be very little other business to-morrow, with the exception of the postponed clauses of the Audit Bill, and the consideration of the message which has come down from the House of Representatives.

Senator Major GOULD

- If any honorable senators like to proceed to-morrow with the debate on the second reading of the Public Service Bill, there will be no objection to that on the understanding that there will be an adjournment at a later period, so that those who do not care to speak to-morrow need not do so.

Question resolved in the affirmative.

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22:30:00

Senate adjourned at 10.5 p.m.