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1901-09-19

Senate.

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

QUESTION

COLOURED LABOUR : POST-OFFICE

Senator STEWART

- I wish to ask the Postmaster-General, without notice, the question which I had set down for Friday last, as follows : -

Whether it is true as stated in the Mount Morgan Argas of 23rd August, that a Japanese or other coloured Asiatic had recently been employed in cleaning the windows of the Mount Morgan post-office, and if so, who was responsible for such employment ?

Postmaster-General

Senator DRAKE

- The answers to the honorable senator's questions are as follow -

It has been ascertained on inquiry that a Javanese was employed to do some cleaning at the Mount Morgan post-office, and that he was discharged from that employment on the 23rd of August last. 2. The officer in charge of the post-office was responsible.

PAPERS

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Senator DRAKE

laid upon the table the following papers : -

Return showing quantity of maize imported into the Commonwealth during the past three years and other matters.

Correspondence on the introduction of Japanese into the Northern Territory.

Memoranda in regard to defence force and defences.

Paper relating to exemption tickets granted to kanakas.

Statistics of the manufacturing industries of the States.

Ordered to be printed.

QUESTIONS

NEW POST-OFFICE, HOBART

Senator MACFARLANE

asked the Postmaster-General, upon notice -

If he approves of the plan and estimated cost to complete the new post-office at Hobart ; and will he lay copies of any correspondence on the table that has passed on the subject between the Government and the Premier of Tasmania ?

Senator DRAKE

- It is understood that this work is being undertaken by the Government of the State of Tasmania. The Postmaster-General, therefore, has not examined the plans or considered the estimated cost required to complete the building. He is willing to lay the papers on the table as soon as they can be prepared.

ASIATICS : EDUCATIONAL TEST

Senator DE LARGIE

asked the Vice-President of the Executive Council, upon notice-

How many Asiatics were examined and successfully passed the educational test clause of the West Australian Undesirable Emigrants Restriction Act during quarter ending June, 1901 ?

How many Asiatics were examined and failed to pass the educational test of the West Australian Undesirable Emigrants Restriction Act during quarter ending June, 1901 ?

How many Asiatics have failed to pass the educational test clause of the West Australian Undesirable Emigrants Restriction Act since the Act came into operation ?

Vice-President of the Executive Council

Senator O'CONNOR

- The Premier of Western Australia has been requested to be good enough to furnish the desired information.

NEW ZEALAND PRECEDENCE

Senator Sir JOSIAH SYMON

upon notice,

called the attention of the Vice-President of the Executive Council to the question and the reply thereto appearing in the Journals of the Senate of Wednesday, 11th September, paragraph 6, under the heading " New Zealand Precedence," and asked -

Has the Right Honorable the Prime Minister been in communication or had correspondence with the Right Honorable the Premier of New Zealand in relation to any question of precedence or to the order of precedence existing or proposed in that colony, or to any protests or objection by the Chief Justice of that colony with respect to such order of precedence or any question of precedence generally?

If so, is there any objection to lay the correspondence on the table of the Senate ?

Senator O'CONNOR

- The Prime Minister has not, officially or otherwise, been in' communication or had correspondence with the Premier of New Zealand in relation to precedence, or any question or objections relating to precedence.

POST-OFFICE EMPLOYEES

Ordered

(on motion by

Senator Pearce)

-

That a return be prepared and laid on the table of the Senate, showing the average attendances of male and female officers for the last six months in the metropolitan district of the Post and Telegraph department of the State of Victoria.

Return laid upon the table by Senator Drake, and ordered to be printed.

STATE LAWS AND RECORDS RECOGNITION BILL

Royal Assent to this Bill reported.

PROPERTY FOR PUBLIC PURPOSES ACQUISITION BILL

Motion (by Senator O'Connor) proposed -

That the report be now adopted.

Senator Sir JOSIAH SYMON

- I move -

That the question be amended by the omission of all words after the word " that" with a view to insert in lieu thereof the following words : - " the Bill be recommitted for the consideration of clause 45.

This is a very important clause, and involves a very important principle.

Senator O'Connor

- As I shall oppose a recommitment, I would ask my honorable and learned friend to state fully his reasons.

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Senator Sir JOSIAH SYMON

- The clause could be very much better, and just as briefly, dealt with in committee, and it is not from any antagonistic desire, but with the view of enabling my honorable and learned friend to explain the effect of the clause, which is giving very great concern in some of the States, that I take this course. I am quite prepared to state shortly what the points are that are creating this feeling of uneasiness, and, I may say, of disappointment. I am very sorry that I did not notice the full effect of the clause at the time it was introduced after a very brief discussion on Friday last, but I had not then in my hand the illustrative figures which were circulated in the Senate, and which showed in a concrete form what the effect of it would be. It is only right that we should clearly apprehend what may be done under the clause before the Bill leaves the Senate. We have, under the obligations of the Commonwealth, been placed in the position of acquiring the property which appertains to what are called the transferred services. That property is of very considerable value, and has been assessed, as the statement shows, at very high figures indeed.

Senator O'Connor

- It has been estimated. There has been no assessment.

Senator Sir JOSIAH SYMON

- It has been approximately estimated. Of course, the estimate is not binding as accurate, and we may

take it as illustrative. After very considerable debate, it was settled that that property should be paid for to the respective States, along with properties that might be acquired, either in cash or by the Commonwealth taking over a portion of the State debts on an actuarial basis of 31/2 per cent. Very good. Of course, the assumption and the business transaction there was, that the Commonwealth should pay the States the price or compensation for these properties which are taken over. That, I think, was clear, and was understood by all of us. Under this clause, instead of the Commonwealth paying over the amount of compensation, the Governor-General - that is, the Executive Government - is enabled to reduce the amounts by a per capita charge to each State of its supposed - I call it supposed, for a reason which I shall mention directly - contribution to this expenditure by the Commonwealth. The effect of that is very curious. Of course it is objectionable that the Governor-General, without the consent or the concurrence of the other party to the bargain, should be enabled to write down a debt which is payable by the Commonwealth to that party. But the position is that in this transaction - taking the smallest State of the group - Tasmania, the value of whose transferred property is £436,000 - would be required to make a present of that property to the Commonwealth, and to pay it £76,000 to boot. I do not think that was contemplated by any of us. New South Wales, the value of whose transferred property is £3,200,000 estimated, would have to make a present of the whole of that property to the Commonwealth, and pay it 588,000 sovereigns as well.

Senator O'Connor

- It is not this clause that brings about that result.

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Senator Sir JOSIAH SYMON

- I shall come to that in a minute. If it is right let us all understand what we are doing. Let senators from that State be in a position to go back to their people and tell them, "You thought you were to get a portion of your debt to the amount of £3,200,000 taken over, but the Governor-General may, by a stroke of his pen, say that is not to happen, and you in New South Wales will have to raise a loan of perhaps £588,000 in order to hand that over to the Commonwealth for taking over your property." That is the compensation under this clause. Take the State of South Australia, whose transferred property is estimated at £1,665,000. We are required to make a present of £1,041,000 to the Commonwealth, because on an assumed per capita basis a liability is to be attributed to us of that amount of money, and, instead of having £1,665,000, we are only to have £624,000 of our debt taken over. Western Australia, whose transferred properties are of the value of £809,000, as against her contribution on a population basis of £481,000, will only receive in payment for those properties. £328,000, or have that proportion of her public debt taken over on an actuarial basis at 31/2 per cent. That is arrived at by assuming that each State is liable to pay for the capital obligations of the Commonwealth on a per capita basis. That I deny. It is true that of course we are a Federation, but we are a Federation not only of States but of peoples. Although in the long run the people of the Commonwealth have got to make good the liabilities of the Commonwealth - that is to say, its capital liabilities - it is not now that they have got to do so. The Commonwealth must conduct its affairs as any other nation would. If it buys property, it must pay for it. If it requires money to pay for property, it must raise that money by loan or in some other way. Suppose the Commonwealth bought property from New Zealand worth £1,000,000. If that £1,000,000 had to be paid to New Zealand - as, of course, it would have to be paid - the Commonwealth would have to raise the money for the purpose of paying it. The Commonwealth could not go to each State now and say - "You must contribute on a per capita basis the capital amount we require to pay New Zealand for the property which we have taken over." That would destroy the whole advantage of federation. There might come a time when that liability would have to be borne by the States ; but at present the capital expenditure of the Commonwealth must be borne and found by the Commonwealth itself. If such a principle as that embodied in this clause were to be given effect to, the States would be driven into very serious financial embarrassments. They would have to raise money by loan. Suppose this clause were given effect to, New South Wales would have to raise a sum of £588,000.

Senator Drake

- The honorable and learned senator is quite ignoring sub-section (6) throughout his remarks. No State has to pay anything.

Senator Sir JOSIAH SYMON

- The liability is there. The Commonwealth charges the State in its books. The Commonwealth will not pay money to New South Wales for its properties, or take over a portion of debt to the value of the property, but will -charge the State with this £588,000 of liability. Undoubtedly that is a liability to the Commonwealth. The Commonwealth will leave the balance unpaid. "What is going to be done with it ? Is it going to remain a debt due by the State ?

Senator Drake

- No.

Senator Sir JOSIAH SYMON

- Then I do not understand it.

Senator Drake

- Clearly the honorable and learned senator does not understand it.

Senator Sir JOSIAH SYMON

- My honorable and learned friend puts the matter with great politeness, but I desire to understand it, and that is why I am raising the point. Whilst we, representing the States, expected that our States would either get cash for the properties they handed over, or be relieved of an equivalent portion of their debts, neither one thing nor the other is to happen up to a certain amount. Tasmania is to get nothing ; New South Wales is to get nothing ; Victoria is to get nothing ; and Queensland, South Australia, and Western Australia are to get only a fractional part of the compensation due to them in respect of the properties they hand over. My honorable and learned friend says that that is not due to this clause. I am unable to see anything in the Constitution which would bring about such a disappointing state of things as that would be to the respective States. There is nothing whatever in the Constitution which says that whenever the Commonwealth spends £1,000,000 of money in respect of capital expenditure, the liability is to be borne by each State proportionately. That would destroy the whole benefit of federation.

The only provisions of the Constitution applicable are sections 85 and 89. I invite the serious attention of all honorable senators to the position of this matter. Section 85 provides for the transfer of the properties connected with the departments of the public service that are taken over. Then section 89 provides that - Until the imposition of uniform duties of Customs -

What is to happen ? - the Commonwealth shall credit to each State the revenues collected therein from the Commonwealth.

And sub-section (2) states that -

The Commonwealth shall debit to each State [a] the expenditure therein of the Commonwealth incurred solely for the maintenance or continuance, as at the time of transfer, of any department transferred from the State to the Commonwealth.

We all know what maintenance is. The Commonwealth, under that provision, has to debit in its books until the imposition of uniform duties the cost of maintenance. Then comes paragraph (b) -

The proportion of the State according to the number of its people in the other expenditure of the Commonwealth.

That means the annual expenditure. It does not mean the capital expenditure, because the debit is to be against the annual income. Section 89 deals with the revenues of the Commonwealth, how they shall be credited and how they shall be debited to the States.

Senator O'Connor

- Where is capital expenditure to come from ?

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Senator Sir JOSIAH SYMON

- If the Commonwealth has to provide capital expenditure it must borrow the money to pay for it, just as the States have to borrow money for their capital expenditure ; or if the paying departments of the Commonwealth are - as we believe they will be - carried on upon business principles, of course, if they are able out of their revenue to contribute towards capital expenditure they will do so. But the whole purpose of the Commonwealth will be defeated if, wherever it has to incur a capital expenditure, it goes to the States to raise the money. My honorable and learned friend Senator O'Connor asks, " How is the money to be found for capital expenditure? " I reply - "In the same way as the States find it now - by loan." At any rate, if the Commonwealth is not to provide it by loan, why compel the States to find it by loan for the Commonwealth? Section 89 of the Constitution relates merely to annual expenditure, and thus it

refers to the annual revenue and the expenditure which is to be debited against the annual revenue ; and there is not one word in this Constitution that I can discover which says that the Commonwealth is to charge its capital expenditure whenever it is incurred to the respective States. The States, in other words, under this clause would have to be the financiers or moneylenders of the Commonwealth. Of course if that is right, there is an end of it. Ultimately, I admit, every man, every individual in the Commonwealth - all the citizens of the Commonwealth - are liable for the debts of the Commonwealth. But they are not to be debited with those debts now. If the Commonwealth buys property from the States, this property is transferred to the Commonwealth and compensation has to be paid for it; or the Commonwealth can in some way, as we have provided in this Bill, relieve the States of a proportion of their debts. The States have been counting upon that. They expect it. Every local Parliament and Treasurer has been counting upon it. If such a clause as this were to be carried out they would have reason to be disappointed. Under this clause I am not at all certain that the ultimate liability for a loan floated by the Commonwealth would not have to be met by a contribution from the States. That position I deny. I maintain that there is nothing to justify debiting the States with any portion per capita of the capital expenditure of the Federation at the present moment ; and, furthermore, that there is nothing to justify picking out one portion of the capital expenditure, debiting that to the States, and calling upon them to pay it, or deducting it from the liability of the Commonwealth to them when that particular expenditure was incurred. When the Commonwealth acquired £1,000,000 worth of property it was never contemplated that it could call that up in any way from the States at this particular moment. My question is largely this - why should this principle of this Bill, applicable throughout, be applied to the liability of the Commonwealth to pay for the properties taken over in connexion with the public departments ? So far as that goes, the Commonwealth and the States are separate political entities altogether, and the Commonwealth must pay for the property that it acquires at an estimated value, the compensation which is agreed to be paid in respect of it. With a view of having the matter more fully debated, and the clause eliminated if it is not right - at any rate with a view of making it perfectly clear what we are doing - I now move for the recommittal of the Bill, with a view to the consideration of the clause in question.

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President of the Executive Council

Senator O'CONNOR

. - When this matter was last dealt with I took a great deal of trouble to lay it before the committee in such a way that the operation of the clause would be perfectly clear. The tables which the honorable and learned senator has made use of, and the amendment, were before the committee; and I had hoped that every honorable senator had had a full opportunity of considering and realizing the meaning of the clause. I made an explanation of it, which appeared to command the assent of honorable senators. There is no doubt the matter is a very important one, and if the honorable and learned senator's criticism were justified it would be rather a serious tiling to insert a clause of this kind in such a measure. I say, with all respect to the honorable and learned senator, that, in the observations he has made to the Senate, I do not think he has quite realized the position in which the States stand in regard to the financial scheme of the Commonwealth. In the first place, I make the assertion, without any qualification whatever, that this clause in no way whatever alters the position of either the States or the Commonwealth in regard to any financial liability. The effect of it is that it enables that to be done in the Commonwealth accounts which any ordinary business man would do in connexion with his own accounts. As was explained by Senator Sargood, when the matter was being discussed, it enables dealings between the States and the Commonwealth to be put upon a business-like footing, and deductions to be made from one or the other which would undoubtedly be made if it was a business transaction between individuals. The clause goes no further, and means no more than that. I proceed now to show in what way my assertion is borne out by the Constitution itself. It will be remembered that this Bill deals not only with transferred services, and the property that comes over with them, but also with property acquired, or which may be acquired in the course of years, from time to time, for carrying on any business of the Commonwealth. There is no doubt, however, that its most important effect will be in regard to the property connected with the transferred services. Section 85 of the Constitution provides -

When any department of the Public Service of a State is transferred to the Commonwealth : - 1. All property of the State of any kind used exclusively in connexion with the department shall become vested

in the Commonwealth.

Then the third sub-section provides -

The Commonwealth shall compensate the State for the value of any property passing to the Commonwealth under this section.

This is the section which gives the right to compensation. Now, where is that compensation to come from
1 That compensation is raised from the only source of revenue which the Commonwealth has at the present time. Of course the Commonwealth has a right to cover a very large field of taxation. Almost every field of taxation open to a Government over the people is open to the Commonwealth, but its only source of revenue now, and I hope for a very long time to come, unless in some very special emergency, will be through the Custom-houses of the Commonwealth as against the outside world. So that this compensation is to be paid out of the customs duties collected by the Commonwealth throughout the different States.

Senator Sir Josiah Symon

- It does not say that.

Senator O'CONNOR

- I beg the honorable and learned senator's pardon ; that is exactly what it does say. I am pointing out what the section means. I will come by-and-by to deal with what, if he will permit me, I must call the honorable and learned senator's exceedingly Micawber-like way of dealing with the liabilities of the Commonwealth. At present I am working out the constitutional position step by step, and I say that the money to pay the compensation must come from the customs duties collected by the Commonwealth.

Senator Charleston

- Not from the States, from the people.

Senator O'CONNOR

- From the people through the Custom-houses of the Commonwealth in the different States. The Commonwealth has been intrusted by the Constitution with the collection of the whole of the customs duties of the States, and it holds the money so collected in trust to apply in a particular way. The mode of application is laid down in section 89. I may mention parenthetically that section 93 carries the provisions of section 89 beyond the period of the uniform tariff. I need not further trouble with that section, as it has only that operation. Section 89 is the one we have to deal with. The whole of the proceeds of these customs duties being in the hands of the Commonwealth, the Commonwealth has to apply the money as laid down in section 89. And it is to be done in this way.

The Commonwealth shall credit to each State the revenues collected therein by the Commonwealth.

That of course means revenue from Customs, from the Post-office, and all kinds of revenue.

The Commonwealth shall debit to each State-

The expenditure therein of the Commonwealth incurred solely for the maintenance or continuance as at the time of transfer of any department transferred from the State to the Commonwealth.

That is what is called the transferred expenditure - expenditure, for instance, for the maintenance of post-offices, Custom-houses, and all other local maintenance, and for the continuation of the services as they are at the present time. It will include also all sums which are incurred for the purpose of preserving buildings and premises in which the different operations of the Commonwealth are being carried on.

Senator Charleston

- Depreciation.

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Senator O'CONNOR

- I am not referring to that now. It may also refer, for instance, to the cost of a lease which the Commonwealth may pay for the carrying on of any of its business, and by precisely the same reasoning it may also be used to apply to the amount of compensation, or interest on the amount of compensation to be paid to the States. But I am not dealing with it in that way now at all. I am assuming for the present that moneys dealing with any compensation do not come under that sub-section at all. I come now to the next sub-section, which says that the Commonwealth shall debit to each State -

The proportion of the State according to the number of its people in the other expenditure of the Commonwealth.

What is the "other expenditure of the Commonwealth " ? All expenditure which is not included under the

maintenance of the transferred services as at the time of transfer.

Senator Sir Josiah Symon

- Does the honorable and learned senator say that that refers to capital expenditure ?

Senator O'CONNOR

- I am coming to that in a moment, but I may say that it does.

Senator Lt Col Neild

- The honorable and learned senator prefers to rob rather than to borrow.

Senator O'CONNOR

- I hope the honorable senator will wait a moment. I am not dealing either with robbery or borrowing. The honorable senator would never have made that statement if he had understood anything at all about this, which he does not. I say there is no doubt whatever that the expenditure of the Commonwealth is divided into two classes in this, which is the only section which guides us in the application of it. One class of expenditure is that on the transferred services, to maintain them as they were at the time they were taken over, and the other class is all other expenditure of the Commonwealth. By this section the transferred services expenditure is to be paid by each State according to the amount expended in each State, and the other expenditure of the Commonwealth is to be charged per capita over all the people of the Commonwealth. Any one who looks at the Constitution can have no doubt whatever that that is the way in which it is laid down that this money which the Commonwealth has in its hands is to be expended. It must debit against each State whatever is expended in each State for the transferred services, and all other expenditure of the Commonwealth, which may be described as new expenditure, is to be debited against the whole people of the Commonwealth per capita.

Senator Sir Josiah Symon

- But against revenue, as the honorable and learned senator must see, because the balance has to be paid over.

Senator O'CONNOR

- The honorable and learned senator will see that I am dealing now with the expenditure of the Commonwealth, and there is no limit with respect to revenue or anything else.

Senator Dobson

- The honorable and learned senator says we can do this with revenue, but we cannot do it with capital.

How does sub-section (4) of section 85 bear upon it ?

Senator O'CONNOR

- I will come to the honorable and learned senator's argument afterwards. There can be no doubt, therefore, that with regard to the amount of what may be called new expenditure, there is only one way of charging it, and that is as provided here. What is the method ? We are to charge the people of the States according to population with the whole of the new expenditure of the Commonwealth ; and we are to pay to the States month by month the balance which remains after deducting first of all the transferred expenditure from the States, and secondly, the States' proportion of the new expenditure of the Commonwealth. It is the balance after that deduction that is handed over. There is no other source from which we can pay any of this money except from the money in our hands ; and there is no other way of carrying out the provisions of the Constitution. Even honorable senators who have been interrupting me will admit that, so far as interest upon this compensation money is concerned, this must be so. If, instead of setting off this expenditure or paying it in cash, the Commonwealth borrowed the total amount of the compensation and had to pay interest upon it, I do not think it could be denied for one moment that that interest would be a charge against the whole population of the Commonwealth, and each State would have to pay its share per capita according to its population.

Senator Sir Josiah Symon

- Certainly.

Senator O'CONNOR

- Then I ask, what is there in this section to limit the payment to the payment of interest ? I can quite understand that it might be desired by honorable senators representing different States here to try if they could find any way by which this expenditure should not be charged against the States they represent, where the capital is concerned ; but what does the Constitution say about it ? It makes no difference whatever in regard to capital or in regard to interest. Let me take an illustration of that : Take the case of a

State in which the compensation to be paid amounted to £50,000 or £60,000. It would probably pay the Commonwealth very much better to pay that amount in cash. How is that to be paid ? If Senator Symon's position is right, we would have to borrow that money.

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Senator Sir Josiah Symon

- Hear, hear !

Senator O'CONNOR

- Instead of paying it out of the funds of the Commonwealth, we would have- to charge the interest against the different States, and according to the honorable and learned senator, we could not charge them with the principal. I suppose that borrowing money means that it has got to be repaid at some time, and who is going to pay it ?

Senator Sir Josiah Symon

- The people of the Commonwealth.

Senator O'CONNOR

- That is only saying it in another way. The people of the Commonwealth are the people of the States, and we can only make the people of the Commonwealth pay the money by charging it against the people of the States under sub-section (6) of section 89. In other words, if we adopt the position taken up by Senator Symon we only reduce to an absurdity the whole of these financial sections, because we assume then that there is some means by which interest may be paid and charged per capita, but that there is no way in which any capital expenditure can be charged against the States. It is chargeable against the States and can be charged against them in this way.

Senator Sir Josiah Symon

- Never.

Senator O'CONNOR

- Whether it is £1,000, £20,000, £30,000 or £40,000 it can be charged in this way : that out of the money which the Commonwealth has in its hands it is bound to hand back only those amounts to which the States are entitled after certain deductions have been made. We are entitled to make a deduction of all the money expended on behalf of the Commonwealth, whether it is interest, principal, or any other expenditure

Senator Sir Josiah Symon

- Not principal.

Senator O'CONNOR

- I should like to find out from my honorable and learned friend, or from any other honorable senator, whether there is a single word in this section to indicate that we are only dealing here with principal.

Senator Sir Josiah Symon

- We only deal there with revenue.

Senator Ewing

- If this section does not apply to principal, what section does apply to it?

Senator Sir Josiah Symon

- None.

Senator O'CONNOR

- Then the honorable and learned senator answers himself. If there is no section but this that applies to principal, then we have a right to borrow the money to pay off these liabilities ; but we never can pay them off.

Senator Sir Josiah Symon

- Why not?

Senator O'CONNOR

- Where would the money come from ?

Senator Sir Josiah Symon

- Not per capita. Tax the people.

Senator O'CONNOR

- In what way 1 Through the Customs ?

Senator Sir Josiah Symon

- In any way the Constitution authorizes ; just as any other nation would do.

Senator O'CONNOR

- If we are to tax them through the Customs, then that is what we are doing. All we ask is that, out of the money we have in our hands through the Customs, we shall detain that portion of it which represents capital.

Senator Sir Josiah Symon

- But the honorable and learned senator proposes to take the money out of capital belonging to the States.

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Senator O'CONNOR

- That is the honorable and learned senator's assertion. This is a very important matter, and I wish to follow it out step by step. I hope I have made it clear to the Senate that it is in the operation of section 89 of the Constitution Act - the only section which deals with financial relations between the States and the Commonwealth - that this is done. It is under that section that we are entitled to place every expenditure in the bookkeeping accounts between the States and the Commonwealth ; that we put on one side all the revenue which is collected in a State, and credit it to that State, and put on the other side all the expenditure of that State on the transferred services. We charge the whole of it to that State, and we also put on the debit side that State's share, according to population, of all the new expenditure of the Commonwealth. Under those circumstances it is quite clear that if we assume that this compensation is to be paid by the Commonwealth, it must go amongst our other expenditure. That being so, let us look at these tables for a moment. I think honorable senators will see that the result shown by these tables - which certainly is curious - by which a State like New South Wales, or a State like Victoria, is really to pay more than she gets, is brought about by the very operation of the per capita provisions of the Constitution. It is not brought about, as Senator Symon suggested, by reason of this clause, which does not allow anything to be done that the Constitution itself does not permit. Let me illustrate what I mean by these tables. Take the case of New South Wales, which was referred to by my honorable and learned friend. On the face of it, New South Wales is assumed to be entitled to £3,200,000 compensation; and Victoria is also entitled to a certain amount as well as Queensland, Tasmania, South Australia, and Western Australia. If we want to find out how much per capita New South Wales is to pay, as one of the States of the Commonwealth, we take the whole amount of the compensation to be paid to the different States- £10,000,000 odd- and we divide that among the whole of the population of the Commonwealth. If we put it in that way we find that New South Wales' contribution towards the whole of this compensation amounts to £3,788,000. The whole amount of her contribution towards the general compensation is more, by £58,000, than she is to receive. The operation of the tiling goes on exactly in that way. The model State is to get more than she pays away ; Queensland is to get more than she" pays away, and so with Western Australia. These results are not the outcome of this clause, but of the operation of the per capita section to which I have called attention. I have referred to these matters, because my honorable and learned friend said just now rather ingeniously, it seemed to me, with a view of putting a case of dreadful hardship, that Tasmania instead of being paid £436,000 would get nothing and would have to pay £76,000. This clause has nothing whatever to do with that. If it were not in existence the operation would be as follows: Assuming that Tasmania was paid in cash the compensation would be handed over in money by the Commonwealth. Then Tasmania herself would be charged, in the accounts, her allowance per capita of that amount which was handed over to her. That is to say, she would be paid £436,000 into one pocket,, that representing her amount of compensation, and she would have to hand out of the other her share per capita, amounting to £76,000.

Senator Sir Josiah Symon

- The honorable and learned senator will find that the States do not expect that.

Senator O'CONNOR

- The matter was made perfectly clear on hundreds of platforms throughout Australia while the Constitution was being discussed, and in New South Wales our friends, the anti-federalists took care to make a prolonged howl about the position of that and other large States, which it was said, would have to contribute to the cost of transferred de- - apartments and buildings taken over from the other States.

Senator Dobson

- Would the honorable and learned senator debit Tasmania with £76,000, and make her pay interest on that amount 1

Senator O'CONNOR

- If she owes the Commonwealth £76,000, and we take it as a matter of cash, she will have to pay that amount over.

Senator DOBSON

- Or pay interest if she does not.

Senator O'CONNOR

- I do not think Senator Dobson quite catches the operation of this clause. If the set-off is applied, then Tasmania will pay nothing in the way of interest, because the set-off enables a deduction to be made of the amount which, is common to both sides of the account.

Senator Dobson

- Is not that contrary to the per capita principle 1

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Senator O'CONNOR

- No. If the Commonwealth pays the whole amount over to Tasmania in cash, then Tasmania will have to pay back her share. If she pays back at once well and good ; if she does not, then the amount may be charged against her, month by month, or in any way the Commonwealth thinks fit. It is a mere question of accounts and how they are to be kept. The object of this clause is not to - impose any new liability, but simply to enable the Treasurer to do what any other business man would do. When he finds that he has to pay a certain amount over to a State, and that that State has to be debited with a certain amount, then he strikes off that which is common to the entries on both sides and settles for the balance. I see no reason why the principles I have enunciated should not be followed out with the most perfect justice and with the preservation of all the rights which the States now possess. Instead of compelling the Commonwealth to find at once the very large sum - estimated at nearly £10,500,000 - for the purpose of paying compensation, when a large sum has to be deducted, the Commonwealth would only have to raise £1,607,000, according to my illustration, either by loan or in some other way, and pay the States.

Senator Playford

- But we are taking over the State debts.

Senator O'CONNOR

- I am glad my honorable friend reminds me of that. The taking over of the State debts is one way of paying the compensation.

Senator Playford

- But the honorable and learned senator proposes to take over the State debts one day and to wipe them out the next day.

Senator O'CONNOR

- The honorable senator says that, because, with all respect to him, he has not listened to my argument.

Senator Playford

- I have listened very carefully.

Senator O'CONNOR

- Take the case of South Australia. The amount payable to her would be £1,665,000. That could be paid in several ways. We could take over the State debts to that amount without applying this deduction at all. If we did not do that, then we would apply the set-off provision. After allowing for the set-off, the amount to be paid to South Australia would be £790,000, and we would take over debts to that extent instead of the former amount. It is as broad as it is long. As it is, we do not do that ; we carry out the proposal suggested by the honorable senator, and take over debts to the amount of £1,665,000. South Australia will be charged her share of the interest on that, and when the principal comes to be paid, surely she will be entitled to pay her share of that principal?

Senator Sir Josiah Symon

- No; not the State as a State.

Senator O'CONNOR

- But the population of that State would be charged per capita ?

Senator Sir Josiah Symon

- The Commonwealth would pay it, and it would have to pay it, as every other nation would, by levying a duty on the people.

Senator O'CONNOR

- It would pay it out of Commonwealth funds, and if there was no obligation to return it to the States here, it need not consult any State or any person as to what it should do with its own money. The Commonwealth must pay it out of its funds, and it charges them, therefore, per capita, according to the population of the Commonwealth. Those are the reasons why this clause has been introduced. It does not make any alteration in liabilities. It simply enables the existing relations to be carried out - the financial obligations on one side or the other to be disposed of, instead of raising a large amount for the purpose of handing it over and getting it back again. It enables that to be done by the process of bookkeeping in accordance with the Constitution, and every State will get exactly what it is entitled to - no more and no less. It is simply a provision for the purpose of enabling the work of the Treasurer to be carried out, and to be carried out in such a way as to embarrass the Commonwealth and to embarrass the States as little as possible in the very difficult period of the very early financial relations.

Senator Glassey

- Supposing that a certain sum is required to repair a post-office in a State, will it be charged to the State?

Senator O'CONNOR

- That will be charged to the State.

Senator Glassey

- And if a new Post-office is erected in a State, will it be charged to the State or to the Commonwealth ?

Senator O'CONNOR

- That depends on circumstances. If it is for the maintenance or continuance of the service as at the time of the transfer, it will be charged to the State. For instance, supposing that a small post-office is inadequate, and is pulled down, and that a post-office for that place is erected on another site and on a larger scale, that, I take it, will be State expenditure. But supposing that a new post-office is erected in some new place, and is not to carry on the business as at the time of transfer, that will be Commonwealth expenditure.

Senator Sir Josiah Symon

- That will be capital expenditure of the Commonwealth, and it will not have to be contributed per capita by each State.

Senator O'CONNOR

- Yes ; and in that case, supposing that it is entirely new expenditure, it will be distributed between the different States per capita.

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Senator WALKER

- As I had not the honour of being present last week, I missed some of the debates on the clause. I believe that section 89 of the Constitution refers specially to revenue. It begins -
Until the imposition of uniform duties of Customs

The idea was to charge each State with the expenditure of its transferred services, and then for other or new expenditure to be divided per capita, and thereafter the balance of the annual revenue to be returned or distributed. I have never heard it said before to-day that the Commonwealth, as a Commonwealth, cannot borrow like any other Government. It is true that with the bookkeeping clauses it can debit each State with its proportion of the per capita annual expenditure.

Senator O'Connor

- Does my honorable friend mean to say, therefore, that it cannot pay compensation in cash without borrowing the money ?

Senator WALKER

- It has not the funds.

Senator O'Connor

- That is a most extraordinary conclusion - that the Commonwealth cannot pay compensation in cash without borrowing money to do it, no matter what money it has in hand.

Senator WALKER

- If it has cash, well and good. But how can it possibly pay such a large sum as £10,000,000 out of

revenue ? It is quite evident that the Minister is under a misapprehension. It says in this new clause that we are not to pay more to any State. Sub-clause (b) says it shall not in the case of any State exceed the amount of the compensation payable to that State.

What is to be done with these States which are entitled to money - Western Australia, South Australia, and Queensland ?

Senator Sir Josiah Symon

- They are not to get it.

Senator O'Connor

- That does not refer to leaving a State out altogether ; it simply means that the amount of deduction cannot be such as to bring any State in credit under this arrangement. "

Senator WALKER

- There is evidently a palpable mistake running through the whole thing. We ought to take so much of the debt of each State as represents the value of the property we are buying. Then, when we come to debit the interest at the end of the year, it is quite true, if these figures are to be relied upon, New South Wales will be debited with more interest than that with which she will be credited. That is quite right. But why mix up capital and revenue in the way we are doing here ? Does the Minister mean to tell me that if we borrow £10,000,000 to pay for the construction of railways between various points in Australia, we are to debit a portion of the loan to each State per capita ?

Senator O'Connor

- Why not?

Senator WALKER

- I have gone through a great part of New South Wales, but I have never heard promulgated before the idea which is now put forward. I always understood that we should probably have a certain portion of our debt taken over, and our debt reduced by as much as the value of the property taken over, and that is perfectly right. I must protest, however, against this new interpretation of the Constitution. I shall strongly support the amendment for a recommittal.

Senator Pearce

- Would the honorable senator say that they could not establish a sinking fund from revenue ?

Senator WALKER

- You may if you please.

Senator O'Connor

- That must be charged against the States.

Senator WALKER

- You cannot have a sinking fund until after the expiry of the bookkeeping period, and it will not end, I take it, until five years at all events. During that period, every penny of revenue acquired will be required to be distributed amongst the States, month by month. Surely the Minister must see that the first line of section 89 of the Constitution evidently intends that it shall be for revenue purposes ? Then, in section 90, we are told what is to take place on and from the imposition of uniform duties. I have been quite taken aback by the Minister's arguments. Will he tell us what is to be done with future loans? Is he always going to debit each State with a portion of the loan? When half-a-dozen men go into a partnership, they put in so much capital, but, if the firm borrows afterwards, they do not debit each partner with a share of the loan. The Commonwealth is a large partnership, and, should it ever come to dissolve - which it will never do - then it might divide the debt amongst the partners, but the Commonwealth, as a Commonwealth, has its debt, like any other country. I strongly support the amendment.

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Senator PLAYFORD

- After hearing Senator O'Connor, I have come now to understand to a certain extent what all this means. In part 5 of the Bill we have provided the mode of compensation to the States for the properties taken over. We have provided, first, that we may pay the amount in cash, and, secondly, that we may become responsible to a State -

For its liability for principal and interest in respect of such a part of the public debt of the State as is the actuarial equivalent of a 3 1/2 per cent, loan of the same currency and of the amount of such compensation.

We take over . 1 portion of a State's debts on these terms for the payment of the property we have acquired, and then we introduce clause 45 to give us another option. A number of us strongly objected that to give so many options to the Commonwealth was to give advantages over the States. If I understand the clause aright, it means that in the event of £1,000,000 worth of property being taken over from a State the Commonwealth would ascertain what the State would pay itself in interest towards that amount, and having got that information, write down £1,000,000 to a sum equivalent to that, per capita, which the State would pay. Instead of taking over the State debt to the amount of £1,000,000, and paying 31/2 per cent., which of course would be paid by the State itself, the Commonwealth writes it down to save the necessity of a bookkeeping entry. It gives the Commonwealth an option in that particular direction. We are told it matters little or nothing to the State whether the 31/2 per cent, on the £1,000,000 is deducted from the amount which will be due to it, or whether we write down the indebtedness to the extent of the amount it would pay as interest if that indebtedness were taken over. That is the position, and I do not like it for a variety of reasons. One of those reasons is that it gives the Commonwealth another option, which it may use in one State but not in another.

Senator O'Connor

- No; the express provision here is -

Shall, if the amount would be chargeable against the States in proportion to population, be made in respect of all the States in proportion to their populations.

It cannot be done unless it is done in reference to all the States.

Senator PLAYFORD

- That is not very clearly laid down, because it says -

The Governor-General may from time to time, by order under his hand, reduce the amounts payable for compensation to the several States.

It takes apparently the power of picking and choosing.

Senator O'Connor

- Look at paragraph (a) of the clause.

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Senator PLAYFORD

- If paragraph (a) makes it perfectly clear, well and good ; but I am not inclined to give the option. I know that the State Treasurers have looked upon it as a matter of course that the Commonwealth would not pay cash for the indebtedness, but would take over a corresponding amount of the States' liabilities. They cannot understand this clause without a great deal of trouble. When I first read it I failed to understand it. I showed it to a gentleman who has been Treasurer of a neighbouring State for many years - a highly-intelligent financier - and he could not understand it, and not until we got the other paper, which gives the examples, did a glimmering of what was intended dawn on our minds. My idea is that we should excise the clause. It is simply like chips in porridge. ' It does neither good nor harm. So far as I can see it will benefit neither the Commonwealth nor the States. It may save a little bit of bookkeeping, and that is all it can possibly do. It will never be thoroughly understood by the States ; and the States are looking forward with a great deal of interest to the fact that the Commonwealth is going to take over a portion of their debts and liabilities, and will be much disheartened by this clause. They were looking forward to the Commonwealth taking over certain of their liabilities that rest upon their shoulders at the present time. That could be done with advantage to the Commonwealth. Because if the Commonwealth takes over £1,000,000 worth of debt from the States, paying them 31/2 per cent, interest until those bonds mature, the Commonwealth will be able to go to the English, market at a lower rate, and the whole country will be benefited thereby, instead of throwing back the liability upon the States. Let it be remembered that the States will never be able to borrow money so cheaply as the Commonwealth can, and that it will be of advantage to the Commonwealth and the States, as a whole, if the Commonwealth Government takes over those State liabilities. The amount of interest that will have to be paid by the States will thus be reduced, and the amount of interest paid by the Commonwealth, as a whole, will be reduced. This clause is a mistake, and I shall vote for its recommittal.

Senator EWING

(Western Australia).The position put by

Senator O'Connor

depends upon the construction to be placed upon the word "expenditure" as used in section 89 of the Constitution. Of course, any Act of Parliament which we pass cannot affect the position of the States under the Commonwealth Act.

Senator O'Connor

says that the word "expenditure" in this section means the whole expenditure of the Commonwealth whether capital or otherwise. Although I agreed with

Senator O'Connor

at the first sight, I am afraid I cannot agree with him now, because I have closely perused section 89 of the Act, and find that it starts with the words -

Until the imposition of uniform duties of Customs, the Commonwealth shall credit to each State the revenues collected therein by the Commonwealth.

That section, to my mind, deals with revenue and expenditure in the ordinary sense of the words. I think so for two reasons. First, because on the credit side is only put the annual revenue. Nothing of a capital nature could be put on that side. Therefore, the inference is that upon the other side the expenditure will be also expenditure of the same nature - that is, annual expenditure. Then, again, a very strong presumption in favour of the contention that the word "expenditure" in paragraph (&) of sub-section (2) is to be read as annual expenditure in this - that if it meant capital expenditure the section would surely apply for all time. But this section does not apply for all time. It applies only for five years. "What would be the effect if Senator O'Connor's argument is right? All the property bought in the first five years of the existence of the Commonwealth would be charged per capita, but the properties bought afterwards would be charged in such a way as the Commonwealth thinks fit to provide. Probably the latter properties would be paid for by loans publicly raised in the ordinary way, which loans the States would never be called upon to pay.

Senator O'Connor

- - That applies to all expenditure by the Commonwealth. There is a difference after five years.

Senator EWING

- My argument is this - We know perfectly well that a Constitution must be read, not with a narrow construction, but with a broad one. When we look at this Constitution, we must read it in such a way as to see that we not only do justice at the present time, but in the future. The effect of saying that this section applies to capital expenditure would mean that if in four years and nine months the Commonwealth did a public work, that public work could be charged to the States per capita of their population; whereas if it were done after that five years, it would be charged upon a different basis.

Senator O'Connor

- Not necessarily; on any basis the Commonwealth thought fit. It might be the same, or it might be different.

Senator EWING

- True; but if it had been intended that the Commonwealth was going to acquire properties for all time, not for five years, there will be a difference in the method of payment for property after five years, surely it would have been expressed. This section surely only deals with revenue and ordinary annual expenditure because it says -

Until the imposition of uniform duties of Customs, the Commonwealth shall credit to each State the revenues collected.

Then it says what shall be debited against those revenues.

Senator Sir Josiah Symon

- And the balance paid over.

Senator EWING

- Paragraph (b) of subsection (2) says -

The proportion of the State according to the number of its people in the other expenditure of the Commonwealth.

Under that, if the Commonwealth ought to pay New South Wales £500,000 as her share of Customs revenue, the Commonwealth can appropriate every penny of that in payment of the liability of New South Wales, supposing Senator O'Connor's argument to be true. But we are face to face with another section in the Commonwealth Act - the Braddon section - which says that nothing of the kind shall be done.

Senator O'Connor

- How does the Braddon section affect the point 1

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Senator EWING

- Under the Braddon section it is provided that the Commonwealth shall only keep for its purposes one-fourth of the revenue collected through the Customs. This clause says that the Commonwealth shall debit to each State the proportion due by the State. The figures that have been given show that New South Wales will have a certain amount debited to her. At the same time she will have to be paid her proportion under the Braddon section. Therefore, three-fourths of the money collected through the Customs will have to be handed back to the State of New South Wales out of the Customs revenue, but according to this clause the Commonwealth will have power to take that three-fourths of the revenue, because it says that the Commonwealth shall not hand New South Wales any balance until the amount owed by that State to the Commonwealth has been paid. That would mean that New South Wales would not get a penny of her Customs revenue back, and probably would be in debt to the Commonwealth. This would be practically and directly interfering with the intention of the Braddon section. I quite agree that the matter in question is one that is involved in doubt. Every matter involving the construction of a Constitution must necessarily be surrounded with doubt. We cannot always apply the ordinary meaning to its provisions, as was so ably pointed out to me when I moved a resolution earlier in the life of this Parliament. If we were asked to consider what the word "expenditure" meant in the ordinary sense of the term, we could say what it meant. But we are not in that position in regard to the Constitution. The word has to receive the construction which will have a tendency to bring about the general result that is desired by the Constitution in which the word occurs. Now, that general intention I take it was this - that the various States should pay for the maintenance of the departments that were taken over from them for the first five years. Then, if there was any new expenditure, that should be debited per capita; but there is not a word in the Constitution, nor do I think there is anything to lead us to the conclusion, that this bookkeeping section goes one inch beyond the annual revenue and the ordinary expenditure of the Commonwealth. I express the opinion I have now given with a considerable amount of doubt. If Senator O'Connor's contention is right, in my opinion disastrous consequences would be brought about. I feel confident that the High Court would be very slow to give the Act that construction. What does it mean? Say that the Commonwealth raises five millions of money for a public work - we will suppose the construction of a railway to Western Australia. 'Can it be argued that the Commonwealth is not to pay for that out of Commonwealth revenue? The only other position is this: we are taking from the States avenues of taxation. We have power to impose an income tax, a land tax, and ultimately will have power entirely with regard to the Customs. Are not we out of that revenue to pay the liabilities of the Commonwealth as a Commonwealth? Surely it will be unjust to say that New South Wales and Victoria - which we will say for the sake of argument have four-fifths of the population of the Commonwealth - shall pay four-fifths of the cost of a transcontinental railway. It was intended that all national works should be paid for by Australia as a people. It might well be argued that the intention was otherwise, but that is an intention that is not clearly expressed; and if that is so, it must be shown that that is consistent with the general intention of the Act. I submit that the result of acceding to the proposition of Senator O'Connor would be to bring about such an inequitable distribution of the liabilities of the Commonwealth that I cannot conceive that any court would give these words - particularly in the place where they occur in connexion with the revenue and expenditure of the Commonwealth for the first five years - the wide meaning that Senator O'Connor seeks to attach to them. I shall, therefore, vote for the recommittal of the Bill, and afterwards, if I hear anything that causes me to alter the opinion to which I have now come, I shall be willing to do so. I admit that I have modified my view. I started with the opinion that that other expenditure meant every other kind of expenditure. I have modified that view after looking at the various sections of the Act, and considering what seem to me to be the general intentions of it. The conclusion I have come to is that it is not intended that the apportionment of expenditure during the first five years shall be any guide as to the basis of liability of the various States of the Commonwealth in regard to capital expenditure.

Senator Lt Col NEILD

- If it is a fact - as has been stated by the Vice-President of the Executive Council - that there is no need

for this clause, and that the whole thing is provided for in section 89 of the Constitution, I should like to know why this clause is introduced here at all ?

Senator O'Connor

- What I said was this - that there was nothing provided for in this new clause which was not legally in accordance with section 89, and that it simply enables the Government to carry out what the Commonwealth is allowed to do under section 89.

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Senator Lt Col NEILD

-That is a distinction without a difference. This Bill was introduced into the House some months ago, and it was only at the last moment, practically, that it was recommitted in the Senate for the purpose of inserting a provision which I do not think any member of the Senate anticipated. A great deal of reference has been made to section 89 of the Constitution Act, and without labouring the matter I draw attention to the fact that section 89 is one of a series of sections, commencing with section 86, and relating almost entirely, if not entirely to customs duties. Section 86 provides that, on the establishment of the Commonwealth, the collection and control of duties of customs and of excise shall pass to the Executive Government of the Commonwealth. Section 87 deals with the ten years period, and section 88 with the limit within which the uniform customs are to be imposed. Then section 89, as has been pointed out by Senator Ewing, commences with the pregnant phrase - " Until the imposition of uniform duties of customs," certain things are to take place and to be done. Going on, we find that section 90 deals again with the imposition of customs duties, and refers to customs duties wholly. So that section 89 is one of a series of some half-dozen sections devoted to the question of the imposition, collection, and distribution of customs duties. I cannot follow my honorable and learned friend, the Vice-President of the Executive Council, in dragging in this section as a justification for what is indicated in clause 45 of the Bill. Reference has been made to the words " the other expenditure of the Commonwealth," in paragraph (6) of section 89, and if I understand him, Senator O'Connor indicated that these words include such expenditure as the acquisition of property. What do these words really mean? If the honorable and learned senator will look at the section again, he will see that the " other expenditure " referred to is distinctly the annual expenditure of the Commonwealth that is not connected with the transferred services. The transferred services are mentioned in the earlier part of the section, and then there is the reference to this other annual expenditure to be provided for apart from the transferred services, and these words are inserted to indicate that. Let us look for a moment at what the clause really provides. It is a provision that the Governor-General may at any time reduce the price that has been agreed upon as to the value of a property to be acquired. That is as plain as possible.

Senator O'Connor

- No.

Senator Lt Col NEILD

- I hear the Vice-President of the Executive Council say it does not mean that, but it says that " the Governor-General may from time to time, by order under his hand, reduce the amounts payable for compensation to the several States in respect to any property acquired under the Bill."

Senator O'Connor

- Reduce in what way? As set out in the clause.

Senator Lt Col NEILD

.- If we take paragraph (>), we find that the reduction is not to be greater than the capital sum. What is the meaning of such a phrase as that! The reduction is not to be more than the total amount. What a farce these words are !

Senator O'Connor

- The honorable senator would not think them a farce if he looked at the figures.

Senator Lt Col NEILD

.- I have looked at the figures, and I will deal with them directly. How can £1,000,000 be reduced by more than £1,000,000 ? Then this phrase, "in respect of any property," would apply to land that has been purchased under clause 5 of the Bill, which provides for the actual sale by a State to the Commonwealth of any property. Evidently it would apply to land acquired in connexion with the establishment of the Federal capital, for instance.

Senator Playford

- That would be a free grant, would it not?

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Senator Lt Col NEILD

.- Yes ; I think the honorable senator is right there. But it would apply to any other land which would be land acquired ; and therefore land that the Commonwealth has deliberately purchased and had deeded to it would, under clause 45, be reduced in value to any extent that the Governor-General pleased, provided it was not reduced to a greater extent than the total sum. I can only say that if this proposal is to be placed in a statute of the Commonwealth it -will bring about a greater amount of trouble than Senator O'Connor, who so zealously champions the clause, will at all like to have to face in the near future. When we were discussing clause 44 it was acknowledged by every one who spoke that the States and the State Treasurers expected to receive either the value of the property taken over or to have the liability of the States on their public debts correspondingly reduced. Now we find that, in the case of the State I have the honour to be sent here to represent, it is not only to make a present of £3,250,000 worth of property - that is an estimate made two or three years ago, and since that date large sums have been expended, and the property in New South Wales to be taken over by the Commonwealth stands to day at a much higher figure than £3,250,000.

Senator Drake

- That is only a rough estimate.

Senator Lt Col NEILD

- It is a very rough estimate, but it does not matter to a few hundred thousand pounds in the case of public spoliation of this character. If one is going in for bushranging it doesn't much matter whether he steals one mail bag or the whole coach. This is one of those occasions on which it is proposed to go for the whole coach, and the mail bag would only be an incident of the proceeding. I am absolutely asked to come here and represent a State and give a vote that means that that State is to hand over property to the tune of £3,250,000, and be called upon, in addition, to pay £600,000.

Senator Drake

- No.

Senator Lt Col NEILD

- The Postmaster-General says " no " with an amount of enthusiasm worthy of a better cause, but the figures plainly show that while the Commonwealth proposes to take over in round figures £10,500,000 worth of property, it only proposes to pay in respect of that a little under £1,200,000, the difference amounting to £9,250,000 is to be taken by the Commonwealth without either relieving the States of their public indebtedness to that extent or paying them ; otherwise there is no meaning in the clause. I would like to know whether the Commonwealth Government expects to come into legal possession of the property in question under such terms. It is a Government which has no power whatever in the land. It does not possess legally a defence force nor a single soldier. It has not a law court nor does it command the services of a policeman. And how does it expect to obtain possession of £10,000,000 of property in this free-booting style?

Senator O'Connor

- Surely the honorable senator is himself an officer of the Commonwealth.

Senator Lt Col NEILD

- Well, as much as anybody else, but the honorable and learned senator who interrupts me knows perfectly well that there is no law from one end of the Commonwealth to the other that warrants the existence of a military force in any part of it, and there is no law that governs the military forces today.

Senator O'Connor

- I do not indeed. I know that the military forces are governed by laws in each State, but no Commonwealth law has been passed yet.

Senator Lt Col NEILD

- I have the best authority for denying this. Here is a case that came under my notice only the other day. One of the States possesses a much larger supply of war material than another. That war material is part of the Government property that becomes the property of the Commonwealth at some stage or another, and it is proposed to take a lot of that war material to another State for use there. Under this clause the

State that suffers the loss of that material is not only to have it taken away, but it is not to be paid for it. Senator Ewing was not quite accurate when he said that this proposal was to the detriment of the large States and in favour of the smaller ones. Tasmania is one of the States that would suffer, and suffer seriously under this clause. There are apparently only three States that are to have any benefit from it, and they are Western Australia, South Australia, and Queensland. Queensland is to come off worst of the three States, at any rate, because, whilst she transfers property worth £1,590,000, all that she is to receive is £234,000. Therefore, although better off than New South Wales, Victoria, or Tasmania, she is still to be the loser by at least £1,250,000.

Senator DAWSON

- How does the honorable senator make that out ?

Senator Lt Col NEILD

- The capital value of the property to be taken over from Queensland, is £1,590,000. The net amount to be received by that State is £234,000.

Senator Walker

- Which she is not going to be paid.

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Senator Lt Col NEILD

.- That is the case so far as Queensland is concerned. Reference has been made to South Australia, and to Western Australia. The latter State is the best off, but the loss even in her case is to be represented by £500,000. According to Senator O'Connor the whole of £9,250,000 is to be made a charge upon the Commonwealth Customs. Hansard will bear me out in saying he stated plainly and emphatically that he expected the whole of this sunn would be a charge against the Commonwealth Customs. We know perfectly well that the Government are at their wits' end to devise a Commonwealth Tariff that will raise £8,500,000, and if another £9,250,000 is to be placed on the top of that amount it will be impossible to raise all that money through the Customs. The arguments that were put forward by Senator O'Connor were all so uncertain and unsatisfactory that, in view of the plain reading of other clauses of the measure, as well as the figures that stare us in the face, I for one shall give my support to the proposal for the recommitment of the Bill.

Postmaster-General

Senator DRAKE

. - I really thought that after listening to the lengthy debate that took place, and having had these tables placed before him, the honorable senator who has just spoken would have had a clearer idea of the proposal contained in the clause. I would point out first of all, as underlying the fallacies of his speech, that if the honorable senator reads paragraph (b) of clause 45, he will see that in any case the reduction shall not exceed the amount of compensation ; that is to say, that in no case shall the result be a balance payable by the State to the Commonwealth. That is perfectly clear, and yet Senator Neild has referred to New South Wales as having to pay something to the Commonwealth. The last three columns of figures in table No. 3 are, perhaps, misleading to a certain extent. They simply state the general financial result of this operation, and do not show what is actually going to be done. If we turn to the other columns we shall see the point much more clearly. Let us bear in mind that the whole of the States as a federation acquire a large amount of property. That property was held prior to the 1st March last in unequal proportions by the various States. The figures are only approximate, and are given by way of illustration, but we have a table which shows us the total value of the property in the various States, and the value of the property in each State. We have also a table showing the percentage of the total amount that is owned in any one particular State. We could deal with the matter in this way. We could raise a loan for the whole amount of £10,000,000, pay each of the States for the property taken over, and then charge them on a per capita basis with their share of the interest on that big loan. We find, however, that if we did that, although we might be paying a large amount of money to the States, or proposing to relieve them to a certain extent of their liabilities, we should be throwing upon them really a great burden in the shape of interest upon so large a loan. Senator Playford said that the States were looking forward to being relieved of a large amount of their liabilities. We find that the only way in which they could be so relieved would be by increasing our expenditure, which would necessitate throwing upon them a very great liability for the payment of interest on the amount borrowed. It might be an amount less than the liabilities of which they

would be relieved, but it might be even more. The Government propose, instead of raising a large loan of £10,000,000-

Senator Playford

- The Government do not want to raise a loan.

Senator DRAKE

- I want to take this illustration. It is provided that the money may be paid in cash. If we do it by raising a loan of £10,000,000, then, each of the States will have to pay interest on the loan upon a per capita, basis. Seeing that the property contributed by the various States to the Commonwealth is in an unequal proportion, what we propose to do is to find out which State contributes in proportion the smallest amount in value of public buildings and property. Having done that, we make a proportionate deduction in the case of the other States, and then, instead of having to deal with £10,000,000, we deal only with the balance. Supposing we found that, in order to relieve a State of £1,000,000 of its indebtedness, we had to go through an operation which would mean debiting that State with interest equal to £750,000, we would say that, instead of doing that, we should eliminate the £750,000, and deal with the smaller sum of £250,000.

Senator Playford

- But where is it provided that we are to debit the States with interest on Commonwealth loans 1

Senator DRAKE

- In section 89. If a loan is raised for Commonwealth purposes - for other expenditure - the interest upon that loan must be debited, month after month, to the States in proportion to their population.

Senator Charleston

- For how long 1

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Senator DRAKE

- During the whole bookkeeping period. The honorable senator will see how much more inconvenient it would be to the States if, in dealing with their expenditure, we had to debit them monthly with interest upon a big loan instead of upon a small one. What can be done under clause 45 may be plainly seen by reference to the first three columns of table No. 3. Instead of raising a loan of a little more than £10,000,000 we can by a sort of cross entry reduce that amount to £1,671,000. If that amount were raised as Commonwealth expenditure and the interest debited - of course it would be under paragraph (6) of section 89 - to each of the States on a per capita basis, then the £1,671,000 could be paid in the proportion shown in the third column, payments being made to each of the States with the exception of Victoria, which we regard as at zero.

Senator Playford

- That is all on the assumption that we are going to borrow money.

Senator DRAKE

- Clause 44 of the Bill expressly provides for paying the amount in cash, and I am pointing out what would follow if this plan were adopted. The amount payable to New South Wales would be £18,000, Victoria nil, Queensland £452,000, South Australia £790,000, Tasmania £6,000, Western Australia £405,000. I have dealt with these figures on the basis of a loan being raised for the proportionately small amount, to pay off the States for their contributions in buildings in excess of the amount contributed by Victoria. That basis - and it would be much easier than dealing with a loan of £10,000,000 - would be more convenient financially to the States. If any other principle is adopted for relieving the particular States of so much of their liabilities, exactly the same thing will follow. We can deduct the value of the property, which we may say is a common factor, amongst all the States, and instead of dealing with the gross amounts, deal with the balances. If we adopted that principle of relieving the various States of their liabilities, we should have to relieve New South Wales to the extent of £18,000; Queensland, £452,000; South Australia, 790,000; Tasmania, £6,000; Western Australia, £405,000; and Victoria, nil.

Senator Lt Col Cameron

- How is it proposed to deal with the sum of £76,000 shown to be due by Tasmania, over and above the amount of compensation to be received ?

Senator DRAKE

- That question shows the absolutely misleading nature of the columns I have referred to. Tasmania will

have to pay nothing at all. She will have to receive £6,000. If Senator Cameron looks at paragraph (b) of clause 45, he will see that the reduction there referred to shall in the case of no State exceed the amount of compensation payable to a State ; so that in no case can a State be called upon to make any payment. The arrangement which has been made, and which holds good whether the payment is made in cash or the States are relieved of certain of their liabilities, is shown in the third column of No. 3 of these statistics. Victoria will receive nothing at all. We take Victoria as at zero. Each of the other States has contributed a larger proportion of buildings and properties than Victoria ; therefore, in the case of each of those other States, an amount will have to be paid or a certain amount of debts taken over.

Senator Ewing

- Where is the money to come from ? We shall have to float a loan.

Senator DRAKE

- I have said that.

Senator Sir Josiah Symon

- Why not float a loan for the whole £10,000,000?

Senator DRAKE

- I have referred to that matter; I said that if we paid cash it would be necessary to raise a loan of £1,671,000. The money would then be paid in the proportion shown in the third column of the table. The loan being, I take it, a loan raised for Commonwealth purposes, and therefore " for other expenditure " under sub-section (6) of section 89 of the Constitution, the interest would be debited in proportion to the population monthly to each State.

Senator Pearce

- And the sinking fund also.

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Senator DRAKE

- And, if necessary, the sinking fund also. If, on the other hand, we adopt the principle of relieving the States of their liability, then, under this scheme, we should have to relieve New South Wales of £18,000, Queensland of £452,000, South Australia of £790,000, Tasmania of £6,000, and Western Australia of £405,000. We have arrived, then, at exactly the same justice to all the States as we should if we adopted the principle of paying the whole amount over. The only difference is that without this clause, if we pay cash, we should have to go into the large operation of borrowing the money. We have to deal with the whole of that £10,000,000, and it means that while paying large amounts to all the States we at the same time put a liability on each State, which is simply giving with one hand and taking away with the other. We are adopting here the principle which I think would be adopted in all mercantile affairs. Where you have ix, large amount to receive and a large amount to pay, you set one against the other, and strike a balance. The only point which we have to keep fairly in view is that each State is a receiver and a payer. The States as a federation are acquiring an enormous property, and what we have to see is that, in the adjustment, equal justice is done to each State, and it is certainly much more convenient for us to be able to deal with the balances than to have to deal with the large amount in the gross.

Senator Sir FREDERICK SARGOOD

- I regret that the leader of the Senate did not see his way clear to accede at once to the proposal for the recommittal of the clause, because it involves a question of very great importance indeed. He will hardly say that we had a full opportunity to consider the clause. The Minister stated that the position of the States and the Commonwealth is not altered by the clause. Not only is it not altered, but legally it cannot be altered. On the other hand, a recommittal would give an opportunity to those who do not thoroughly understand the matter, or who wish for further consideration, to see what, under the circumstances, is the good of the clause. I supported it, and I shall continue to do so.

Senator O'Connor

- Instead of the whole compensation being paid, it enables part of it to be- paid by a set-off, and the rest by payment or by taking over the debts.

Senator Sir FREDERICK SARGOOD

- That, I think, can be done, even without the clause. It is a pure bookkeeping entry, and such as would undoubtedly be followed out by any firm amalgamating with another. The six States have formed a partnership, and are bringing into it certain assets, and are liable for certain indebtedness.. . The proper

plan is not to hand over £10,500,000, and to receive back that sum in different amounts, but to do that which is laid down in the clause - to make a set off. At first sight it would appear as if some of the States were to receive a certain amount of money, and others to be called upon to pay. I agree with Senator Drake that the columns of these tables are exceedingly misleading, for one states the net amount to be paid to the States, and another the net amount to be received by the States, when, as a matter of fact, there is nothing in clause 45 to require either one thing or the other. All it does is to set off the debit as against the credit, and to deal, at some time or other - it is not stated when - with the balance as affecting the various States. Whether it be left for a few years before anything is done, or whether the Commonwealth could float a loan of £1,671,000, in order to settle these matters, is a detail which I do not think is of very much consequence. At first, I, in common with others, thought that the provision in section 89 of the Constitution, as to "other expenditure," did deal with the repayment of the principal of loans or of other claims ; but on further consideration it seems that it can refer only to annual expenditure. If the Commonwealth decided to float a loan of £10,500,000 to pay the States cash, the interest on that sum properly divided, would be chargeable each year against the States. But then, as against that, the States would have the use of the cash received. I believe we might even say that sub-section (2) would cover not merely the interest, but the sinking fund, if the loan had been floated on the condition of such a fund being established. But still it would be an annual expenditure. I might even go further and say that ultimately whenever the principal has to be paid, it can only come out of the revenue of the Commonwealth, and hence, directly or indirectly out of the pockets of the people, and to a certain extent from the States.

Senator Sir Josiah Symon

- But not percapita.

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Senator Sir FREDERICK SARGOOD

- The interest would be charged per capita, and ultimately I believe the principal would have to be paid per capita, as I read the Constitution. It appears to be the only fair way in which it can be done, because if the States, to start with, receive the present market value of the assets they hand over, it is but right that when the ultimate payment takes place they should pay at per capita. I think on the whole the proposal of the Ministry which we have agreed to is the right one. At the same time I believe it will cause very great dissatisfaction. It is not the plan which was ever anticipated, I think, by the people as a whole during the time of the elections, and I venture to say that if it had then been placed before them they would not have had it, although I agree that it is 'a businesslike way of dealing with the question. No doubt the people as a whole were, and still are, under the impression that the States are to be relieved of an amount of their debts equal to the amount of assets they hand over ; and, while it is a little more cumbersome, I am inclined to think, as a matter of policy, it would be wiser to adhere to that which we decided upon the other night - paragraphs (a) and (6) of clause 44, leaving out clause 45.

Senator Playford

- - Or provide that, with the consent of the States, this may be done.

Senator Sir FREDERICK SARGOOD

- I do not like to make all these options or consents. Either the Commonwealth should pay cash - which we are all against, because it is dangerous - or the States should be relieved of a certain amount of debt equal to the amount of assets they hand over.

Senator MACFARLANE

- When this question was discussed in committee last week, Mr. President, you pointed out the difficulty which the Commonwealth would be likely to be in, financially, under clauses 44 and 45, and you raised the point of whether it would be legal to pass clause 45. Senator O'Connor, in reply to your question, quoted section 89 of the Constitution, and subsequently section 93 ; but section 89 is admitted to apply only to revenue purposes.

Senator O'Connor

- I do not admit that at all ; I say quite the contrary.

Senator MACFARLANE

-The consensus of opinion is that it applies only to revenue purposes. At all events, it begins with the words, " until the imposition of uniform duties of customs." But apart from that, clause 45 of this Bill refers

to section 85 of the Constitution, which in sub-section 3 says -

The Commonwealth shall compensate the State for the value of any property passing to the Commonwealth.

If there is no consideration given there is no compensation, and it seems to me that in passing a clause of this kind we are providing food for the judicature which I do not think we should wilfully do. I think the clause is very advantageous, and in many ways equitable ; but for the reason that I doubt whether it is within our power to pass it, I shall vote for a recommittal.

Senator CHARLESTON

- I have listened very attentively to all that has been said, and what has struck my mind is that the Government by their proposal are striving to establish a basis practically for all time upon a section of the Constitution which is only intended to refer to a five-year period. Section 85 clearly states that the Commonwealth shall compensate the States for the value of the transferred property ; and then in section 89 it is provided that until the imposition of uniform duties certain tilings shall be done. Until uniform, customs duties are imposed, the only possible way will be to treat each State on a population basis ; but after the five-year bookkeeping period expires, we may decide to pool the whole income. Under such an arrangement it would not be the State paying as a State, but the revenue as a whole paying the liabilities chargeable to it ; and therefore it would not fall upon the States per capita, because some of the richer States would, through the customs and excise duties and other methods of taxation, perhaps, contribute a great deal more per head towards the revenue than the poorer States. Therefore, I am quite in sympathy with Senator Symon and others, in thinking that it would be better to go into committee again and alter clause 45.

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Senator MCGREGOR

- I should like honorable senators to understand the question from my point of view. I entirely agree with the endeavour of the Government to make things in the future as simple and easy as possible. It is for that reason that I am opposing the recommittal of the Bill. Senator Charleston seems to- miss the point with regard to the justice of what is proposed. 1 will take the case of six individuals going into partnership. They have certain assets that they are going to put into the business. We -will say that the lowest asset represents, in the question we are discussing, Victoria with £2 10s. per head on a population basis. That is the amount she is bringing into the partnership. We will say that South Australia is bringing considerably over £4 per head of her population into the concern. Queensland is bringing probably £3 per head, New South Wales a similar amount, and so on. Is it fair that after the imposition of uniform Customs duties, and all that sort of thing, New South Wales or South Australia should lose the advantage of the difference between £2 10s. per head and £4 per head in the case of South Australia, or £3- per head in the case of New South Wales, and yet have to pay the interest per capita ? The very effect of section 89 of the Commonwealth Act, and of the clause we have been discussing, would be to give to each State the advantage of the amount per head of its assets over the States with lower assets per head. When we deduct the £2 10s. per head, which represents the lowest amount paid into the partnership, what is left gives the amount the Commonwealth ought to be prepared to pay to the different States that are entitled to get it. Section 89 refers to the transferred services, and not to railways or other works of the description that have been referred to. It refers to the services transferred at the time of the establishment of the Commonwealth. Let honorable senators look at the section. Until uniform duties are imposed, what is to be done ? The States are to be debited find credited according to their population, which is quite fair, with respect to these transferred services. That is, the expenditure in each State and the income from those services are to be dealt with in that manner ; and, to my mind, the other expenditure referred to is the payment for the direct outlay in the carrying out of the services, and the income from them would be the interest on such amount as the Commonwealth would be liable for to the States. In the future if a railway is to be constructed by the Commonwealth it will be built under entirely different conditions altogether, because it would not come under the heading of transferred services at the establishment of the Commonwealth. We have now discussed this question upon the motion for recommittal as much as if the Bill had actually been recommitted, and we may consider that if the vote is now carried against the Government the clause will be eliminated. If the motion is defeated, the clause, of course, is bound to remain in the Bill. I hope the Bill will not be recommitted, because I am in favour of the clause as it stands.

Senator Lt Col CAMERON

-Col. CAMERON (Tasmania). - I should like to explain that at first I to a certain extent agreed with the speeches made at the beginning of the debate, and was inclined to vote for the recommitment of the Bill ; but after the clear explanation which has been made by both the representatives of the Government, I am satisfied to vote for the clause as it stands in the Bill.

Senator Sir JOSIAH

SYMON (South Australia). - A matter of this kind could be more intelligibly dealt with in committee, involving, as it does, figures and calculation. But I take advantage of the opportunity of pointing out to Senator McGregor

the grave fallacy underlying the position he takes up. In the first place, it is true that this particular clause refers to the transferred services and the capital value of the properties taken over. But let me tell

Senator McGregor

that exactly the same principle under which this clause is set out as applicable to the transferred properties would equally apply to expenditure upon any railway construction by the Commonwealth. If this capital expenditure - because there is no distinction - has got to be contributed by the States on the basis of this clause

per capita,

then any other and every other capital expenditure of the Commonwealth will have to be contributed in exactly the same way.

Senator O'Connor

-This only applies to compensation, not to the building of a railway.

Senator Sir JOSIAH SYMON

- What does compensation mean 1 It means the price - the purchase money - for the property taken over by the Commonwealth from the States. Senator O'Connor may call it compensation, bonus, or what he pleases, but it is capital expenditure by the Commonwealth for the acquisition of what will be a capital asset, the property of the Commonwealth.

Senator McGregor

- Surely the honorable and learned senator does not apply that to a railway being constructed to last 500 years ?

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Senator Sir JOSIAH SYMON

- Absolutely the same principle applies. The Vice-President of the Executive Council put it very clearly in answer to an interjection in regard to a Post-office. If the Commonwealth is repairing or reconstructing an existing Post-office, that, Senator O'Connor said, would be an expense attributable to the State under that particular department ; but if the Government were investing capital in the erection of a new post-office, that would be capital expenditure which he admitted frankly and truly would be apportionable amongst all the States per capita.

Senator McGregor

- If the work was connected with the transferred services.

Senator Sir JOSIAH SYMON

- Let it be connected with any service the honorable senator likes. What does he understand by a transferred service? It merely means that a service formerly carried on by a State - like the Customs - is now carried on by the Commonwealth. We are dealing with capital expenditure for the acquisition of property by the Commonwealth, and that property is what the Commonwealth ought to pay for. Senator McGregor has said that the Commonwealth is like a partnership with six - partners. That is not an analogy at all. My honorable friend is entirely mistaken. Our Commonwealth is a union of the people of all the States. The obligation between the States and the Commonwealth is not to contribute to the capital expenditure of the States per capita, but according to the resources of each State. The wealth of the Commonwealth is the amount of income which can be got out of it by taxation, and if the Commonwealth raises a loan and that loan has to be re-paid, it is not to be charged against each State per capita of its population, but to be paid out of the funds which the Commonwealth may raise by taxation, according to the wealth and the means and the resources of the people. My honorable friend Senator McGregor, and

those who think with him, are advancing a principle that I am glad to have this opportunity of protesting against - that we are not to defray the capital expenditure of the Commonwealth according to the wealth of the people under an ordinary system of taxation, but according to a per capita basis, which is an entirely fallacious one. I am quite willing to accept the issue upon this particular motion as defining whether or not the Senate is in favour of this clause or against it. Eoi" my part I am glad to have the opportunity of protesting against what I believe to be a mischievous and utterly unconstitutional principle. It has already worked great disappointment and disaffection in every State constituting this union. My honorable friend Senator Cameron has asked what about the position of Tasmania as to its £76,000? The position is that

Tasmania will hand over to the Commonwealth property to the value of £436,000.. She will not be relieved of a single shilling of her debt, and there is £76,000 which will remain a sort of floating debit against her.

Senator Drake

- That is absolutely incorrect.

Senator Sir JOSIAH SYMON

- The comfort Tasmania gets is that she will not be called upon to pay it.

Senator Drake

- Tasmania will receive £6,000 under these figures. The honorable and learned senator does not understand it. I told him at the start that he did not.

Senator Sir JOS r AH SYMON

- My honorable and learned friend himself has u great capacity for misunderstanding, and he seems to measure other people's corn by his own bushel. I see a column upon the paper which has been circulated in connexion with this clause, showing that the value of the transferred property from Tasmania is £436,000. Her contribution is £512,000, and the difference between those sums is £76,000. Poor Tasmania has committed the enormous offence of not having sufficient property to hand over to the Commonwealth.

Senator Drake

- The honorable and learned senator does not find that in the clause.

Senator Sir JOSIAH SYMON

- I am not thinking of the clause, but of the figures which have been handed to us.

Senator Drake

- I have thoroughly explained it.

Senator Sir JOSIAH SYMON

- Then I do not know what a thorough explanation is. I am pointing out that these figures which are supplied to assist in the interpretation of the clause, show that Tasmania ought to contribute on a population basis £512,000, and that she will have handed over property to the value of £436,000. The difference, £76,000, is what she ought to have handed over in addition.

Senator O'Connor

- If the honorable and learned senator applies this clause he will see that she gets £6,000, and the £76,000 is not brought into account until the whole of her compensation is paid.

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Senator Sir JOSIAH SYMON

- I am looking at what our honorable friends have put down in these figures. They say, on the population basis, the contribution ought to be £512,000, and Tasmania has not got enough property to hand over by £76,000.

I say there is no justification for charging the States with what they ought to have handed over in respect of transferred services. There is in the Constitution no basis, and no ground whatever for charging them in that way. As Senator Playford has said, this clause, if it effects anything at all, enables the Commonwealth without the consent of the States who are parties to the bargain, to relieve itself of the obligation either to raise a loan for the purpose of paying for the property acquired, or of relieving the States of a portion of their debts to an equivalent amount. The Commonwealth is shrinking from raising £10,000,000, but it might just as well raise £10,000,000 as £2,000,000, and the advantage would be that the Commonwealth could raise the money at a much lower rate of interest than the States. Under this,

clause, however, it is preferred that the Commonwealth should leave the obligation to the States, and should not take over the States' loans, and relieve them from the incubus under which they are at present resting. I am quite willing that the clause should remain in the Bill, if we provide for the consent of the other party to the bargain.

Senator Higgs

- Would the honorable and learned senator propose to raise £10,000,000, and distribute it amongst the different States?

Senator Sir JOSIAH SYMON

- Certainly not. None of us have ever suggested such a thing. We have already opposed the paying over of this money in cash, and what we have said, and what is embodied in paragraph (6) of clause 44 is that the payment should be made by the taking over of an equivalent amount of the debt owing by the State, to be ascertained upon an actuarial basis.

Senator Drake

- It comes to the same thing- - the State would be charged the interest.

Senator Sir JOSIAH SYMON

- I am not talking about how they are to be charged. This is a proposition which may be carried out without the consent of the States who are parties to the bargain. I hope the clause will be recommitted, and if it is not struck out altogether, that some amendment will be introduced to enable the States to have some say in the matter, so that their finances shall not be altogether disarranged, and that they shall not have imposed upon them an unfair charge in respect of a liability for the capital expenditure of the Commonwealth.

Question - That the Bill be recommitted for the consideration of clause 45 - put. The Senate divided -

Ayes 9

Noes 14

Majority 5

Question so resolved in the negative.

Motion (by Senator O'Connor) agreed to-

That the report be adopted.

SERVICE AND EXECUTION OF PROCESS BILL

Bill returned from the House of Representatives with amendments.

PUBLIC SERVICE BILL

In Committee

(consideration resumed from 13th September,
vide

page 4889).

Clause 5 -

. For the purposes of this Act the Governor-General may from time to time appoint some fit and proper person to be Public Service Commissioner, and not exceeding six fit and proper persons to be inspectors -

Upon which Senator Dobson had moved as an amendment -

That the words " some fit and proper person to be Public Service Commissioner " be omitted.

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Vice-President Executive Council

Senator O'CONNOR

. - I rise now for the purpose of asking Senator Sargood exactly what his amendment is. I would like to point out to the honorable senator that it would be very unsatisfactory if, by a combination against a particular set of words in the clause, honorable senators who are really -of the same view as to what should be done should bring about a result which they do not desire. If Senators Sargood and Dobson are in agreement in some way as to what "they desire, it would be very much better if some amendment were moved which they could both support. The difficulty I see at present is that Senator Sargood may .move his amendment, and yet may not carry out the object he has in view.

Senator Sir FREDERICK SARGOOD

- Senator Dobson's amendment is before the committee, and we ought to know what he is going to do

about it. My amendment will necessarily come after his. Shortly, I may say that my amendment is antagonistic to the principle of allowing one commissioner to deal with the service. I understand that Senator Dobson desires to leave the matter absolutely in the hands of the Government.

Senator DRAKE

- No, the honorable and learned senator wants to hang the Bill up : he does not want it at all.

Senator Sir FREDERICK SARGOOD

- I hardly think Senator Dobson will go as far as that, although it is quite true the honorable and learned senator said he was willing that the Bill should be held over. I do not think, he means that, because we must all acknowledge that a Public Service Bill is absolutely necessary, and the sooner we get it the better. The only question is as to whether the service shall be governed by one man, and whether that man shall be the Minister or a Public Service Commissioner, or whether, as I think past experience shows to be necessary, the service should be governed by a board of three. I think it is better I should wait until I know what Senator Dobson proposes to do.

Senator DOBSON

- The amendment I moved was to strike out the words "some fit and proper person to be Public Service Commissioner " after the word "appoint." I specially left in the word "appoint," so that if my amendment is carried, the Government or any honorable . senator may suggest some other amendment whereby a board or some other governing authority may be appointed, but not this one commissioner with his six inspectors. Although, personally, I think the matter is not of so much importance that it might not be left over until next session, perhaps six or seven months. hence, we of course all admit that a Public Service Bill is absolutely essential. As the governing principle is such an important matter, I think a little more consideration might well be given to it. So far as my time has permitted, I have given some hours of consideration to the subject ; I have conferred with persons who have been members of Public Service Boards; I have had interviews, and have made myself acquainted with the working of boards, and I am now prepared to suggest an amendment. In my first speech on the subject I said I thought there might be a board composed of three of the permanent heads, with certain safeguards to prevent political patronage. Since then I have given some consideration to a suggestion made by Senator Best, that the board might consist of two permanent heads in each State, and that a Public Service Commissioner might be appointed who would be a travelling commissioner, and would take the chair and form the board with the two permanent heads in each of the States. That is to say that in each State there would be a board, consisting of two heads of departments and a chairman. The advantage of having a chairman selected from outside the service would be that he would bring about uniformity of administration; he would inform the heads of departments in each of the other States of what he, with the two heads of departments in the first State in which the board sat, had done.

Senator Glassey

- How could he do that when the two men in each of the States would control him 1

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Senator DOBSON

- There are certain objections ; but if we put the heads of departments in their right places, and associated with them one commissioner, who would practically decide with them, we should not rob them of then- responsibility and perpetrate the farce of giving responsibility to the heads of departments, while giving all the power of administration to an irresponsible outside commissioner. I think we might expect something of that sort to work far better than history shows the boards of the States have worked in the past. Therefore, if my amendment is carried for the omission of certain words in the clause, I propose to move a further amendment, as follows : -

That after the word " appoint," line 2, the following words be inserted : - "a Public Service Board for each State, comprising two of the permanent heads of departments mentioned in the second schedule to this Act, and a third person unconnected with the public service, who shall act in each State with the two permanent heads so to be appointed for each State as aforesaid, and shall preside at all meetings of the State boards, and appoint the times and places at which such boards shall meet."

Senator Sir Josiah Symon

- On a point of order, had we not better confine ourselves to the amendment before the Chair? If the words are struck out, we can then deal with whatever other scheme is proposed to be substituted. -

Senator Drake

- The amendment involves the whole principle of the Bill, and Senator Dobson is perfectly justified in stating what, in his opinion, should be substituted for the words it is proposed to strike out. What the Vice-President of the Executive Council has suggested is that it is not desirable that there should be a combination of forces, consisting of those who have various objections to the Bill, for the purpose of carrying this amendment, because a great number of those who vote for the amendment will be bitterly disappointed subsequently. A conjunction of forces might be successful in scuttling a ship, but no portion of those forces would be able to float it again. The suggestion made now is that if possible an amendment should be moved of such a nature that we would be able to know exactly what would be its effect if carried. I do not know the extent to which Senator Dobson proposes to alter the Bill as it stands, but unless he purposes making some extraordinary alterations afterwards he will find that his proposal will be wholly unworkable. He is going to appoint two permanent heads of departments in every State.

Senator Sir Josiah Symon

- On a point of order again, Mr. Chairman, I would ask whether Senator Drake is in order in debating now the further amendment to be moved by Senator Dobson¹(Senator Sir John Downer. - I do not think there is any point of order involved. It is simply a question of what is the most convenient way in which we can get at the views of the committee without by an elaborate and carefully considered division of votes arriving at a conclusion entirely opposite to what we intend. There are some honorable senators who are strongly of opinion that there should be no commissioner at all. The Government think there should be one. Some honorable members agree with them ; while there are others who consider there should be three. Now which is the best way to get at the result of these varying opinions so as to insure an outcome which will be satisfactory to every one ? Senator Sargood would rather have the Government proposal for the appointment of one commissioner than none at all.

Senator Sir Josiah Symon

- The honorable senator has not said so.

Senator Sir John Downer

- But sometimes we are able to read between the lines. I would suggest to Senator Dobson that the best way in which to take the vote so as to test the real opinions of the committee, would be for him to withdraw his amendment in order to allow Senator Sargood to put his proposal for the insertion of the word " three " instead of " one " first. Then if " three " be not inserted we can come to the question of whether it should be two, or one, or none at all. In the meantime, we shall not have a catch vote which might compel the reconsideration of the measure* in order to bring it within the view of the majority of the committee.

Senator Higgs

- Honorable senators will remember that at the last sitting of the committee, second reading speeches were made on this very clause, because it was thought that the debate had been limited, and that by permitting second-reading speeches we might arrive at proper conclusions. Therefore, I do not think that Senator Dobson should be confined in his remarks in any way.

Senator McGregor

- I would point out to Senator Downer that it is impossible under our standing orders, or under the rules of Parliament, for Senator Sargood to insert the word " three " in the clause before the word " one " is omitted. Consequently there is nothing in the point of order.

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The CHAIRMAN

- I propose to allow the greatest latitude in this connexion, because it is quite impossible to say whether these words should be omitted or otherwise, unless arguments are permitted as to the effect of such a course. In addition to that, there was a general understanding in committee that the fullest latitude should be permitted in the discussion of this clause, so that we might ultimately come to a conclusion. I therefore decide that there is no point of order.

Senator HIGGS

- I regret that there is some very strong opposition on the part of some honorable senators to the appointment of one commissioner. I have been very much struck with the extravagant terms used in this debate by Senator Symon, Senator Playford, and others, who said that the proposed Public Service

Commissioner would be an autocrat, an absolute sovereign, beyond the reach of Parliament. Honorable senators must know that those terms are extraordinary, and should not be used, because the commissioner, if appointed, will be amenable to the Federal Parliament.

Senator Sir John Downer

- Amenable to the Ministry.

Senator HIGGS

- If he will not be amenable to Parliament under the Bill as it stands we should amend the measure in that direction.

Senator O'Connor

- The honorable senator is quite right; the commissioner will be amenable to Parliament, not to the Ministry.

Senator HIGGS

- Clause 6 provides for the suspension or removal of the commissioner and the inspectors. It sets forth that -

The commissioner or any inspector may be suspended from his office by the Governor-General, but shall not be removed from office except as hereinafter provided.

Then, of course, regulations are to be made concerning that suspension or removal. Is it right to complain that the Public Service Commissioner will be an autocrat or absolute sovereign? If appointed, he will be the servant of this Parliament. In my opinion he should be better fit to carry out the purposes of the Public Service Bill than a Minister. I am satisfied that most Ministers would very much prefer to be relieved of the responsibility of appointing persons to the civil Service. Take the case of a wrongful appointment made by a Minister. If any member of the Senate or the other House desires to take exception to the appointment, he has to consider the consequences of his action. If wrong is done, and it is brought up in the Senate, the Ministerialists will stand by the Minister who is in the wrong, and the Ministerial party will stand by the Cabinet ; because there are other considerations to be kept in view besides the mere appointment of a person to the civil service.

Senator Pearce

- The Ministry got the severest criticism from their own followers in the other House.

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Senator HIGGS

- No doubt they did; but they were not turned out, and they never will be turned out in a similar case.

Honorable members cannot be expected to turn out a Cabinet on that ground, because there are questions of high public policy to be considered. Take the case of any wrongful act by a Minister. We who support the Ministry would have to consider other things besides that appointment. We would have to consider the question of a white Australia ; the question of doing away with the employment of black labour in the sugar industry ; the question of a universal franchise, and other important questions. We would have to ask ourselves whether it would be wise to turn out the Ministry for the purpose of putting in others who might not go so far in our direction, and no doubt we would come to the conclusion that it would be in the best interests of the general community to overlook the wrong conduct of the Minister. On the other hand, here is a commissioner appointed at a good salary, who knows that his duty is to endeavour to make the public service as effective and efficient as possible. He knows that he is there for that purpose, and if he makes a mistake, if he does a corrupt act, any member of the Senate or of the other House may bring him to book, and then we shall consider the matter on its merits, unhampered and untrammelled by questions of high public policy, and without a doubt we should, if he were found to be doing wrong, dispense with his services. I think there is an advantage in appointing only one commissioner, because three men with equal powers would be very likely to come to a deadlock on several occasions. I can well imagine that there would be considerable difference of opinion amongst three commissioners. And they might be pulling one against the other to the detriment of the public service. We know that it is far better in very many instances to say to a man - "Here, take the reins, and do your best, and we shall give you every opportunity ; we shall hold you responsible." We do not have three captains operating on a vessel at the one time, and the Public Service Commissioner, I take it, would be very much in the position of a captain steering a ship. Senator Pearce has urged that all the ends would be served if the powers proposed to be given to the commissioners were reposed in the

permanent heads. The permanent head, I take it, is responsible to the Minister, and, being his officer, and coming into daily contact with him, he is more likely to go wrong by making a political appointment, than a public service commissioner, who is responsible directly to Parliament. We cannot give a permanent head sufficient power to properly control the public service, and at the same time make him responsible to the Minister, because the Minister may at any moment discharge or suspend him.

Senator Pearce

- That would be a very good reason.

Senator HIGGS

- That would not be a very good reason, because if the permanent head were at the beck and call of the Minister, and liable to be discharged at a moment's notice, he would be very likely to concur if the Minister wished at any time to make a political appointment, hope that those in favour of the Government carrying out certain work on behalf of the community will endeavour to have that service carried out in the most effective and economical way. I trust that honorable senators will have formed a higher opinion of their duties than to be, as has been suggested, labour agents ; and labour agents without the commission. I do not think it should be the duty of Members of Parliament to be so hampered as they are in many cases, owing to the fact that Ministers have it in their power to bestow certain officers. I am very much in favour of the Government, wherever it is possible, carrying on certain large services such as we now possess. If we do not make the public service effective and economical, we shall always be liable to be charged with want of due economy and extravagance. It is a continual reproach to the federal service, indeed to all civil services, that there is the Government stroke, and that the State does not get the value of its money. If we do away with political patronage, which I submit we are more likely to do through the appointment of one commissioner, we shall give merit a chance. I can well believe that in the civil service of the States many good men and true do not get a chance because some political supporter is put over their heads time after time. If we appoint a commissioner, and give him the powers which he will have under the Bill-

Senator Pearce

- He will do it for the Minister.

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Senator HIGGS

- He may, if he has not a proper estimate of his own responsibility and position; but if he is an ordinary individual, who realizes that he is responsible to Parliament, and not to the Minister, he* will carry out his duties faithfully and well. Under the Bill the commissioner is to have only a seven years term of office. I am very much in favour of the commissioner being allowed to hold office during good behaviour, subject to removal by a majority vote of Parliament at any time. From such a system I think we should be more likely to get better service. I can well believe that towards the end of a seven years term, knowing that he may desire to get the support of the Ministry or party in office, the commissioner may be inclined to do things suggested by Ministers, or by Members of Parliament, which, under other circumstances, he would not do. I hope that we shall preserve the main principle of the clause - to have only one Public Service Commissioner.

Senator DOBSON

(Tasmania).- My sole desire is to take the sense of the committee. Of course, if I am in a minority, I must put up with it ; and if I am convinced that the fair and right thing to do is to withdraw my amendment, I shall be most happy to do so. But I should like the debate to be proceeded with for a little time, and then I shall be happy to do anything to enable the committee to honestly express its opinion.

Senator Sir FREDERICK

SARGOOD(Victoria). - By not withdrawing his amendment,

Senator Dobson

has placed me in an awkward position, because very naturally I want to discuss my amendment. The object of the former amendment I circulated was to place before the Committee the advantages of a board of three members, and with a view to economy I suggested that it should consist of permanent heads. But having since had an opportunity of thinking carefully over the matter, and recognising frankly that it is desirable, as far as possible, to fall in with the views of a Ministry, whatever it may be, so long as it is not seriously wrong, I am inclined to make the board consist of the commissioner, as proposed in the clause, and two permanent heads of departments, the commissioner to be the chairman.

Senator O'Connor

- That is the same as Senator Dobson's view.

Senator Sir FREDERICK SARGOOD

- The proposal of Senator Dobson is that the chairman shall be a travelling chairman and that two heads of departments in each State shall be on the board. There are not heads of departments now in each State. There are chief officers in each State, and heads of departments at the seat of Government. It would be impracticable for the chairman to be constantly travelling over the whole of Australia. We should never know where to find him. Cases would be constantly arising which would require prompt attention.

Senator Charleston

- How can the commissioner carry on his duties unless he travels round the various States ?

Senator Sir FREDERICK SARGOOD

- I do not think it is the duty of the chairman or commissioner, if there be only one, to travel. It is the duty of the inspectors to travel over the States, and to report to the commissioner as to what changes are needed, "how officers are getting on, and so on ; in fact, to do exactly the same as the inspector of a large establishment or a bank would do. The general manager of a bank does not travel all round a State simply to find out how various officers in branches are behaving. He sends his inspectors to do that work, and they report to him ; and then, of course, he is able to place the facts before the board. Senator Dobson said, also, that it is a great mistake to belittle the head of each department, meaning the chief officer of a department in a State

Senator Dobson

- Chief officers and permanent heads.

Senator Sir FREDERICK SARGOOD

- I entirely differ from the honorable and learned senator. My object is not to belittle the chief officers of each State, but to protect them from undue political and Ministerial influence, and to enable them to discharge their duties in administering their departments. In a State, it never has been the duty of the head of a department to appoint officers, even under the old regime. It is not the commercial practice. No large commercial house, bank, or financial company leaves to the head of a department the power of appointing and removing officers.

Senator Dobson

- Who does appoint them ?

Senator Sir FREDERICK SARGOOD

- The board. In a large business establishment, if there is an appointment to be made it is not left to the heads of the department to make it, but the partners meet together and discuss the matter. This Bill provides for one Public Service Commissioner. It is perfectly true that under clause 44, sub-clause (3), the Minister has power to veto any recommendation made by the commissioner. At first sight that might seem a very wise and desirable check, but I should like to know what Minister would care to place himself in such a humiliating position as having to lay before Parliament his written explanation as to why he differed from an officer who probably had been appointed by himself. I cannot conceive how on earth Ministers, many of whom are experienced men, could have framed such a provision. I should think that no Minister would belittle himself by placing himself in that position.

Senator O'Connor

- He must take up the position which the law gives him, or leave appointments alone.

Senator Sir FREDERICK SARGOOD

- He will leave them alone, and that will result in the power being left in the hands of one man.

Senator Sir John Downer

- Rightly so, too.

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Senator Sir FREDERICK SARGOOD

- As far as my experience goes, very improperly and unwisely so. If we want to have a little daylight thrown upon the system of a one-man commissioner, we have lately had it in the form of evidence taken in Victoria. A couple of days ago a report appeared in the newspapers in connexion with the Railway department of this State. From 1883 to 1895 there were three commissioners in Victoria. Notwithstanding the fact that these three commissioners had to put straight a tangle arising from political influence

extending over a great many preceding years - the Railway department at that time was in a frightful state - they did very good work. During the whole of that time the temporary appointments in the Railway department amounted to 712, out of 10,200. But in 1896 the three commissioners were done away with, and one commissioner was appointed at a salary of £3,500 per annum. Senator Higgs said that if we appointed one man at a sufficient salary, and made him independent of Ministerial control, we should secure good results. Now in the three years between 1896 and 1900, the temporary employment of officers in the Railway department of Victoria increased from 712 to 2,684, or from 7 per cent, to 24 per cent. Can it be wondered that the whole railway service is utterly disorganized from top to bottom?

Senator Pearce

- The number of permanent men have decreased?

Senator Sir FREDERICK SARGOOD

- Yes, from 9,457 to 8,491.

Senator Glassey

- Our experience in Queensland is the very opposite to that. Under a single commissioner we have done well, but under triple commissioners we did badly.

Senator Sir FREDERICK SARGOOD

- One can only speak from one's own experience. As a consequence of what I have stated the permanent officers naturally complain that these temporary men are put in by political influence. What took place at the meeting of the committee to which I have referred? Mr. W. A. Carruthers, who holds the position of staff officer, said in his evidence that -

Mr. Mathieson,

when commissioner, instructed Mm to prepare lists of all applicants for employment. From this list he was to supply the names of men when employees were wanted. This work had now been taken out of his hands by the staff committee. Very often he had found that men were appointed irrespective of the list.

The Chairman

- Then to all intents and purposes your list was a farce? - Yes.

Can we wonder that there is discontent?

Senator Dobson

- Had not the Minister of Railways to look after those regulations?

Senator Sir FREDERICK SARGOOD

- The Minister has nothing to do with the management, but only with political matters. Then again, it was stated that -

The commissioner had founded a rule which was not, however, in accordance with the Act of Parliament, under which what were known as "casual" hands could be appointed by gangers, foremen, or inspectors, for 27 days or less, and "temporary" hands for up to six months. . . . Men had been employed by the commissioner after the doctors had rejected them.

Mr. H.R.

Williams: Are parliamentary regulations often set aside? - Yes, frequently. The commissioner in all such matters is then a law unto himself? - That is so.

Again, Mr. Fitzpatrick, who is the present acting commissioner, was questioned by an ex-Minister of Railways, Mr. H. R. Williams, in regard to certain matters -

Among the promotions of relieving station-masters there is the name of B. Fitzpatrick. Is he a relation of yours? - He is a brother.

Is it true that he was promoted over the heads of 82 who were senior to him? - I could not say; he was passed over a great many.

He was asked how many, and he explained that his brother held most certificates; that he held all the certificates he could get except that of station-master; and that the commissioner had held out hopes that if traffic men qualified themselves higher positions would be within their reach.

Senator O'Connor

- Surely that state of things could take place either under one commissioner or three?

Senator Sir FREDERICK SARGOOD

- There is far less danger of it under three commissioners than under one.

Senator Drake

- Why? Does that necessarily follow ? It is not obvious to me.

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Senator Sir FREDERICK SARGOOD

- These are matters which the honorable and learned senator fortunately has not had experience of. But let me come to a matter of which he has had some experience. We have recently had submitted to the Senate, on the motion of Senator Dobson, some correspondence in connexion with Mr. Outtrim, who is the chief officer of the Post and Telegraph department in Victoria. He has been for many years in the service, and has occupied this responsible position for two years. He felt it to be his duty to make a statement to the press in regard to the political influence which was going on. In this correspondence the Minister says -

At present, without such explanation, it appears to me that Mr. Outtrim has laid himself open to a serious charge of want of discipline and loyalty.

Personally I should be inclined to say that if there was any want of discipline and loyalty it was from the Minister towards his officer, and not vice versa, because the Minister has allowed a number of officers in the Post-office to ignore the head of the department, and to communicate with him directly or through Members of Parliament. I have seen and heard of a good many cases, but I must say that a more glaring breach of the very first principles of discipline - not to allow communications to come through the head of the department - I never saw than this. There appears to me to have been in this case a serious mistake on the part of the Ministerial head of the department. Then the Minister goes on to say -

This is the more apparent as the complaints made by him to the press have not been the subject of any prior communication to the permanent head of the department or to myself as Minister.

In answer to that Mr. Outtrim points out in his letter that some weeks previously he referred to the matter in a letter to the head of the department, and he quotes from his letter to that effect. I would further point out that we have in this correspondence a letter signed by, suppose, the permanent head of the department, Mr. Scott. I have not the pleasure of knowing him, even by sight ; but if this is the kind of letter he is allowed to write he is utterly unsuited for his position.

Senator DRAKE

- There is a difference of opinion between us there.

Senator Sir FREDERICK SARGOOD

- "When Mr. Scott writes this of the head of the Victorian department I think he is mistaking himself - There were, in my opinion, two courses properly open to Mr. Outtrim as a subordinate officer. I do not think that was the proper way for Mr. Scott to refer to a very old and trusted officer of this department, who is the chief officer of it in the State of Victoria.

The CHAIRMAN

- The honorable senator is approaching the border line.

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Senator Sir FREDERICK SARGOOD

- I only mention this to show that there is a great objection to trusting to the head of the department such as I have referred to in connexion with the Victorian railways, and there is equally an objection to trusting to the judgment of any Ministerial head of a department. Ministers are even more amenable to political influences than officers such as the Chief Commissioner would be. I would again point out that it is not usual in any commercial house or financial or banking institution to permit appointments to be made by one man. In the case of a firm, if there are partners, they always meet together and discuss appointments. In the case of banks there is a staff committee appointed to recommend all appointments. In finance institutions the practice is exactly the same. We may depend on it that that is the result of many years' experience. I suggested, in connexion with this amendment, that it was desirable not to go to the expense of appointing even one commissioner, for the reason that it would! be wise at the start of the Commonwealth to work on economical lines. But, on reconsideration, I think we might very well appoint a Public Service Commissioner as. chairman, and, in addition, appoint two of the permanent heads of the departments to act with him. In my amendment I limit that appointment to three years, because I am convinced that ultimately we. shall have to appoint three fully-paid officers.. In the meantime, with only about 11,000 officers, I think it would be wise to make the amendment I have suggested. Let us have a Public Service Commissioner, as recommended by the Ministry, and in addition two permanent heads of

departments, not chief officers, to form a board of three.. Of course, there have been complaints made in connexion with the Public Service Board of Victoria, and it would be marvellous if it were not so, bearing in mind the fact that in 1883, when they were first appointed, with the exception of the Railway department, they had to deal with the whole of the service, and it was then in a thoroughly disorganized condition from top to bottom. They had to administer an Act which was new to them and new to the officers also, but from my intimate knowledge of what has transpired during these years, and having had frequently to look into complaints made by public officers, I am able to say that in nine cases out of ten the complaints made by officers against decisions of the board were not justified. In the vast majority of cases the complaints were made by the malcontents of the service, who are always finding fault with everybody else, and whose sole object is to make use of the Public Service for their own good, irrespective of what may be fair and just to their fellow officers. I have had many such people come to me, and I have no doubt that other honorable senators have had a similar experience. I would advise honorable senators before accepting the statements of public officers to go to the Public Service Board and test them. Their experience will be like mine. They will come to the conclusion, not that the mistakes and errors of the board are very numerous, but that it is a marvel that under the circumstances they have not been more numerous. In the last few years, since 1893 the duties of the Public Service Board were very unwisely thrown upon the Audit Commissioners, thus doubling their work. There have in consequence been mistakes made for want of knowledge of the Act, and actions have been recently decided, and are now pending, which will probably ultimately cost the State a pretty sum of money.

Senator Dobson

- Does the honorable senator suggest the appointment of two permanent heads in each State

Senator Sir FREDERICK SARGOOD

- No ; the honorable and learned senator is inferring to chief officers. I suggest that there should be along with the Public Service Commissioner, proposed in clause 5, two permanent heads of departments, who will be wherever the seat of Government is - permanent heads of such departments as the Post-office or Customs department, or other federal department I feel that in that way we may have a good practical and economical board, for the cost will be the £1,500 for the chairman, as proposed under "the Bill, and some little extra expense for "the assistance of the two permanent heads. In addition, of course, there must be inspectors, who will go through the length and breadth of the States and make themselves conversant with the duties and qualifications of the various officers, so that they may be able to report to the board, who will then be in a position to decide.

Senator Dobson

- The honorable senator would prefer to appoint secretaries rather than chief officers.

Senator Sir FREDERICK SARGOOD

- The secretaries will be the heads of the departments, and to appoint chief officers would be putting those duties upon a subordinate officer, and I am not aware of such a system being in force anywhere either in Commercial or political matters. I propose to make the selection from the permanent heads, and the honorable and learned senator would take the chief officer, who would be one step lower, and is simply the head of one of the branches of the departments in the States.

Senator Charleston

- Still he would be thoroughly conversant with the working of the service in that State.

Senator Sir FREDERICK SARGOOD

- He would not be more conversant with the working than the commissioners I suggest would necessarily be through their inspectors. In bank management managers of branches are not allowed to have anything to do with the appointment of an officer. It is done on the representation of the inspector to the chief manager, who brings the matter before the board of directors. I frankly admit that I would prefer that the appointment of the Public Service Commissioner should be during good behaviour rather than for a term of seven years ; but with the attention I have been able to give to this matter since 1883, I say that the appointment of one man will not work out as we want it to work, because that one man will be amenable to influences that three men would not be subject to. In this case there is safety in numbers, and the three members of the board would be able to obtain a better knowledge of the whole working of the department than any one man could possibly do. My intention, therefore, is to support the retention of the words in the clause providing for the appointment of the Public Service Commissioner proposed by the Government,

and then to move an amendment which I have had circulated for the appointment of two permanent heads as members of the board.

Senator DRAKE

- As Senator Sargood has referred to this correspondence in connexion with the Deputy Postmaster-General of Victoria, I think I am in duty bound to refer to it also.

The CHAIRMAN

- Only by way of illustration I hope. I at once called Senator Sargood to order.

Senator DRAKE

- By way of illustration. The honorable senator has said sufficient to prejudice this matter. I very much deprecate his action, and I am sorry he took it at this time, because Senator Dobson having given notice of some motion to-day on the subject, it is perfectly clear that an opportunity would have been given for thoroughly discussing the matter.

Senator Sir Frederick Sargood

- I was not aware of that.

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Senator DRAKE

- I am in this position : I propose to-morrow to lay some additional papers on the table and to move that they be printed ; and it certainly would be much more convenient to discuss the matter fully then. I think it is most unfortunate that Senator Sargood, under these circumstances, should have given utterance to his views, and should have expressed opinions upon the subject of such a pronounced character, that if they have any influence at all, they will have an influence in the direction of prejudicing the decision of the Senate upon the matter.

Senator Barrett

- And reflecting upon the Minister too.

Senator DRAKE

- And reflecting also upon the Minister. If it is the wish of the committee, and the chairman permits me to proceed, I am quite willing now to go into the full particulars with regard to all matters referred to in the statement.

The CHAIRMAN

- I cannot allow that.

Senator DRAKE

- If the subject cannot be completely dealt with, it is better that it should not be dealt with at all ; but I pledge myself, when a proper opportunity is given to me, to lay the whole matter before the Senate. I wish it to be distinctly understood, that if any one supposes I am prepared to admit that any action on my part as Minister, or any action on the part of the secretary to the Postal department, has been in any respect incorrect, I can assure him that when the whole matter is considered, the conclusion will be that the Minister and the secretary have acted most properly.

Senator Charleston

- That is an opinion, too.

Senator DRAKE

- The case has already been prejudged to a certain extent by the remarks which have been made by Senator Sargood, and I think I am justified in saying that so far as I am concerned the decision of the Senate, if it comes to a decision, will be that the Minister and the secretary of the Postal department have taken the right course the whole way through. The proposal which Senator Sargood has laid before the committee, that there should be a commissioner and two permanent heads of departments to constitute a board, has this very fatal objection, that the heads of the departments have got their own business to attend to, and it is unreasonable to ask them to leave their duties to attend to work connected with a Public Service Board. The secretary of the Post-office department, for instance, has at present more work to do than one man can fairly be asked to discharge ; and do honorable senators mean to tell me that it would be any advantage whatever to take that man away from the work of his department, and tell him that he must sit for half a day, a day, or for two days with two other gentlemen, to hold some inquiry into matters which are not connected in any way with the business of his department 1 Perhaps Senator Sargood will say that some of the subordinate officers might carry on the work while he is away, but they

could not do it, nor would it be a satisfactory state of things. Men are chosen for these positions on account of great ability and knowledge, and it is -the man himself we want in the position. What would happen if Senator Sargood were himself placed in such a position that he must at times - not periodically, and not times .of his own choosing, but at a time forced upon him - leave his business to deal with something else 1

Senator Sir Frederick Sargood

- It is frequently done in the service.

Senator DRAKE

- The honorable senator is referring now to boards in connexion, with departmental affairs in which several, departments are interested, and the heads of those departments arrange to deal with the matter. In those cases the heads of the departments forming the board of inquiry are specially interested in the work: because it affects their department. But the honorable senator's proposition is that,, say, the secretary to the Post-office should be called upon to act as a member of a board: to look after matters which have nothing at. all to do with his department. It seems to me that any saving that might be affected in money under such a proposition would be distinctly at the cost of efficiency. I cannot follow Senator Sargood, either, in his contention that having three men on the board, must necessarily prevent instances of bad. administration.

Senator Sir Frederick Sargood

- There would be fewer instances at once.

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Senator DRAKE

- I hardly think so. As Senator Glassey pointed out, it has not been our experience in Queensland. We had there a board of three commissioners to manage our railways ; but we found it worked very badly. Before the expiration: of the term for which they were appointed,, one of the commissioners left for England. Subsequently the chief commissioner (Mr. Mathieson) left to take charge of the Victorian railways, but, instead of appointing any one in the place of either of these gentlemen, the remaining commissioner - the junior at the outset - was allowed to carry on. He has been in charge ever since, and there is no one in Queensland who would lay the slightest fault at his door. He has. been discharging his duties very well, and no one would say that the adoption of the principle of having one commissioner instead of three to manage the Queensland railways. has worked injuriously. What conclusion do we come to then 1 If there are any faults, such as have been alleged by Senator Sargood, they are clearly not the result of having one commissioner instead of three. They may be attributable to something altogether different. Most of us agree that one commissioner should be appointed. In the debate, so far as it has gone, no one has been able to show that a better scheme could be adopted than that provided for in the Bill. I know that every alternative scheme that has been brought forward has some features that render it apparently attractive. It is said that we want three commissioners, because one would balance the other two. On the other hand, we should have more dissension if three were appointed. Then we are told that we should have three, but that it would be too expensive to have them, and that we should save expense by appointing two permanent heads and a chairman. Apparently we would save some money in that way but at the cost of efficiency. We would take the head of a department away from a position in which he was doing good work and place him in an office, the duties of which he might not be capable of discharging so effectively. There seems to be a general agreement, however, that there must be one commissioner.

Senator Sir Josiah Symon

- No.

Senator DRAKE

- Senator Symon remains practically alone. 1 think I am right in saying that Senator Dobson has admitted the desirability of appointing a commissioner ; and Senator Sargood has told us that he thinks there should be at least one.

Senator Sir Josiah Symon

- I think the honorable and learned senator will find that there are a few more who do not think there should be a commissioner.

Senator DRAKE

- The general feeling is that there should be one, but there is a difference of opinion as to whether he should stand alone, or with two other commissioners or permanent heads. In the circumstances I think it would clear the way if Senator Dobson would withdraw his amendment.

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Senator CHARLESTON

- I am not one of those who think it necessary that there should be a commissioner. I have thought this matter out carefully, and have thrown my memory back over the years I spent in the South Australian Parliament. I have considered the manner in which we conduct our business in South Australia, and I see no reason why we should establish a set of inspectors, with a very high commissioner at their head, to look after the affairs of the several departments. I contend that we would be wrong in removing the responsibility for the conduct of a department from the Minister in charge. The Minister who is the officer of Parliament placed at the head of a department, should be able to make himself conversant with it. We give him a permanent secretary, and in addition to that we give him a chief officer, who is supposed to have the control of the working of the department. We are practically taking over only two departments, and for those two departments we are attempting to establish machinery which would be sufficient for the supervision of more than ten times the number of employees, that we shall have in those branches of the service. Let us take the Post-office as an illustration. I know the working of the department in South Australia better than, in any other State, because I come from there, and I can say that the gentleman who has held the office of Postmaster-General there, and who under this Bill will be a chief officer, has the supervision of the whole department. There are officers under him, right down through the ranks, who are thoroughly conversant with the various branches, and who have managed the affairs of the department very effectively. There is no reason why the head of the department there should not be able to make reports to the head of the whole department the secretary to the Postmaster-General. The Minister will have a responsible head in each State, and we are giving him another officer to supervise the whole of the department. Why could not our chief officer in South Australia make reports to the head of the department relative to the various requirements and the working of his branch? What need can there be for having what will be practically so many spies over him? Under this Bill we shall make the department so heavy at the top that ultimately there would have to be a reduction which would fall upon the wages of the men employed in it. I cannot see why, if the heads of our departments to-day are capable of conducting their business, as I think they are, we should make the changes proposed in this Bill. The working expenses would be so great that before long Parliament would insist upon a reduction, which must ultimately fall upon the lower paid men. I do not see that there is any necessity for the appointment of a commissioner and inspectors. With regard to the question of favoritism, during the ten years that I occupied a seat in the South Australian Parliament I never knew of a case in which undue influence was used upon the officers, nor do I think it possible that undue influence could be brought to bear upon them. If I went to a department, as I have done, and asked whether there was a chance for a lad to be taken on, I was referred to the list of applicants for employment, and told that the person for whom I interested myself must wait his turn on that list. What could I say? I had simply to bow to that statement. I do not think any one would attempt to influence any head of a department on behalf of one person to the injury of another. Therefore, I fail to see that there is any necessity for the appointment of the commissioner and inspectors, for which this Bill provides, and I shall be found voting against the clause. I am opposed to the appointment of a commissioner because of the great expense it would entail. We should be extremely careful not to overload the new machinery at the start. There is a general impression throughout the Commonwealth that we are creating billets and incurring an enormous burden which it will be very difficult for the citizens to bear. I am afraid that the expense of a commissioner and inspectors will be so great that it will not be compensated for by any extra efficiency we may gain. We may fairly say that the Post-office and the other departments are worked very efficiently, and if we incur this extra cost it will ultimately fall on the lower-paid officers. We should go very slowly, and try to carry on with the public servants we have taken over.

Senator MCGREGOR

- I am opposed to the appointment of a commissioner, in fact of a board of any description. I am one of those who still have some faith left in Ministerial control. Why is the Government so anxious to appoint one commissioner? Why is Senator Sargood so anxious to appoint three commissioners? Why is

Senator Dobson so anxious that the number should exceed three? And why is Senator Higgs anxious to have some control of the public service other than Ministerial ?

Senator Sir Frederick Sargood

- Because the Ministerial control has utterly broken down.

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Senator MCGREGOR

- We shall see whether it is Ministerial control which has broken down or the legislation which Ministers have had to administer that has been defective. Why have all these honorable senators been anxious to have one form of administration or another ? Simply because everything of which they have had any knowledge has been of such a character that it has not given satisfaction. No doubt the senators from Queensland will say that its civil service has been loaded with individuals who have not the capacity to fill the positions into which they have been put. In New South Wales, although they had a board, the same thing has no doubt occurred. According to Senator Sargood, the administration in Victoria has not been all that might have been expected. Honorable senators are all prepared to try something other than that which they have been accustomed to, because it has been bad. In my opinion, the Federal Parliament is an entirely different body from any State Parliament. I have no fear that the same corruption will ever enter into the administration of Federal departments as has entered into the administration of some departments of the States. Some honorable senators may say that, even at the advent of federation, questionable things were done ; but such voice was given, both in another place and here, to anything of that description that I do not think it will ever be repeated. I ask Senator Sargood whether, in connexion with the three administrators of the Railway department, everything was as it ought to have been ? Certainly not. Even to my knowledge inquiries took place that would not be tolerated under a Federal Government. I ask the honorable senator to throw his mind back to the Mount Doran accident, when an inquiry under that board was held, and a most absurd decision was come to - that one train had run into the other, when, to the knowledge of the passengers, nothing of the kind had occurred. Again, in New South Wales, things have been done under civil service administration which no one wishes to see done in the Commonwealth ; but that was the fault of the Act they were working under as much as of anything else. What we want is not costly administration under a highly paid commissioner, and four, five, or six comfortably paid inspectors. What is the talk in some of the States who have been criticising federal expenditure ? They would call this a Bill to create six or seven well-paid federal positions. I do not say that it is anything of the kind. I only express opinions which I have heard repeatedly uttered in different parts of Australia. I would very much prefer one civil service inspector to a triumvirate. To me, it is like kicking three footballs. The other two roll away while you are endeavouring to get at one of them. Under a board, if a difficulty arose, and you went to one commissioner, he would say - "Yes, everything is all right," and if you went to a second commissioner he would say - "Yes, everything is all right," and if you went to the third, he would say - "Yes, everything is all right." But when the three of them got together you would get nothing out of them. That is exactly the way it would be with a multiplication of officers, forming a board of this description.

Senator Sir Frederick Sargood

- That is not the experience.

Senator MCGREGOR

- I shall relate another little experience I have had in what a number of honorable senators have been pleased to call " the model State." It was attempted to control the Railway department under a board of three commissioners. Certain propositions were made to Parliament, and carried, to the effect that the eight hours principle should be adopted. The commissioner, who was chairman, declared it would cost £52,000 to introduce that principle. The others, who probably had as much experience of labour matters as he had, considered that it was an absurd statement to make. What was the result ? To carry out the combined promises of the board, they loaded the service to such an extent that in less than twelve months the whole of the employees were working three-quarter time. That is what a board of three did, and Senator Charleston can bear me out in that statement. Again, it has been shown by Senator Sargood that one commissioner in "Victoria has made things no better. Does that not prove that it was neither one commissioner nor three commissioners, nor Ministerial control, nor anything else, that was defective; but the law which they had to administer?

Senator Barrett

- And which they broke.

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Senator McGREGOR

- They could have done a great deal of damage without breaking the law. If we keep the public service under Ministerial control, what is the danger? We are told that we shall be cursed with political influence ; that everybody will come to Members of Parliament and ask them to intercede with the heads of departments to get them employment. Under a properly considered Public Service Act, nothing of that kind could occur. In the " model State " a man's name has to go down, and he takes his turn in priority of application, all other qualifications being equal, and that is where his safety comes in. The Act has not been all that it ought to be. From time to time attempts are made to amend it, and I hope they will yet be successful. That is parliamentary work, and has nothing to do with the administration of the service at all. What I want is not to appoint a commissioner but to make the Ministerial head responsible to Parliament for everything that is done in his department. Everything that is done must be done under the Act, and I am going to show honorable senators how everything can be found out that is done wrong. We do not want to find out what is done right any further than is necessary for the promotion of officers. What do we want the Civil Service Commissioner for? To see that everything goes right. If everything goes right, there is no ado about it ; but if anything goes wrong, we want to hear of it. Let us stick to Ministerial control. Let us make the Minister responsible. Give him a good working Act to administer, and no difficulty can arise that he cannot efficiently cope with. How is that to be done ? What is to be done in connexion with the public service ? The greater portion of it has already been transferred from the States under the Commonwealth Act. That Act provides for all that has already been done. What we want to do now is to provide first for new appointments, and then for the proper promotion of officers and the efficient working of the departments. That is what we have to legislate for. In the first place, take new appointments. Every new appointment is to be made in any department from candidates who have put down their names as applicants for positions.

Then there has to be a method of examining by officers already in the departments. The results are reported to the Minister, and the recommendations of the senior officers are sent on to him. If he is not satisfied to take the responsibility himself, he can submit the matter to his Cabinet and get the advice of his colleagues in connexion with any appointment, even the appointment of a telegraph boy. Of course that would never be necessary, but if there were anything doubtful it could be done. That is where the safety of the departments would lie. Then again, in connexion with the promotion of officers who are already in the departments, the same plan could be adopted as that outlined by Senator Playford. When a position became vacant, a notice could be sent to all eligible officers, who could be asked to send in applications. These applications would be submitted to the senior officers. They would recommend to the Minister, and the Minister would make the appointment either on his own account or with the advice of his colleagues. Under that system what difficulty could arise ? I know what is in the minds of honorable senators. They say that favoritism might creep in either in connexion with the appointment of new officers or in connexion with the promotion of officers already in the departments. How are we to provide for that ? We must provide some machinery which will prevent any kind of corruption, or any political or social influence creeping in. That is to be done exactly in the way that Senator Pearce interjected. In clauses 48, 49, and 50 of this Bill we provide for a board of appeal, which will be all very well if this Bill is carried as it stands. But I want to indicate to honorable senators what I mean by a properly-constituted appeal board - not a permanent board at all, but one that could be brought into existence at any time by the appointment of two members by the Government and two by the appellant, with a chairman selected by the four. This board would inquire into any suspicion of corruption or undue influence that might be exercised either in the appointment of the officer or his promotion afterwards. Some Ministers might think it degrading to have to submit to the decision of a board after they have made an appointment. But no Minister in South Australia ever makes any mistakes in regard to promotions. The servants under him have the power of recommendation, and the Minister always promotes or appoints on their recommendation. If this appeal board were appointed, and an officer obtained a billet in the federal public service, and other applicants who were on the list had any suspicion of foul play, they would at once apply for the appeal board to be brought into operation. The board would hold a preliminary inquiry. If the case were only of a trifling

character, or was one merely of suspicion, it would be dismissed in its preliminary stage. But the board would have power to make a fuller inquiry into the whole of the circumstances of the case, and if they saw anything wrong they would report to the Governor-General, as under this Bill, and the matter would be brought before the Cabinet, who would be seized of the whole of the facts, and would be enabled to take a just view of the case. The same thing would be done in connexion with promotions. Some honorable senators may say, as Members of Parliament have said in other places, that if a board of this kind were appointed it would be continually sitting and inquiring into every trifling difficulty that arose in the public service. I say, nothing of the kind ; because the very existence of this machinery in the Public Service Act would prevent the corruption and obviate the necessity of any inquiry at all.

Senator Sir John Downer

- It would stop the inquiry.

Senator MCGREGOR

- It would stop the necessity for any inquiry.

Senator Sir John Downer

- That is not the way I would put it.

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Senator MCGREGOR

- I put it in that way, because no officer of the service, nor any Member of Parliament who had any influence, nor any individual in a high social position, if he knew that his conduct was going to be publicly reviewed by a board of appeal, would ever attempt to do anything of this kind, unless he was a person who had no right to live in a civilized country at all. It is for that reason I say that this appeal board would destroy the necessity for an inquiry, be a protection to a Minister, and do away with the political and social influence that so many honorable senators have spoken about. It is to a Public Service Act that we have to look for the abolition of corruption, or undue influence of any kind, rather than to the appointment of a commissioner and inspectors. I hope that this Parliament will think the matter over well before they go to the expense of £4,000 or 5,000 that would be better spent in increasing the salaries of those who are very poorly paid at the present time, rather than by creating billets that are really not necessary, and would only be the laughing stock of every individual in the Commonwealth.

Senator STANFORTH SMITH

- I am somewhat surprised at the hostile attitude taken up by many honorable senators with regard to the proposal for the appointment of a commissioner for the public service. Judging from the expressions used in this debate, there seems to be a desire to return to the system of political patronage and control, which has been discredited not only in the various States of Australia, but in nearly every civilized country in the world in which it has been adopted. The object of this Bill is to secure promotion of officers by merit and do away with political influence, while at the same time retaining parliamentary control. It has been said that political and social influences are imaginary dangers. One honorable senator said it was discreditable to think that Ministers or Members of Parliament would be guilty of using any political influence. To decide a matter like that, the best way is to rely upon past experience. The statement that there would be no political influence is certainly contrary to the experience of every State in Australia, - even the model State of South Australia, where it is said they do no wrong. If honorable senators study the problem of the civil service in the various States of Australia, they will see that political control has been superseded in at least three States by commissioners, and that the result has been very beneficial. I have taken the trouble to look through the debates in regard to political or Ministerial control in Queensland, New South Wales, and Victoria ; and I have taken a few short extracts from the speeches of some Members of the Parliaments of those States, which I should like to read to the committee. In New South Wales, in the course of a discussion on the 9th October, 1895, on the Public Service Bill, Mr. Reid said - One of the greatest evils of the present system has been the ease with which the service can be enlarged without the attention of Parliament being specially directed to each further acquisition.

Senator Dobson

- Whose fault is that ? 14 tj 2

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Senator STANFORTH SMITH

- I venture to think that it is the fault of Ministerial control. Mr. Neild, M.L.A., said -

I quite agree with the Premier's remarks as to the most unhappy, and I think I am justified in saying most improper, state of affairs which exists at the present time in connexion with political patronage, as it is termed. Let us suppose that a member of this House possesses any kind of influence whatever, whether it be Ministerial or departmental, his life is little better than a pandemonium. From early morning until next morning, he is assaulted under all circumstances, and at all times, and almost in all places, to use his influence in connexion with Government appointments. The thing has reached a pitch of absolute public misfortune.

I think this is the opinion of one who has had a very long career in Parliament, and who is very well able to judge of systems of civil service control. I do not think we could possibly find a better authority on the subject in New South Wales. In Victoria on the 4th September, 1883, a Royal commission expressed a strong opinion as to the abuses connected with the appointment of supernumeraries. They pointed out the evils of Ministerial patronage under that system, and recommended the establishment of a board to which may be referred not only matters relating to promotion, but to all questions connected with the public service, its efficiency and welfare. Mr. Duffy, M.L.A., said-

The one great question that agitated the country at the last election was the abolition of political patronage. The country made up its mind - its mandate to us was - that we should devise and carry into law some scheme by which political patronage should be taken away from Parliament.

In Queensland in 1889 the Minister for Mines said -

Political patronage has been exercised very largely in every department.

The Premier there said -

I think it is evident to every member of the House that some reform is necessary in the civil service - a reform that this Bill proposes to deal with in two directions. It is dealt with first in the form of patronage, and secondly in the form which makes it compulsory upon members of the civil service to make some provision for the future. The system of patronage at present in existence is admitted on all sides to be a bad one.

Now we come to the model State of South Australia, and I find that in 1881 in discussing the civil service the Chief Secretary said -

There was no rule whatever by which persons were placed on the fixed list. It was done at the instance of the Government of the day, without any reference to Parliament.

Another prominent member there said -

The principle was fair enough that all promotions should be accorded to seniority, if the officers were suitable, but he knew of several cases in which that rule had been adopted or thrown aside by the Government of the day simply as it suited their purpose, and unless a man had friends in the Government he might be put on the shelf.

In "Western Australia, on the 6th September, 1900, I find the Premier said :-

At the present moment the local Executive of this country has power to do as it likes with the colony's civil servants ; it can appoint and it can dismiss whom it pleases.

The leader of the Opposition stated -

The point of complaint is that Ministers may, under the present system, obtain "fat" billets for their friends in the service. What we want is an Act to prevent such things and to lift the civil service above suspicion. It will be admitted that I have now quoted expressions of opinion upon political patronage from the leading statesmen of the various States of Australia. That system, I contend, has been discredited, and in three States in which there is the largest population and the largest number of civil servants, they have found a system of direct Ministerial control to be pernicious to the best interests of the service. If honorable senators have studied the Bill carefully and understand its true object and scope, and if they have considered the different systems of management that have been in force in the different States, they must admit that this Bill is in principle only the natural corollary

Of the history of civil service government in Australia. There seems to be a general misconception as to the power of this commissioner. Many people have considered his power to be equal to that of the boards of commissioners that have been in existence in the different States. My honorable friend, Senator Playford, has said that this commissioner would be an autocrat.

Senator Playford

- So he would.

Senator STANIFORTH SMITH

- The honorable senator confirms the statement; but it seems to me that if he is to be an autocrat he will be an autocrat of an altogether new variety that I have never heard of before, because this commissioner has no powers whatever except to recommend and suggest. I do not think that will be a very dangerous kind of autocrat.

Senator Pearce

- Then he will not be able to do away with political corruption.

Senator STANIFORTH SMITH

- I will deal with that in a minute. The real executive power is, under this Bill, with the Minister or the Governor-General, who are practically the same. The object of appointing the commissioner is to take away from the Minister the power of initiation. The Public Service Commissioner will suggest or recommend alterations and transfers, and the various changes 'he deems necessary in the service, and it rests with the Minister to confirm or disallow his recommendation as he likes.

Senator Dobson

- And the permanent head is left out in most of the clauses.

Senator Drake

- No; the permanent head makes a report.

Senator STANIFORTH SMITH

- I think Senator Dobson cannot have read the Bill very carefully. Unless it is considered that the Federal Government is going to be very much superior in calibre to the State Governments - in fact that they are going to be more than human - there will undoubtedly be political influence used in the public service if we are to have direct Ministerial control.

Senator Sir John Downer

- We shall have that anyhow. We only want to minimize it.

Senator STANIFORTH SMITH

- We shall certainly have it under direct Ministerial control. I contend that the mere suspicion of the exercise of political influence is very detrimental to the best interests of the service. It will destroy the esprit de corps of the civil service, and it will tend to keep out the best and brightest intellects. It will have a tendency to draw into the service people of low mental calibre, but who have powerful and influential friends whom they think have sufficient influence to push them on. That will undoubtedly be the feeling in the minds of the public, and under such circumstances the smartest and best men, whom we particularly want to get into the service, will be attracted to other avenues of employment.

Senator McGregor

- Are we going to send out their inspectors to hunt up the clever people ?

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Senator STANIFORTH SMITH

- We will not require to hunt up the clever people if we have a public service under the control of one commissioner, in which everyone will have fair play, advancement will be by merit alone, and people will be paid according to the value of their services.

Another point to consider is that a great deal of time under a system of Ministerial control would be frittered away and wasted, not only by Ministers but by various Members of Parliament in presenting petitions and in bothering about various claims of civil servants throughout Australia, when that time would be very much better spent in looking after the larger national responsibilities they are called upon to discharge. Not only would a system of direct Ministerial control be injurious to Parliament itself, but it would be certainly injurious to the service. We all, I think, admit that political patronage is most inimical to the best interests of any civil service. I might say it is twice cursed, It curseth him that giveth and him that receiveth. It will not only injure the service, but it will injure Parliament and the people of the Commonwealth.

Senator O'Connor

- It curseth him that does not give also.

Senator STANIFORTH SMITH

- That is so. We must bear in mind that the commissioner has another duty to perform, because we wish to introduce into the civil service something of the energy and ability devoted to the service of private

firms and corporations. If it has been found difficult to do this in the various States in the past, it will be six times more difficult to do it adequately throughout the Commonwealth. Take the case of the Customs department, which extends over the whole of the Continent of Australia. If we take the case of the Post-office, we find that its influence extends even beyond the bounds of the Commonwealth. These departments will have offices from Hobart to Rockhampton, and from Sydney to Port Darwin. How can the head of the department, without a commissioner and inspectors, properly control huge departments like these ?

Senator Ewing

- How can the commissioner do it?

Senator STANIFORTH SMITH

- I will explain that in a minute. People have said that inspectors have not been required in the various States, but it must not be forgotten that we are now dealing with the Commonwealth, and not with a particular State. We will find that in the case of a bank established in Melbourne, and without branches, no inspectors will be required, and similarly in connexion with the public service of Victoria, where the bulk of the civil servants have been centred in

Melbourne, inspectors were not required; but if we take the case of a bank having branches in the various parts of Australia it will be found that they must have inspectors to see that the officers are treated properly, their work is properly done, and that the institution is carried on as it ought to be. The same thing will, apply to the public service of the Commonwealth, and it would be absolutely impossible without a commissioner and inspectors to see that the work of these huge departments, with their ramifications throughout the continent, was carried on properly.

Senator Charleston

- There is no analogy between a bank and the civil service.

Senator STANIFORTH SMITH

- I say there is a very good analogy, and we want, if possible, to run these services on business lines. We want to introduce some business energy and ability into the service. If we can do that we will have a service that we may be proud of, but we cannot have a service that will work properly unless we have inspectors who are given the right to report. I would ask honorable senators to* consider for a moment what would be the position of any large banking institution having branches throughout Australia if they tried to conduct their business! without any inspectors ? The bank manager could not possibly go to the various branches to inspect them for himself. He would have to rely absolutely on the report of his manager. Exactly the same thing would obtain, in the civil service. The head of a department could not leave Melbourne except for a holiday. He could not go to the various parts of the Commonwealth in order to see whether the reports of his officers were correct. The chief officer in Perth, for example, would be 3,000 miles away from any authority, and how could proper control be exercised unless inspectors were sent out to report to the Minister ? I cannot understand how honorable senators who have studied this matter condemn the proposition that we should have inspectors to see that the work is carried out properly. One or two honorable senators have referred to the enormous expense. I do not know how many inspectors there will be ; there may be two, perhaps, or six.

Senator Charleston

- We may calculate on six.

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Senator STANIFORTH SMITH

- For the sake of argument, we will say that there will be six inspectors.

Senator McGregor

- And how could they travel all over the continent ?

Senator STANIFORTH SMITH

- I suppose that they would travel by train or boat. Under the Federal service there will be probably 1.1,000 employees. If we estimate that each of them will receive £100 a year, that represents over £1,000,000 sterling a year paid in wages. It will probably be £2,000,000 at least, but we may put it down at £1,000,000 for the sake of argument. What is the cost of a commissioner at £1,500 a year, and of six inspectors at £800 per annum each, if by making that peppercorn expenditure we can insure the working of the civil service in an effective manner ? I do not care whether the cost is £5,000 or £10,000 per annum

out, if it will be sufficient to guarantee efficiency throughout a service which will cost us £2,000,000 a year we should not hesitate to incur that expenditure. Senator McGregor made a point that all the injustice which has been spoken of could be obviated by having a board of appeal. A board of appeal is certainly absolutely necessary, and I have an amendment for the institution of such a board. At the same time a board of appeal does not cover the whole question. It does not cover the question of an efficient service; it only covers questions with regard to discontent in the department. Suppose that the Government overcrowded the civil service, and put thousands of employees into the service who were not required. This has been the case under almost all Ministerial controls. I believe that in Queensland thousands of pounds a year were saved as soon as the Government appointed the commissioners. This board of appeal, however, would not touch the question of overcrowding the service or the question of general efficiency. It would only be operative where discontent prevailed, and where people wished to appeal against the decision of their superior officers. Therefore, while a board of appeal is absolutely necessary, it certainly would not take the place of a commissioner. I hope honorable senators will consider this matter very carefully. The whole crux of the question is as to whether a commissioner should be employed or whether we should have direct Ministerial control. I venture to think that if honorable senators will read the debate, and make themselves thoroughly conversant with the position of affairs in three of the States where Ministerial control of the civil service has existed, they will not hesitate to say that we must have either one commissioner or three. For my own part, I am going to support the appointment of one commissioner, because of the fact, which has been pointed out, that the circumstances of his appointment will be different from those connected with commissioners we have had in the past. He will merely initiate. That does away with political influence, or at any rate lessens it to a very great extent.

Senator Sir John Downer

- That is all we can get. We cannot do away with it : we can only diminish it.

Senator STANFORTH SMITH

- Therefore, as the commissioner will only have the power to- suggest or recommend, surely one can do that just as well as three commissioners. He will merely have to recommend to the Governor in Council, who is really the Minister. I trust that honorable senators will consider the matter carefully, and that the clause in the form proposed will be passed.

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Senator Lt Col NEILD

- Senator Smith, in the course of his remarks, did me the honour of quoting a few words that were uttered by me in the course of a Speech in the New South Wales- Assembly as far back as 1895, when I very strongly and very heartily supported a proposal for the establishment of a Public Service Board in that State. But the honorable senator's researches into my political adventures did not carry him as far as they ought to have done. The honorable senator would hardly have taken up the time of the Senate in quoting what I said in favour of the measure in 1895 if he had known that the peccadilloes and actions of the Public Service Board, whose appointment I had so warmly supported, proved to be of so heinous a character that, before they had been in office two years, I felt it my duty to move for, and I was fortunate enough to obtain, the appointment of a select committee to investigate the alleged iniquities of this very board. It will be of some interest to the committee, I dare say, to know that upon that committee, of which I was chairman, was no less a gentleman than the Minister of the present Federal Government who will no doubt have to administer this very Bill if it becomes law. I refer to Sir William Lyne. The present Colonial Treasurer of

New South Wales, Mr. Waddell, was another member; and Mr. Hogue, lately Minister for Education in New South Wales, was another ; so that there were men fairly well known in the political life of New South Wales who operated with me upon the committee. The report of the committee is available for any honorable senator who desires to read it. It is to be found in the Library. There are a few pages of it, but I merely desire to refer to it to this extent : that it clearly proves, in the estimation of the committee - by a practically unanimous decision - that the board in question had committed acts that met with reprobation, I may say strong reprobation, from that committee. This is very plainly set out in reference to two matters to which I shall refer. I do not propose to do more than to touch on two phases of this report. The report only deals with two matters which are of much consequence as affecting the discussion of the clause and proposed amendments now under our consideration. The committee found that the Public Service Board

had classified employes unlawfully ; had wrongfully withheld pensions and retiring allowances, and had also denied the leave of absence authorized by the Act which appointed the very board itself. Now, it is needless that I should go into any details with reference to the first allegation, because there are honorable senators here who are very well aware that a subsequent Government introduced and passed into law an amending Bill to set right some of the very improprieties - if I do not use a stronger term, and I think I should be justified in doing so - which this committee had inflicted on the service.

Senator Drake

- Did they retain the commissioners ; that is the point 1

Senator Staniforth Smith

- Have they stuck to the principle ?

Senator Lt Col NEILD

- There have been continuous changes ; the same gentlemen have not remained in charge, but the principle has been adhered to. If I am allowed to say what I desire to put before the committee, perhaps some honorable senators who imagine that I am doing their views a grievous despite, may not find that I am so very unreasonable in my opinions after all. I say I supported the appointment of this board in 1895. I condemned it two years later, I condemn it still, for those acts, and I am highly opposed to the creation of a board, whether of one, two, or three, that shall possess a similar amount of authority to that which has been granted to the Public Service Board in New South Wales. I am highly in favour of the retention in some shape or form of Ministerial responsibility. I do not believe in passing this Bill in a form which would enable Ministers of the Commonwealth to say to me what Ministers in New South Wales Governments have said to me - "Neild, I do not know who are in my department ; I never know when a man will be taken away or a fresh one sent in. I have no control over any one in my department."

Senator Drake

- That will not happen under this Bill.

Senator Lt Col NEILD

.- I am in favour of the retention of Ministerial responsibility. If honorable senators like, I have no objection to some limited form of Ministerial patronage, because I am not sure that it is the worst form of patronage. I prefer the patronage of a Minister who may be brought to book - if he has not too large a majority at his back - for improper conduct, to a board, the members of which are influenced by other forms of patronage, and whom we cannot get at because we have placed them by law outside the power of parliamentary interference. The patronage of the club or of the drawing-room is just as objectionable as the patronage of Parliament.

Senator Charleston

- Much more so.

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Senator Lt Col NEILD

- Yes ; for this reason - that you can pinion a man in the one case, and you have nothing tangible in the other, no matter what dodges are worked. So long as the power of the board or commissioner that is proposed under this Bill is kept within reasonable limits, and is not allowed a free hand to perpetrate illegalities as was done in New South Wales, I am in favour of some such form of management. Like my honorable friend from the wild West, I have indicated some amendments I intend to move. I have proposed that in one place there should be a right of appeal to a board, consisting of the commissioner and the elected representative of the department, whose appointment is provided for in the Bill, with the Minister as chairman. I do not think there is any special merit in the particular persons whom you appoint so long as there is finally Ministerial responsibility in some form that can be recognised and dealt with, and that there shall be a sufficient number of persons to deal with cases, and a sufficiently large power to prevent that which I fear would otherwise arise in the case of a single commissioner. I do not like the idea of a single commissioner. I am very much inclined to favour the proposition which Senator Sargood has made of a board consisting of two heads of departments with the commissioner as chairman. That would be a board, not only for the purpose of appeal, but for the general working of the department. That I think is a proposal which might be availed of. Senator Dobson has a proposal of a kindred character. I intend to vote for his amendment to leave out certain words, and to treat that as a test question.

Senator Drake

- He proposes to strike out the words " appoint a commissioner."

Senator Lt Col NEILD

- I understand that this amendment will be submitted in a partial form merely to test the question. I read in the press that the Ministry propose to appoint a Council of Defence. Supposing that the Ministry do submit in a Defence Bill a provision for a Council of Defence where there would be opportunity for the discussion of questions of a complex character, a similar proposition might be desirable in connexion with a measure for the management of the public service.

Senator Glassey

- Does the honorable senator think that these are analogous cases?

Senator Lt Col NEILD

.- Hardly, because in the case of the public service there would be very much more scope for the operation of a council than there would be, in my humble opinion, in connexion with military and naval defence, for military and naval discipline is of a much stricter character than any discipline you can possibly have in connexion with the management of the public service. In that respect the cases are not analogous, but the weight of the argument would be in favour of such a council in connexion with the public service. I do see one difficulty in reference to Senator Sargood's proposal. Unless the commissioners he proposes to be appointed be commissioners appointed in each State, so that the sittings can be held there, it might be of very small utility to have a commission before which and to which aggrieved persons would have the greatest possible difficulty of access by reason of distance. If *t is only to sit at the seat of Government, wherever that may be, then I think it would have little utility, because of the difficulty which complainants or appellants might have in getting their cases heard. They would be confined otherwise to mere documentary representation.

Senator KEATING

- I am one of the few who have had an opportunity of hearing the expressions of opinion of perhaps most members of the committee on this amendment, and the more I have heard the more convinced I have become of the superiority of the provision which the Government submit for providing machinery for controlling the public service over any of the many other schemes which have been suggested. I have not alone found between Senator Dobson and Senator Sargood great discrepancies and great variations of opinion as to the functions and powers with which the different boards they suggest should be invested, but also amongst many other honorable senators who have levelled destructive criticism at this provision, some of whom, it seems to me, have spoken to a great extent without their book. They have spoken without, I think, having properly conceived the policy and scope of the Bill. It seems to me that we have now come to the conclusion unanimously that it is absolutely necessary that we should have some legislative provision for the regulation of the public service.

Senator Charleston

- We want a Bill.

Senator KEATING

- I am referring, of course, to what was the state of mind of some honorable senators here a few evenings ago.

Senator Charleston

- We never did differ.

Senator KEATING

- Senator Dobson

expressed his regret, and, indeed, his humiliation, that such a Bill should be presented. He implored the Minister to put it aside for a few years.

Senator Dobson

- Six months.

Senator KEATING

- I am glad to see that my honorable and learned friend has changed his opinion.

Senator Dobson

- I have not changed my opinion ; I never said what the honorable and learned senator imputes to me.

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Senator KEATING

- The honorable senator expressed his desire to kill this Bill. I should be very sorry after the discussion we have had to learn that there is any honorable senator who thinks it is not advisable as early as possible to get some measure for the regulation of the public service. The only question at issue is as to the control of the service. Some honorable senators have dwelt earnestly and strongly on the advantages of Ministerial control. In my opinion that is a very difficult problem for Parliament to solve. We have to establish a system of control which will have regard to the efficiency of the service, and will offer every possible inducement to the best brains and the best talent in Australia to enter it. We have to establish a system of control which will have regard to the possibilities of recognising merit and value in any officer, no matter how remote may be the part of the Commonwealth in which he may be placed, and that is a very difficult matter, a matter the like of which none of the State Legislatures ever had to face in framing a Public Service Bill. We must, as far as possible, so regulate and administer the public service that we shall generate in every grade and in every division a spirit of entire confidence in the administration, and in the opportunities for promotion for merit and good service. We have to recollect that the service extends over six States. We are asked by some honorable senators to have Ministerial control. I do not oppose Ministerial control simply for the reasons which some honorable senators have given, although I admit that the evils which do flow from it are of such a character that they should impress upon us the advisableness of departing from the old system. I do not lay my objection to Ministerial control on the political patronage which solely flows from it ; after all, Ministerial control is only a nominal thing. It is not actual control by the Minister, and you cannot, in advocating Ministerial control, place the public service in analogy with a private corporation or any private business. We have to recognise that the Minister is not a permanent head. He lacks the quality of permanence that characterizes the head of a private business, and he knows very little indeed of the thousands of officers in his department. Senator Neild said he hoped there would not be those features in connexion with the public service which would lead to evils such as existed in New South Wales, where a Minister told him that he hardly knew who was or who was not in his department. Unless a Minister is in his office for a very considerable time he cannot be expected to be acquainted with more than the few who immediately surround him.

He must depend absolutely upon the permanent head, or the chief officer, or officers of that description who are at the top of his department. A good deal has been said from the other side, particularly by Senator Symon, as to the inadvisableness of having a buffer between the Minister and Parliament with respect to his responsibility. Is not the permanent head, the chief officer, or the secretary to the Minister, invariably, so to speak, a buffer between him and the Parliament ? You cannot expect that Ministers will have any very intimate personal acquaintance with those who are in their departments, or even with their capacity, ability, or application to work. If that is so in the case of a State, the difficulty is considerably intensified in the case of the Commonwealth. Senators Sargood and Dobson agree on one principle, at any rate, and that is, that it would be advisable to have a board of some kind or other. I am opposed to the establishment of a supreme authority for the civil service that will not be an individual single authority. Senator Playford, in opposing the clause, pointed out the evils which result from the establishment of supreme authorities which are not individual. He told us that if we have a board charged with certain functions one of two things invariably happens. If the men are men of equal ability they are constantly contending for superiority over one another, and perhaps feeling is actually introduced, and to personal vanity the very object for which they are met may be sacrificed. In such a board there are the elements of dissension. On the other hand, if there is an inequality in their capacity, if one member stands out strikingly from the others, he runs the board ; and I think Senator Playford gave us an illustration of this latter position by reference to a board which one time or other existed in South Australia. If we have a board of three or more, charged with functions such as it is proposed to charge the controlling authority of the civil service with under this Bill, in many instances it will be a case of every one's business being nobody's business. There, again, if we are to have efficient and advantageous control we must have the control of one. Senator Dobson, I think, suggests that without the commissioner we should have the permanent heads and chief officers, and Senator Sargood limits himself to two permanent heads in conjunction with the commissioner. Will honorable senators not recognise the difficulties that attend the position ? If we constitute a board on those lines, even if they escape all the other possible dangers to which I have alluded, is it not quite probable that each permanent head or chief officer will accord to each other permanent head or chief officer supreme control within his own sphere ? So that, as a board with

any cohesion, it will be practically a failure. Each man says to the head of one department : - " I know nothing about your department ; if you say that is all right, it is all right. I do not enter into a discussion of that," and he in turn expects similar treatment. We really get back in practice to the old system of permanent heads controlling the service, although not constituted into a board. We constitute a board - it is nominally a board, but the head of each department accords to the head of each other supreme knowledge, supreme control, and supreme advisory and executive power in regard to all their functions which we intended they should discharge in a corporate way.

Senator Charleston

- And in matters of detail they would be wise in doing so.

Senator KEATING

- In matters of detail they would necessarily have to do so, or else they would never get through their work. But it is in matters of principle that they would also do it. We should not really have secured that corporate character without which the board would necessarily be of little or no use for achieving the objects for which it was created. If honorable senators will consider the Bill they will, I think, find that the Government offer, as compared with alternative proposals, an excellent solution of the difficulty. Senator Symon, followed by others, has characterized the commissioner appointed under the Bill and invested with these powers as an autocrat and a despot. The Bill simply purports to invest a commissioner with certain powers without which he would be inefficient and an absolute nonentity, I venture to say if he were not invested with these powers these very gentlemen would come and tell us that there was a need for the appointment of an officer with power to carry out the Act. We have been told also that the whole machinery of this Bill is cumbrous and costly. I think that Senator Symon characterized it as being something similar to a huge wheel constructed to crush a fly. Precisely similar arguments could have been adduced in reference to the very Constitution under which we live. I think it was Senator Clemons, who, in re-echoing the sentiments of Senator Symon, said that we were providing machinery which would do for the control of the civil service of the United States. Precisely, but we have also framed a Constitution which could have been used for the needs and requirements of the whole people of the United States if their population were three or four times as great as it is today. It does not follow that because an instrument of Government is capable of being used by the people of the United States with their immense territory, and then population of 70,000,000, it is unfit for our conditions. And similarly in framing a measure for the control of the public service of the Commonwealth of Australia, we have to look not merely to the administration of to-day or to-morrow, but we have to pay regard to the necessities of the future also. It seems to me to be absolutely - well, I was almost going to say absurd, to level criticisms of that character against the Bill. Senator Smith has shown, what I had intended to point out, that so far as the actual expenditure is concerned, the cost in carrying out the provisions of this Bill in regard to the appointment of the commissioner and six inspectors bears a proportion something like 1 per cent, to the total amount that is involved in the maintenance of the civil service throughout the Commonwealth.

Senator Sir John Downer

- Not as much as that ; 1 per cent, is the outside figure.

Senator KEATING

- So much the better. What then is the value of all these arguments as to the costliness and cumbersomeness of the system ?

Senator Charleston

- We are not convinced that the system will be more efficient.

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Senator KEATING

- If the honorable senator is not convinced that a greater degree of efficiency in the civil service will result from the appointment of a supreme authority of some kind, I think that so far as debate is concerned it is rather hopeless to expect him to change his opinion. We have heard a great deal in regard to the much dreaded social influence. It is a theme that many honorable senators have harped upon. Senator Neild, himself, has referred to the influence of the club, the influence of the drawing room, the influence of the dining hall and several other influences. It appears to me, however, that those honorable senators who have dwelt so eloquently upon the disadvantage of appointing a man who would be subject to social influence have fallen into the error of assuming that social influence would be substituted for political

patronage. They appear to assume that all to which the Minister would be susceptible would be political influence. But in the case of the Minister we should have political influence with social influence added, whereas in the case of the commissioner we cannot have political influence because he is removed altogether from the Legislature. He is free, so to speak, from political control. He has a free hand to do what he considers best in the interests of the public service from the business point of view. He would be outside Ministerial control altogether. One argument which has been frequently employed as to the policy of this measure is that it means a shunting of responsibility from Ministerial shoulders on to those of an irresponsible irremovable official. As an illustration of what I have said in regard to honorable senators having misconceived the scope of the Bill, I should like to refer them to several of its clauses. There is, for instance, clause 7, which deals with the mode in which the offices of the commissioner or inspector may be vacated. There are other clauses, such as 7', that refer to the suspension or dismissal of the commissioner himself. Notwithstanding that the commissioner makes recommendations for certain appointments of officers, it is quite competent for the Minister, as will be seen from clause 31, to disagree with his recommendation, in which case the Minister has to lay upon the table of the Houses of Parliament the reasons for his disagreement. Some honorable senators say the Minister would not do so - that he would not submit to such a humiliation. But there is a solution of the difficulty in the circumstances themselves. The very fact that the objections have to be laid before Parliament would mean that objections would not be lightly taken. Then I direct attention to clause 44, under which promotions are made, and where a power of veto for causes tabled is reserved to the Minister. ' And so with extraordinary recommendations and other matters.

Senator Charleston

- Why not make Ministerial responsibility direct 1

Senator KEATING

- Because, as I have pointed out, the Minister can never have an intimate acquaintance with all the circumstances. The Minister is only temporarily in office, and necessarily will not get that grasp of the requirements of the service that would be secured by a man who is paid to do nothing else ; nor will the Minister be able to look at it from the purely business point of view that the commissioner must do.

Senator McGregor has spoken of the necessity for the constitution of an appeal board. We could have appeal boards under the Bill as it stands. But I should like to ask in regard to that suggestion : Are we to have one appeal board, or is it suggested that we should have six 1 If we have one appeal board, honorable senators can well contemplate the difficulties that will be created in our scattered civil service. If that is not to be the case, are we to have one appeal board for each State, or an appeal board in every department in every State 1 Even "if that were done we should still lack that cohesion and corporate character in the civil service and in its controlling authority that we must have throughout the whole of Australia in order to gain the efficiency we desire.

Senator Pearce

- Why so ?

Senator KEATING

- Because each board will be independent of each other.

Senator Pearce

- So will the inspectors.

Senator KEATING

- I think the honorable senator must have misinterpreted the policy of the Bill. Under the measure we are to have a commissioner with certain inspectors - not more than six. I understood from what has been said by responsible Ministers in another place that the real object of providing that not more than six inspectors shall be appointed was in order that each of the States might receive consideration. If we have an inspector for each State his duty will be to become acquainted with the whole of the service in that State, to know all its branches, and the members of the service under his control. He will report to the commissioner. The commissioner is the connecting link between the inspectors and the Ministerial head, whilst through the Ministerial head there will be communication with Parliament. So that there we shall have interdependence and an absolute chain that will practically overcome every difficulty that exists where we have only Ministerial control.

Senator Pearce

- The chain is too long.

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Senator KEATING

- It needs to be long. Our territory is very large. Our civil servants are to be found, not merely in the great centres like Melbourne and Sydney, but in the most remote parts of Western Australia, the Northern Territory, Queensland and Tasmania. I should have thought that Senator Pearce, who like myself represents a State that is small from the point of view of population, would have recognised, as I recognise, that in the transfer of the different departments to the Commonwealth we have at any rate in the smaller States now some officers who can compare in respect of ability and efficiency in the discharge of their duties with many who are situated in the larger centres. If we are to have brought into operation provisions of this character, with inspectors charged with the responsibility of inspecting the whole of our civil service throughout the Commonwealth, the officers of the smaller States must necessarily be brought into comparison with the officers of the larger States. The Minister would only know those officers who were near him, and would know nothing of those in the remote parts of the less populous States. If we appoint a board of permanent heads - say the permanent heads of the Customs department and the Postal department, who for the time being are residing in Melbourne - they will hardly know anything of the capacity or ability of hundreds and hundreds of officers who might be worthy of promotion in the remote parts of the smaller States, and who might desire to be transferred to the larger centres. I have pointed out already that the whole Bill insures connexion between the most remote officer and the Ministerial head through the inspectors, whilst the inspectors will be in touch with the commissioner, the commissioner will be a link joining to the Minister, and the Minister will be in touch with Parliament. Those who represent the States which from the point of view of population are called the smaller States should be appealed to by that provision, without which the civil servants in their States can never hope to receive the promotion or even the recognition many of them deserve. But under a Bill like this, their claims will be more readily recognised, and the avenues of promotion to the higher offices in the service will be widened for them. I think myself that the Bill is an excellent attempt to meet the numerous difficulties as compared with the suggestions that have come from those who have criticised it in a hostile spirit. It is in comparison with such suggestions an excellent attempt to centralize the control of our public service with a due regard to the difficulties that have to be overcome owing to the vastness of our territory, and the scattered nature of our service. Honorable senators should, I think, be animated by a desire in providing legislation of this character to make provision for such a system of control, and such a connexion between the higher and the lower grades of the service, and between the Minister or the commissioner and the most remote centres of the Commonwealth, where a single officer of the service may be working, that will secure efficiency throughout the service, and generate a high degree of confidence in every civil servant in the justice of the administration. This will make for the benefit and advancement of the whole Commonwealth. By such means only can we obtain a civil service that will be a real living active service. Senator Dobson, in addressing himself to the measure referred to Tasmania, and said that a Bill of this character is not needed for the public servants of that State.

Senator Dobson

- I was referring to the principle contained in clause 5.

Senator KEATING

- I can say without hesitation that the public servants of Tasmania have for years past been agitating for a Public Service Act and for release from control by departmental heads.

Senator Charleston

- And from Ministerial control ?

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Senator KEATING

- Yes ; and from Ministerial control of the character which some of my honorable friends opposite seem to want. At last they have got a Public Service Act in Tasmania. But those officers in Tasmania who have passed into the service of the Commonwealth will lose the benefit of that measure. Hence, I say that unless we have a system such as that laid down in this Bill the peculiar conditions that prevail in reference to the work of the civil servants in Tasmania would never be properly brought home to the Minister. If 'we had a system of Ministerial control, I know that I should feel it to be my duty as far as I possibly could to

bring under the notice of the Minister that in the State of Tasmania, despite what Senator Dobson has said, we have telegraphists of quite equal ability to those who are working in Victoria, but not a single one of them receives as much as £200 a year, whereas in Victoria I believe there is hardly a single telegraphist who receives anything less. Unless we have an inspector who will bring before the commissioner the existing circumstances and make suitable recommendations for dealing with them, we cannot get that degree of uniformity and efficiency that is so much required.

Senator Pearce

- Does the honorable and learned senator say that we cannot have uniformity as to salary without a commissioner ?

Senator KEATING

- No ; I say that we could not bring about that uniformity of principle and proper practice in matters of promotion without members of the Federal Parliament having to constantly go to a Minister to ask him for attention to certain cases.

Senator Charleston

- There would be nothing wrong in the honorable and learned senator doing that.

Senator KEATING

- But I do not want, nor do most members I think want, to be charged with the responsibility of doing it ; nor do I think that Ministers want to be continually troubled by Members of Parliaments with complaints with regard to civil servants. Are there not matters of far greater importance to Parliament and the people which Members of Parliament and Ministers have' to attend to than the complaints that would, from time to time, be brought under their notice from aggrieved civil servants in various parts of the country ?

Senator McGregor

- Give them a proper board to complain to.

Senator KEATING

- If we had 100 boards we could never have throughout the civil service of the Commonwealth those conditions which we must get if we want to secure efficiency. We should require to have a board for each particular department, perhaps each particular sub-department, and then there would be no relations, no independence, and consequently no uniformity between the boards themselves. I have listened very attentively to all the arguments that have been addressed to the committee by honorable senators, who have suggested various alternative schemes; and I cannot find anything in the suggestions which, so far as protection to the civil servants or cohesion and uniformity in administration is concerned, in any degree approaches the one submitted to us in the Bill, and which I therefore support.

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Senator Sir JOHN DOWNER

- We have had very elaborate speeches on this Bill by senators from all parts of the chamber. To be ungrammatical, we have had the matter ventilated, I think, to the extremest extent - we have had "the hoighth of foine language entoiirely " - to use one of Thackeray's expressions. But, after all, we come back to the simple question that we began with : Is the civil service of Australia to be managed by the Government direct, or is there to be any board in between ? In one portion of the Senate we have a strong opinion that it could be better done by simple Ministerial responsibility. I entirely disagree with that portion of the Senate, though disposed very much to agree with them in matters on which Ministers have knowledge, however badly in my experience they have exercised it in the past. I entirely disagree with them in the proposition that Ministers should have the ultimate control over matters of which they can have no possible cognisance except through the intervention of other people. Then we have the Government's proposal that the civil service must be a concrete whole, and must be managed by a head who is responsible to the Government, who is to be obeyed substantially, but yet responsible to the Government in that the Government can always overrule his decisions, subject to the condition that if they do overrule his decisions they shall tell Parliament why they did it. Then we have Senator Sargood's suggestion that there should be a board of three, composed of a Public Service Commissioner and two permanent heads, but still acting with responsibility under the Government, and to do precisely the same work that one commissioner is asked to do under the Government proposal. These irresponsible heads we know are not irresponsible heads at all. In that the Government, Senator Sargood, and everybody else can, I think, come to practically one agreement. There is no such thing as irresponsible heads where we

have a responsible Government to manage them. That is the cardinal principle we have got to recognise in all our dealings, by whatever names we may choose to call the persons whom we appoint. What is the use of telling me that the head is irresponsible when I happen to be the Prime Minister in charge? I know too much about the responsibility of these highly responsible bodies not to know that it is absurd to say that they are subject to no influences in respect of the Government which is practically in charge of them. The most we can do in all these things is to see if we cannot minimize the possible area of influence so that it shall not be exercised to too great an extent. Depend upon it, all it comes to when we have minimized it to the greatest extent is that we have enabled the Minister to say to troublesome people who are bringing influence to bear upon him - "You see, my dear friends, this is a matter beyond my control. Parliament has put it into the hands of a body which is not responsible to me at all. I really have no influence, and so you will see I cannot help you at all." That is really all that these boards come to. I defy any man in Australia who has had experience of them - make them as irresponsible as we like in terms - to say that the result of it all has not been that they have been practically buffers between the Government and their too troublesome supporters or opponents. They have very properly stood in the way, and prevented a lot of injustice being done, and in that they have done well. But let us know what we are talking about, and let us not assume that these people, because they are in a position of irresponsibility, cease to be responsible. They are always responsible to the persons who are immediately responsible to Parliament, which is the governing authority of the Commonwealth. They may talk about their irresponsibility as they will, but their responsibility remains just as it was, and in the end they become simply a very discreet and a very proper medium, between the Government and both their adversaries and friends, to relieve them of a lot of very unpleasant business which the Government is incompetent to do, and which Governments avoid doing by these methods. "We all know it, and we accept it and make no complaints about it. We submit to the inevitable with the best grace in the world. We know that it works well, and we say - "It is good." Now, then, after these preliminaries, which I suppose will be considered in a minor key, what are we going to do? We are familiar with the difficulties we have had in our own States, where we know a good deal of the people round about.

Senator Higgs

- Not in the model State, surely!

Senator Sir JOHN DOWNER

-We know excellently of ourselves, and think accordingly. So, in other States, they know excellently of themselves, and no doubt think accordingly. But what are we going to do in this particular matter we happen to be talking about now? We cannot get very much beyond what we have been speaking about. The argument can not by any debate be very much advanced, and I think we can arrive at a conclusion without the slightest difficulty.

Senator WALKER

- I have listened with a great deal of pleasure to many of the remarks made this evening. I recognise that a Public Service Bill is not a party measure, and it is my intention therefore to vote in such a manner as I believe will promote the efficiency of the service. I am altogether a disbeliever in political patronage in regard to the public service, and I think that the sooner we have a board, whether it be of one or more members, the better in justice to those who may enter the service. I wish to see the service of the Commonwealth such as will attract the very best abilities of the rising generation, and that they will feel in entering it that merit, and merit alone, will win them promotion. Economy is all very well, and some honorable senators have spoken of it to-night, but I maintain that efficiency, which may even require a considerable expenditure of money, is true economy in the end. I should personally prefer, if we could afford it, to have three non-political commissioners, but as apparently we cannot afford that at the present time, I am in favour of having one commissioner with two assessors in the manner suggested by Senator Sargood. The original appointment I see is to be for seven years, and at the end of that time I trust that we shall be in a position to have three non-political commissioners permanently appointed. Senator McGregor seems to have implicit faith that the political human nature of the Commonwealth is superior to that of the States, and he seems to have implicit confidence in Ministerial control.

Senator McGregor

- Even the States are improving.

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Senator WALKER

- I am glad to hear it. One honorable senator exclaimed, when hearing Senator McGregor's remarks, that no one could say of the honorable senator or those who agree with him - " Oh ye of little faith." The honorable senator seems to have a full faith that human nature is improving, and I hope his faith will be justified. I may say that I have had any number of letters from all parts of Australia asking me to use a little influence with Ministers to get persons appointed to this place or the other. I have, of course, declined to do it ; but if that kind of thing is the case already, we can easily imagine what it may grow to in the future.

Senator Dobson

- Not if all declined to do it.

Senator WALKER

- I have not the implicit faith in human nature that Senator McGregor seems to have. We are told in an old Book that in the multitude of counsellors there is safety, and I believe that in a board of three we shall have greater independence and greater satisfaction to the public than in a board of one. Personally, I think we cannot do without inspectors. I belong to and have had practical experience of a very large institution in which we have six or seven inspectors, and we look upon the money we pay to those inspectors as money well spent. It prevents irregularities, and it is true economy. I hope that, as we have here a very large territory to deal with, we shall not be parsimonious in appointing inspectors. I think it is a mistake to limit the number to six. The Government should take power to appoint inspectors without any limit as to their number.

Senator Sir Josiah Symon

- We might have 60 at £800 a year each.

Senator WALKER

- I do not say that. Attention has been drawn to the fact that, to commence with, we have a civil service of 11,000 officers, and with average pay the expense comes to over £1,000,000 a year. Under the Bill, the commissioner is to receive £1,500 a year, and six inspectors £800 a year each, or, altogether, £6,300 a year. That is a little more than £ per cent, upon the outlay. If we can by an outlay of 10s. per cent, secure a good service all round it is money well spent. Of course I recognise that to have an enlightened despot, if we could be certain of a succession of enlightened despots, would be a very satisfactory way of conducting the business. We know that a Czar of Russia, if a good Czar, and succeeded by another as good, is an efficient and capable ruler ; but unfortunately there is no certainty that one enlightened despot will be succeeded by another, and knowing what human nature is I believe that we ought to have a board of three.

Senator O'Connor

- Three enlightened despots instead of one.

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Senator WALKER

- It is not my intention to take up the time of the committee, and I trust we shall now proceed to business. I shall support the Government up to a certain point. I think there is no necessity to strike out the words which Senator Dobson suggests should be omitted, and hereafter I shall support Senator Sargood in the amendment he has given notice of.

Senator DOBSON

(Tasmania). - I thought that as the debate proceeded I should be able to decide whether in fairness I should withdraw my amendment or not. As

Senator Sargood

has expressed his intention of voting against it, and I cannot count upon his vote when he does not believe in the principle of my amendment it appears to me that I shall not be doing anything unfair if I take the sense of the committee on the amendment at present before the Chair, because, supposing the words are struck out,

Senator Sargood

can then have inserted after the word " appoint " such words as " a board of three persons, consisting of two heads of departments and a third person from outside the service."

Senator Smith

said I should have gone back and looked into the history of these boards. If the honorable senator had been in the chamber the other evening he would have found that that was just what I tried to do. What is the history of the matter? As regards New South Wales, I can put it in five minutes. Their first board was guilty of such acts of cruelty, injustice, and wrong-doing that a committee was appointed to inquire into their work, and, as I mentioned the other night, it cost £50,000, which had to be placed upon the Estimates, to undo the wrong which that first board did. With respect to the second board in New South Wales, I have heard, and I have read, that in dealing with cases it does what is provided for under this Bill, and it ignores the head of the department, who has had his officers face to face, and has seen their work from day to day. Because the new board in New South Wales ignores the rightful position and the great knowledge of the head of the department there is now a great deal of dissatisfaction with their work. If we may take the

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as a correct guide for facts, I see that there are now 1,000 cases of appeal waiting to be dealt with. There are 1,000 cases of dissatisfaction amongst civil servants with the action of that board, and I ask honorable senators if after that experience they are now going to set up the same kind of board in the Commonwealth

1

In Victoria they commenced I think first in 1862.

Senator Sir FREDERICK SARGOOD

- No; in 1883. The first Public Service Act was in 1862.

Senator DOBSON

- The first Public Service Act was passed in 1862, and it worked very well until the door was opened to political patronage in making a number of temporary appointments. So great did the scandal become that after that dreadful day, "Black Wednesday," it was found that the temporary civil servants outnumbered the permanent civil servants by three to one. A very great deal of wrong and injury was done at that time and a great many temporary and permanent officers had to be got rid of. Then they appointed a board in 1883, and we find that that board commenced to jump about from one department to another. They attempted the impossible, and they laid down too strictly and rigidly different classifications, divisions, and subdivisions. Into such a state of muddle did this Victorian board get that they had to appoint what is called an Anomalies Board . to try and pick up the work the Public Service Board was intended to do.

Senator Sir Frederick Sargood

- That was only last year.

Senator O'Connor

- Still they did not go back to Ministerial control.

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Senator DOBSON

- No, they went on in the path of wrong-doing, and a short time ago they appointed a new kind of Classification Board to try and help out the Civil Service Commissioners. I understand that this new Classification Board has now almost completed its work, and yet the civil servants on all hands are hoping- that the Premier will himself hear their appeals and set aside the decisions of this wonderful Civil Service Board. Then I may just gather up what is to be said about the Railway department, where we have had one strong man getting £3,000 a year. There has been there political patronage of the very worst kind, and inspectors and ordinary officers have appointed gangers and assistant gangers in hundreds of cases which the Minister of Railways seems to have known nothing about. I am told that it was not his business to know, as the sole control of the Railway department was in the commissioner. No illustration in reference to the Railway department has the slightest bearing upon this Bill, because the commissioner had the control of the railways, and, therefore, the power of managing every servant. The principle which I and Senator Symon and others contend for is, that the man who has the responsibility, and not an outsider, should have the power of controlling and managing his department and carrying out its discipline. The whole principle for which I contend is, that power should go side by side with responsibility. Senator Keating has rather misunderstood my views on this point. Of course, a Civil Service Act is absolutely necessary in order to provide that no outsider shall be pushed into it by political patronage. It is absolutely necessary to lay down certain examinations and conditions under which men

can be admitted. It is absolutely necessary as to the divisions and classifications, salaries, and so forth. But when you once get a start - and my opinion is to appoint a temporary board to visit each State and compare the civil servants of one State with those of another, and start with a fair classification - I defy any honorable senator to contend successfully that we shall want three commissioners and half-a-dozen inspectors, at a cost of £8,000 or £10,000 a year to do what it is the bounden duty of heads of departments controlled by their Minister to do. Senator Keating is a little off the track when he argues in favour of absolute centralization of the civil service of this great Commonwealth. I believe that the Ministers cannot make a greater blunder than to try and push to too great an extent that system of centralization. We ought to have a system of decentralization, with certain authority amongst the various members of the Commonwealth. Does any one suppose for a moment that one commissioner or three commissioners sitting in Melbourne or in Sydney, or in this far-famed capital which is to be, can ever come into such contact or have such a knowledge of the civil servants of all the States that they will be in a proper position to decide the status of one man as against another ; when it will take really a great deal of experience and knowledge of the two men's work for even the head of the department who has known them for 20 years to say who is the better man and should have the first step up 1 It appears to me that centralization of the departments is the worst form of centralization we can possibly have. For goodness sake do not let us try to crush out the States. Let a little board in each State manage its civil servants with a travelling commissioner as Senator Best suggested - that is the best suggestion I have heard yet -and let the Ministers take their fair share of control and be responsible to Parliament.

Senator Higgs

- What would Parliament do?

Senator DOBSON

- If it is not going to belittle itself, to lower the national life of the Commonwealth instead of raising it, it will do what Senators Sargood and Walker said they did ; it will insist, by the tone it takes up, that no Member of Parliament shall hold any intercourse with, or receive any communication either directly or indirectly from any civil servant, and try to grasp for him a position which the head of the department thinks somebody else ought to get. The whole of this evil is brought about because the members of the Senate are asked to declare that we are so open to political patronage, so weak in the back, so flabby, that we will listen to the tale of every civil servant who runs to us, and take it to the Minister, and if we are supporters or opponents use such arguments as will practically squeeze him into doing a good turn to our friend the civil servant at the expense of some other poor devil.

Senator Higgs

- Did not some of the ladies in the Post-office wait on the honorable and learned senator?

Senator DOBSON

- Some of the ladies in the Post-office waited upon me, and I told them plainly that they were doing a wrong the first moment I saw them. They came on behalf of a class ; they asked that the ladies' salaries should be increased, and all the rest of it, owing to some very bad workmanship in another place. Every young man and young woman attaining the age of 21 in the public service is to get a wage of £110 a year. If you put in young persons at 16 or 17, and increase their salary by £20 a year until they reach that salary, the State of Tasmania will be unable to bear the expenditure. I do not believe you can show any such increment, or any such salary in outside departments, in private railways, in financial or other companies. I think it will do the greatest wrong if you pay the women at the same rate as the men. I believe these young ladies visited the Senate to see me and others on that principle ; but I told them I thought it would be a gross wrong to pay a young man of 21 £110, and say that a young woman of 21 was entitled to it. I shall be prepared, when the time comes, to show that there is absolutely nothing in the contention of Senator Glassey, and that on grounds of justice, on grounds of human nature, you cannot give the women the same salary as you give the men. It is not a question of doing the same work, it is a question of being fair to the women themselves, and a question of paying the man more salary, because he has greater responsibility, larger expense and far more work.

Senator Higgs

- Is this why the honorable and learned member wants to kill the Bill?

Senator DOBSON

- No ; owing to my honorable friend's interjection, I have got a little off the track. Honorable senators have

suggested that no alternative plan has been mentioned. The alternative plan which I suggest is that we do not belittle ourselves by giving control of the civil service to outsiders, but that we look to the heads of departments and chief officers as being worthy of their positions. If they are capable of managing departments which put through millions a year, surely they are capable of controlling, managing, and promoting the staff. We ought to have a board of two civil servants, or more if you like, in each State, and one travelling commissioner, who should be chairman of each board.

Senator O'Connor

- And always in the minority.

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Senator DOBSON

- He will be in the minority for the simple reason that I want the heads of departments to be in the majority, and do not want them to be belittled, and out-voted by men outside the service. Senator O'Connor wants to put up one man, and to have six inspectors to gallop all over the Commonwealth to see each department, to examine every officer, and to value and estimate his services. . The six inspectors will do nothing of the kind. They will go to a State, and have a talk with the head of the department ; and then go to the chief accountant about the men -in- his department ; next to the chief corresponding clerk about the correspondence clerks, and afterwards to the head of the ordinary clerks. Nine-tenths of their report will be hearsay. And when it comes before one commissioner, not nine- tenths, but the whole of it will be based on hearsay - hearsay evidence on which as a lawyer, talking before a bench, would say - " You would not hang a cat."

Senator Sir John Downer

- Does not the honorable and learned senator think that the actual heads of the departments will be the inspectors?

Senator DOBSON

- There is to be one inspector for each State - the Minister for Home Affairs says that three will be sufficient - and the idea is that the inspectors shall go from department to department and from officer to officer. They are to be charged with a duty which I defy them to fulfil. If I do vote for the one commissioner, allied, as I say, with two officers in each State, I shall never give a vote for those inspectors. They would absolutely have to make work for themselves. They would want their shorthand writer, their clerk, their messenger, and their officers; and this Bill would cost from £8,000 to £10,000 a year. I quite agree with Senator Charleston that in starting the Commonwealth we have no business to set up this enormously costly machinery until we find the want of it; and when the Postmaster-General has had a little more experience of seeing how he is going to work his department, whether he cannot decentralize it a little more, and not rob the States of any more power - we have taken quite enough away from them as it is - when he finds that it is absolutely necessary, let him come and ask for this gigantic machinery. At the present moment it is not absolutely necessary, and it is belittling the new Parliament to say that we are so flabby and weak and absolutely dishonorable that we cannot act with common fair play to civil servants.

Question - That the words proposed to be omitted stand part of the clause - put. The committee divided -

Ayes 12

Noes 11

Majority 1

Question so resolved in the affirmative.

Amendment negatived.

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Senator Sir FREDERICK SARGOOD

- By the division, the committee has affirmed that there shall be a Public Service Commissioner. The question to decide now, is whether to stop at that, or whether the management of the public service shall be intrusted not to one man, but to more than one man. I entirely agree with the statement of Senator Downer that there is no such thing as absolute fair play, that as a matter of fact the veto must lie with some one, and it lies necessarily with the Minister, to whom the board or the commissioner as the case may be, may be directly responsible. The Minister undoubtedly has the power of veto, and it has been pointed out that he is more or less responsible to Parliament. Those of us who like Senator Downer and

others, have been behind the scenes a little know perfectly well that responsibility to Parliament is a perfect farce, provided that the Minister has a working majority. We all of us have known matters to be done by a Minister, and supported by Parliament, that were not altogether right. As Senator Higgs pointed out, a gross case of injustice may be done to a public servant ; but as against condemning the Ministry there may be the importance of keeping it in power for other reasons. I do not think there is very much in the idea of the responsibility of the Minister to Parliament. The whole question, therefore, comes back to this : Shall we have one man, or shall we seek to strengthen his hands and strengthen the management of the whole of the public service by having more than one? We have had the experience of various States submitted to the committee. I have mentioned the result of the experiment so far as Victoria is concerned, and in passing I would refer to the statement made a few minutes back by Senator Dobson, as to the result of the appointment of the Public Service Board in Victoria. He is perfectly correct in saying that it was appointed in 1883, but he is absolutely incorrect, I venture to say, in stating that it has resulted in great confusion. As a matter of fact, for many years it resulted in vastly "improving the position of the officers, and the service as a whole was thoroughly satisfied with the way in which the board discharged their duty.

Senator Dobson

- Why was the Reclassification Board appointed ?

Senator Sir FREDERICK SARGOOD

- I thought I explained that the other night. In 1893 the Retrenchment Sills were brought in, and the salaries of all the officers were reduced by a certain percentage) - first for three years, and then for another three years, extending over six years - and when officers were appointed to fill vacancies and to discharge the increased duties at the old rate, you can hardly wonder that dissatisfaction became rampant from one end of the service to the other.

Senator Dobson

- That is my argument.

Senator Sir FREDERICK SARGOOD

- That is not an argument as against the Public Service Board, but as against the action of the Minister of the day, in the direction of unwise and unfair retrenchment. Then, on the top of that, as I have pointed out, the old and experienced board, which could probably have guided matters until better times arose, was superseded, and the whole of the duties in connexion with the public service were suddenly handed over to the Audit Commissioners, who had no experience in connexion with them, and knew practically nothing of the Act, but who suddenly and under trying circumstances were called upon to administer it. The result of the new system added to the discontent which arose in connexion with the reduction of salaries ; but I venture to say that by the old Public Service Board matters would not have been as badly managed, and that what happened does not in any sense disprove the fact that the Public Service Board for something like sixteen or seventeen years discharged its duties with thorough satisfaction to the State as a whole, and with undoubted advantage to the public service. The Anomalies Board was not appointed in connexion with the old Public Service Board, but arose in consequence of the actions of what I was going to call the amateur board which was appointed. I was charmed with Senator Dobson's statement of what was going to happen in connexion with the Federal Government. I wish I could think that a tenth of the good things that he talked' about were going to happen. If those remarks had come from some of our younger senators, who have not held responsible positions in Ministries, I should not have been much surprised at them. But, coming from an old political war-horse like Senator Dobson, I was astonished that he could imagine that that happy state of things could ever arise in connexion with politics. Human nature is now, and will be in the future, very much what it has been in the past, and we must endeavour to legislate to deal with practical politics and not with fanciful and Utopian ideas which neither the honorable senator nor any one else can hope to see realized.

Senator Dobson

- The honorable senator is going to impair responsible government.

Senator Sir FREDERICK SARGOOD

- I do not know that I want to impair responsible government. I take responsible government as a matter of fact, and to be neither worse nor better than we have found it in the past. I do not suppose any Minister is particularly anxious to have thrown upon him, the responsibility of being "hobnobbed" by one or another

of the Members of Parliament or his own clients to give this officer an undue rise in salary, or an undue promotion, or to appoint such-and-such a young man. These are not pleasant things for a Minister to have to do. I believe Ministers would prefer to be relieved of them.

Senator Dobson

- They could relieve themselves.

Senator Sir FREDERICK SARGOOD

- That is where I differ from the honorable and learned senator. I venture to say that he himself could not honestly state that he was able to relieve himself from it.

Senator Dobson

- I do say so, and it could easily be done.

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Senator Sir FREDERICK SARGOOD

- Then Tasmania must be a charming place to live in politically, as well as otherwise. But we come down to the question - shall there be one public service commissioner or more? I have given my reasons for believing that it would be injurious and unwise, both in the public interests and in the interests of the service, to intrust this responsibility to one man.

Senator Sir Josiah Symon

- Does the honorable senator propose that the two permanent heads shall have six inspectors as well?

Senator Sir FREDERICK SARGOOD

- Ultimately we shall require six. I do not hesitate to say that we must have inspectors. It is utterly impossible to work this business, any more than we can work any financial concern, without inspectors. It cannot be done within the comparatively small circle of a private business, and how can we manage this huge business of the public service without bringing about chaos without having inspectors? I move - That after the word "commissioner," the following words be inserted - "and may also appoint any two of the permanent heads of departments mentioned in the 2nd schedule to this Act, who with the commissioner shall be the Public Service Board. The Public Service Commissioner shall be the chairman of the board."

Senator DRAKE

- I object to Senator Sargood's amendment in the first place on the ground of expense. He proposes to get over that difficulty by appointing two of the permanent heads. That would be a bad thing from two points of view. In the first place, it would take the permanent heads from their proper work; and, Secondly, it would mean that the permanent heads of two departments would be supervising the officers in the other departments. For these reasons I cannot accept the amendment.

Motion (by Senator McGregor) agreed to-

That the question be now put.

Question - That the words proposed to be inserted be so inserted - put. The committee divided -

Ayes 4

Noes 19

Majority 15

Question so resolved in the negative.

Progress reported.

DISTILLATION BILL

Bill received from the House of Representatives, and read the first time.

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22:50:00

Senate adjourned at 10.5 p.m.