

## ADJOURNMENT.

METROPOLITAN WATER, SEWERAGE AND  
DRAINAGE BOARD.

Motion (by the Hon. Sir Henry Manning) proposed:

That this House do now adjourn.

The Hon. R. MAHONY [6.21]: Will the Attorney-General be pleased to expedite the answer to the question placed by the Hon. Mr. Concannon on the business paper, asking that there be laid on the table of the House the official files of the Metropolitan Water, Sewerage and Drainage Board dealing with proceedings instituted against Mr. G. Morgan, Professional Officer, alleging forgery of officers' pay-dockets; charges laid against Mr. W. F. Stephenson, overseer, of accepting moneys from subordinate employees; and the dismissal from the service of Mr. T. Hodge, overseer?

The Hon. Sir HENRY MANNING (Attorney-General) [6.22]: In reply to the hon. member, I will certainly have the matter referred to the Minister in charge of the Metropolitan Water, Sewerage and Drainage Board, and no doubt he will be able to give an answer to the Hon. Mr. Concannon on the next sitting day.

Question resolved in the affirmative.

House adjourned at 6.23 p.m.

## Legislative Assembly.

Tuesday, 1 August, 1939.

Petitions—Printed Questions and Answers—Questions without Notice—State Finances (Motion of Urgency).

Mr. SPEAKER took the chair.

The opening Prayer was read.

### PETITIONS.

Mr. BADDELEY and Mr. BOOTH presented petitions from certain citizens, representing that committees be appointed to inquire into the reasons for

the high cost of food and to take measures to determine the price of food commodities in accordance with the basic wage.

Petitions received.

## PRINTED QUESTIONS AND ANSWERS.

### DAIRYING INDUSTRY CONFERENCE.

Captain DUNN asked the PREMIER, SECRETARY FOR PUBLIC WORKS AND MINISTER FOR LOCAL GOVERNMENT,—(1) Is it a fact that the dairying industry in this State is in a parlous position? (2) If so, is it due to the large percentage of butter exported overseas, in comparison with that retained for home consumption, and to the inroads made and being made in the State market by the increased consumption of margarine? (3) If the answer to No. (2) above is in the affirmative, will he before amending the Milk Act, call a conference under the chairmanship of the Minister for Agriculture of representatives of the producers—both inside and outside the Milk Producing District as proclaimed under the Milk Act—the Butter Factory Managers Association, the Milk Board, the agents of the board, and the retail milk trade, for the purpose of discussing the whole position, and formulating proposals and making recommendations designed (a) to increase the consumption of butter within the State; (b) to increase the consumption of milk within the metropolitan area; (c) to formulate proposals for eliminating the undue competition of fresh milk substitutes, and butter substitutes, brought into New South Wales from other States to the detriment of the producers and the butter and milk trade generally of this State?

Answer,—(1) The position in regard to the dairying industry in New South Wales is that the production of butter for the twelve months ended the 28th February last, declined by approximately 13,000,000 lb. compared with the previous twelve months, but this was due mainly to the severe drought conditions which covered the whole of the State

during that time. As the result of excellent rains which commenced to fall towards the end of February last, production increased in March and again in April, and the seasonal decline which is now taking place is not as sharp as usual. Prospects for production during the coming season are promising; stock are in good condition, and an abundance of pasture should be available for the winter months. The consumption of butter within New South Wales for the year ended June, 1938, was 34,664 lb. per head of the population, constituting a record for any individual State of the Commonwealth. (2) About 25 per cent. of the butter produced in New South Wales is exported, that quantity being in excess of local requirements. If a market were not available for this surplus over local requirements the dairying industry in this State would be placed in an extremely difficult position. It is realised that the consumption of butter is adversely affected by the increased production of margarine and this aspect of the matter is at present receiving the consideration of the Commonwealth and State Governments. (3) It is not considered necessary to take action in this direction, in view of the position as indicated in reply to question (2). It might be mentioned that it is one of the function of the Milk Board to encourage the consumption of milk by various means and this is done by constant efforts to safeguard and improve the quality and purity of the milk supply and by publicity and educational work. Sales of country milk for consumption or use as milk or sweet cream in the metropolitan area increased from 19,448,707 gallons in the year ended the 30th June, 1933, to 26,544,530 gallons in the year ended the 30th June, 1938, and sales of milk produced and retailed direct by producer-vendors increased correspondingly. Surveys of retail distribution show that the average consumption per head of population and per household is increasing slightly.

# RAILWAYS: EMPLOYEES' ACCOMMODATION, DARLING HARBOUR.

Mr. MATTHEWS asked the DEPUTY-PREMIER AND MINISTER FOR TRANSPORT,—(1) (a) Is it fact that only cold showers are provided for railway employees at Darling Harbour; (b) if the answer is in the affirmative, will he have hot showers provided? (2) (a) Is it a fact that porters and six men working at the steam crane, Darling Harbour, are forced to work exposed to all weather conditions and have to provide their own covering; (b) if the answer is in the affirmative, will he ask the department to supply oilskins, etc., in wet weather? (3) (a) Is it a fact that the mess-room at Darling Harbour Inwards is too small and infested with vermin; (b) if the answer is in the affirmative, will he have a new mess-room erected? (4) (a) Is it a fact that at Darling Harbour, between 5 and 6.30 p.m. daily, goods trains are made up and shunted to the end of yard known as Murray-street; (b) is it further a fact that it is necessary for employees finishing duty at the Outwards sheds to pass underneath the couplings of the trucks to gain access to their mess-room; (c) if the answer is in the affirmative will he cause a bridge to be built over Murray-street crossing, or failing a bridge, will he have arrangements made for a break to be left between trucks to permit the employees to pass through them?

*Answer.*—I am informed:

(1) (a) Yes; (b) in view of the existing financial stringency, it has been found necessary to defer the provision of facilities of this character. (2) (a) Porters employed at the steam crane are expected to provide their own overclothing for use during inclement weather; (b) oilskins, etc., are not supplied to porters; as indicated in (a), they are expected to provide their own overclothing. (3) (a) No; (b) whilst the accommodation reasonably meets the existing requirements, when the proposed Metropolitan Goods Agent's Office is erected, it is the intention to transfer the timekeeping staff to the new building and utilise the vacated office, which will provide accommodation for about twenty men, as an additional mess-room. (4) (e) Yes, but first movement is by No. 65 West at about 6 p.m.; (b) only on rare occasions, as generally staff concerned finish duty before 6 p.m. It is impracticable to leave a break between trucks on trains made up over the

level crossing; (c) the erection of a suitable footbridge over the Murray-street level crossing has been under consideration, but has been deferred as preference must be given to more urgent works.

### QUESTIONS WITHOUT NOTICE.

#### CLOSER SETTLEMENT FUND.

Mr. LANG: In view of the Auditor-General's repeated reports that balance-sheets and statements of account as required by section 9 of the Closer Settlement Fund Act, have either not been made available or have not been audited, will the Treasurer say when such statements will be presented to Parliament as required by the Act, particularly in relation to the years 1937, 1938 and 1939?

Mr. MAIR: I will have inquiries made into the matter and inform the hon. member as to the result to-morrow.

#### MILK PRICES.

Mr. JEFF BATE: I ask the Acting-Minister for Health whether a price for special milk has been gazetted? If so, what are the standards prescribed and can any farmers conforming to those standards receive the new price?

Mr. PRIMROSE: It is a fact that a new price has been gazetted for special pasteurised milk and any producer who complies with the amended grade specified by the Milk Board and approved by the Board of Health under the Pure Food Act, may sell at that price. The important alteration is that the butter fat content has been raised from 3.2 to 3.8 and the herds have to be free from tuberculosis. There must also be a lower bacteria content and the milk must be bottled at the place of pasteurisation.

#### LIDCOMBE STATE HOSPITAL.

Mr. KELLY: Has the attention of the Acting-Minister for Health been drawn to a newspaper report of the case of a man found in the paddock of the Lidcombe State Hospital? Is he aware the evidence at the inquest disclosed that when the man was found he was reported to

the hospital authorities? Is it a fact that two attendants saw him and left him in the paddock all night, not removing him until the next day when he was found dead? Will the Acting-Minister make inquiries and if the charges are not true have this stigma removed from the employees of the hospital?

Mr. PRIMROSE: I have seen the statements in the press and have called for a report.

#### GRAFTON DISTRICT HOSPITAL.

Mr. WINGFIELD: Can the Acting-Minister for Health say whether it is a fact that the committee of the Grafton District Hospital has threatened to resign as a protest against the unwarranted delay in finalising a loan for the building of nurses' quarters? Is it further a fact that the committee made satisfactory arrangements with a banking institution for the loan, and has been waiting almost six months for a promised Government guarantee? If these are facts will the Minister expedite the completion of this matter?

Mr. PRIMROSE: I have seen the report of the futile inquiry made by the board of the Grafton Hospital. There has been some delay on account of a doubt as to the power of the Government to guarantee a loan. The matter has been referred to the Crown Law Department and as soon as the required information is received it will be dealt with. I cannot say whether the result will be favourable to the board or not.

#### TRACK DRAINAGE GANGS: NEWCASTLE-GRAFTON.

Mr. C. E. MARTIN: In the absence of the Minister for Transport can the Premier say whether it is a fact that the track drainage gangs working between Newcastle and Grafton have been reduced from a total of ninety-one employees to twenty-one? Is it further a fact that there is sufficient drainage work mapped out in that area to occupy many men for some years? If these are facts will the Premier take the necessary steps to have the gangs brought up to usual strength?

Mr. STEVENS: My colleague, the Minister for Transport, will be here within a few minutes and he will be able to answer the hon. member's question more accurately than I can. All I know is that certain works upon which gangs of the type referred to by the hon. member were engaged have been terminated, and I understand that the Commissioner has discontinued the employment of those gangs.

#### HON. MEMBER FOR RYDE: TABLING OF LETTERS.

Mr. E. M. ROBSON: In view of the great public interest involved will the Premier lay on the table the following two letters received by him from the hon. member for Ryde: (1) the letter dated 29th May, 1939, which was referred to by Mr. Spooner in his speech in the House last Wednesday, and (2) a further letter addressed to the Premier by Mr. Spooner dated 27th May, and enclosed under cover of the firstmentioned letter?

Mr. STEVENS: No. I do not propose to lay those letters on the table. The original letter was one that passed between my former colleague and myself and in accordance with established practice it is a privileged letter as between the Minister and the Premier. I did not receive a copy of that letter until yesterday, and, in fact, I have not yet had time to look at it. I have no objection to this House being fully informed as to the contents of any communication which relates to facts in respect of the public accounts or any question of public importance, but, as Premier, I am not prepared, of my own initiative, to lay on the table of the House confidential correspondence that has passed between my former colleague and myself.

#### ROAD FROM MT. KEIRA TO BULLI.

Mr. W. DAVIES: I ask the Premier whether it is a fact that arrangements have been made between the Federal and the State Governments for the construction of certain roads for defence purposes? Is it also a fact that a road

from Mt. Keira to Bulli is one of those works, and, if so, when does the Premier intend to make a start with it?

Mr. STEVENS: The Federal authorities have asked the State authorities, in respect of their programme of public expenditure, to proceed, as far as practicable, with works of a defence character in order of priority, and the road to which the hon. member has referred is one of those works. My information is that that work, if it has not already been commenced, is about to be commenced. The requisite plans, forecasts of costs and specifications are ready and Cabinet has authorised the construction of the work which, I think, will be proceeded with almost forthwith.

#### COUNTY COUNCILS: FINANCIAL GUARANTEES.

Mr. KILPATRICK: Can the Premier tell the House and the country whether he proposes to proceed with the bill the object of which is to provide guarantees to county councils so far as their finances are concerned?

Mr. STEVENS: I cannot at this stage indicate when I shall do that. I am proposing, in connection with that matter, to deal with some aspects of the Works Department's programme, but I have not yet had an opportunity to examine the incidence of the bill to which the hon. member has referred. I am, however, in the process of doing that and as soon as possible I shall either proceed with the bill or inform the House as to the reasons why it is not proposed to proceed with it.

#### EASTERN SUBURBS HOSPITAL: MEMORIAL WING.

Mr. O'SULLIVAN: I ask the Acting-Minister for Health whether any finality has yet been reached in regard to establishing at the Eastern Suburbs Hospital a memorial wing to perpetuate the memory of the late Sir John Dunningham?

Mr. PRIMROSE: Sketch plans have been prepared for the proposed wing and are now being sent to the committee of the Memorial Fund for consideration.

**HOSPITALS AT COBAR, WILCANNIA, BREWARRINA AND BOURKE.**

Mr. DAVIDSON: Referring to a question which I asked the Premier prior to the last adjournment of the House, concerning the promise made by the Minister for Health before he left Australia to undertake certain works at the hospitals at Cobar, Wilcannia, Brewarrina, Nyngan and Bourke, will the Premier now state whether he is prepared to see that those promises are honoured in view of the fact that I have forwarded to him all the information for which he asked?

Mr. STEVENS: I have not personally seen the information which the hon. member says he has forwarded to me. If that information has been forwarded then it is in my office, and apparently is being dealt with by my staff. I shall ask my officers to let me personally see the correspondence and if any promise has been made by my colleague that certain work will be proceeded with, I shall refer the question to the Acting-Minister for Health to ascertain whether or not effect can be immediately given to it.

**COMPLAINTS BY HOTEL EMPLOYEES.**

Mr. MATTHEWS: In view of complaints made by employees in hotels regarding the injurious effects to hands and clothes of the violet preparation used to discolour slop beer, I ask the Premier whether the Government will consider amending the legislation to allow the use of some less harmful colouring preparation?

Mr. STEVENS: I ask the hon. member to give notice of that question.

**PUBLIC WORKS: RETRENCHMENTS.**

Mr. FRANK BURKE: Can the Premier say whether it is a fact that a great number of employees are, at the present time, being retrenched from public works throughout the State? Is it also a fact that up to the present the Government has not received any of the moneys allocated to it by the Loan Council? If it is a fact, will the Premier state

why, and also whether it is the intention of the Government to allow the usual loan of £3,000,000 for the Metropolitan Water, Sewerage, and Drainage Board's work to be raised? Is it further a fact that the board has been compelled to put off employees because of the lack of money?

Mr. STEVENS: Replying to the last part of the hon. member's question first, the Loan Council has approved of local governing bodies' loans, or semi-governmental loans as they are called, to the extent of £5,250,000 this year and included in the schedule is an amount of £3,000,000 for the Metropolitan Water, Sewerage, and Drainage Board. I discussed with the president of the board, Mr. Upton, only this morning, and previously, a proposal for the underwriting of £1,500,000 of that amount almost forthwith. Last week I submitted specific proposals to the Loan Council indicating that amount and the terms of the loan, and I am now awaiting receipt of its formal approval. So far as I am aware, no adjustment of the staff of the Metropolitan Water, Sewerage, and Drainage Board has taken place, but if it has it is not in any way connected with any proposal, or any intention, of reducing the amount set apart for the board out of semi-governmental borrowing. I can say the same with regard to the Department of Public Works. I know of no proposal to engage in any retrenchment throughout that department. So far as the relationship between the expenditure of that department and other spending departments to the amount of money to be made available by the Loan Council is concerned, the amount, while not guaranteed to the State is, nevertheless, fixed at a figure that entitles the State to spend on the assumption that it will be raised. I have no reason to suggest that the full amount of the allotment to this State, namely £7,500,000, will not be underwritten and made available to the State during the progress of the year. The Government has funds in hand and available to enable it to carry out its programme on the basis of the amount allotted, and, in accordance with the usual practice,

the appeals to the market from time to time by the Loan Council, or by the Commonwealth Government on behalf of the Loan Council, will be of such a character as will secure to the State the full quota of its allocation for that purpose.

#### RAILWAY CONTRACT: UPHOLSTERY LEATHER.

Mr. SANDERS: Following on a question that I asked him on 20th July concerning the giving of tenders to Victorian manufacturers, as against New South Wales manufacturers for the supply of upholstery hides, will the Minister for Transport ask the Commissioner for Railways to supply him with information as to the various tenders that have been received from Victorian and any other manufacturers during the last five years, and will the Minister produce that information to Parliament, particularly with a view to ascertaining whether prior to the advent of New South Wales manufacturers the Victorians charged a high price?

Lt.-Colonel BRUXNER: Adverting to the question asked by the hon. member last week I have made inquiries, but I have not yet had a reply from the Commissioner for Railways. If it is in the public interest, and fair to the contractors to disclose contracts extending over the past five years, I shall have no objection to laying the papers on the table.

#### GOULBURN GAOL: BREACHES OF REGULATIONS.

Mr. TULLY: Can the Minister of Justice say whether certain instances of breaches of regulations and disobedience of orders have occurred at Goulburn Gaol during the last ten days, frequently culminating in acts of violence amongst the prisoners? If so, is he prepared to make additional appointments to the staff with the object of preventing similar occurrences in the future? How many additional warders will be appointed, and is the Minister prepared to give preference to local applicants?

Mr. L. O. MARTIN: Quite recently, I understand, there have been some minor breaches of regulations in the Goulburn Gaol. The most serious was caused by the refusal of certain prisoners to eat corned beef. The second was a complaint that no mint sauce was served with the mutton. They were all of a trivial nature, according to my information.

AN HON. MEMBER:

Mr. L. O. MARTIN: A man may not like corned beef, but he gets it if he goes to Goulburn Gaol. I am not aware of any physical injury having been done to anybody. The matter of the staffing of the gaol with warders is one for the Comptroller-General of Prisons. If he reports to me that there are not enough warders in the gaol the matter will be dealt with in the ordinary way and the necessary provision made. Up to the present, however, he has not done so and I do not propose to take any action until he does.

#### SCHOOLS: CONCORD ELECTORATE.

Mr. S. A. LLOYD: Is the Minister for Education aware of the fact that several schools in the Concord electorate have not had the necessary money spent on them for maintenance and painting? Is he aware that Concord School in particular has had no expenditure on maintenance for more than twelve years? If so, will the Minister instruct officers of the department to make investigations to see that Government properties are adequately protected by maintenance and painting work being regularly carried out?

Mr. DRUMMOND: I am not fully informed as to the accuracy of the statements made by the hon. member, but I know that an entirely new school has been built in one part of Concord during my term of office. At the hon. member's request I visited North Strathfield School, on which a considerable sum has been spent. I also know that there is need for the establishment of two central schools in the Concord district to relieve materially the congestion existing and the unsatisfactory

conditions at certain schools. It is probable that pending some action or determination upon future action the improvement of existing facilities has been temporarily left in abeyance, but I shall make inquiries as to the need for urgent repairs and advise the hon. member.

**RAILWAY REFRESHMENT ROOMS:  
ASSISTANT GENERAL MANAGER.**

**Captain DUNN:** Will the Minister for Transport say whether Mr. Stilling has recently been appointed Assistant General Manager of the Railway Refreshment Rooms? Is it a fact that he was not previously employed by the department? If so, has the Commissioner for Railways complied with the provisions of the Railway Act by issuing a certificate that there is no person in the railway service fit and proper to be promoted to such a position? If this is so, has the Government given its sanction to this particular appointment?

**Lt.-Colonel BRUXNER:** The Commissioner for Railways has appointed Mr. Stilling as acting-assistant to the officer in charge of railway refreshment rooms. It is also a fact that Mr. Stilling was not a member of the railway service. It is also a fact that very shortly a measure will be introduced into this House bringing actually within his department the staff of the Tourist Department, which has for some time been under the control of the Commissioner for Railways.

**Captain DUNN:** For how long?

**Lt.-Colonel BRUXNER:** For some considerable time. When that measure becomes law Mr. Stilling will become an officer of the Department of Railways. There is no need for the Commissioner to give a certificate under the section of the Act to which the hon. member refers, as the appointment is for the time being an acting one.

**LOCAL GOVERNMENT AUTHORITIES:  
MILITARY PAY.**

**Mr. MONRO:** Will the Premier inform the House when it is proposed to bring in a bill to permit councils legally to make up the difference

between military pay and council pay while their employees are in military camps?

**Mr. STEVENS:** I am not sure whether that bill has yet been drafted, but I know it is intended to bring it down at the earliest possible date. I will have investigations made and steps taken to expedite it.

**PUBLIC SERVANTS: RETIRING AGE.**

**Mr. TONGE:** Will the Premier consider retiring on superannuation on their attaining the age of 60 years all public servants who are not in straitened circumstances by reason of having young children, with a view to creating work for hundreds of youths in the community who could be employed in the various departments? If his answer is in the affirmative will the Premier consider extending this proposal to cover all State instrumentalities and semi-governmental departments? Further, will he immediately retire all public servants whose age exceeds 65 years?

**Mr. STEVENS:** It was the practice some little time ago to retire a number of officers in the State instrumentalities and business undertakings at the age of 60, but I understand that that practice has been departed from recently. It is not always found convenient and in the best interests of the service itself to make these retirements at the age of 60. I realise the importance of the question raised by the hon. member, and will have the matter investigated to see whether any relief in this general problem lies along the lines he has suggested.

**RELIEF WORKS: FARMER'S CREEK.**

**Mr. KNIGHT:** I ask the Premier and Acting-Minister for Public Works whether relief works at Farmer's Creek have been held up by reason of the fact that one man was dismissed or suspended for two months? Is it also a fact that that man's suspension has now expired, and if so, will the Minister meet representatives of the men with a view to the recommencement of this work? If other relief works in the district are

either completed or nearing completion, will he give immediate consideration to starting more relief works in order that the men so employed may be continued and that others on food relief may be given a chance of relief work in that district?

Mr. STEVENS: I have not yet had an opportunity of examining the work referred to. A scheme is now being brought into operation that involves all these works, and I will see that the matters referred to by the hon. member are brought under the influence of that investigation.

#### STALLIONS: REGISTRATION.

Mr. JEFF BATE: Will the Minister for Agriculture say whether in Victoria and other States there are Acts of Parliament providing for the registration and inspection of stallions? Further, is it a fact that about twenty-five years ago leave was given to introduce such a measure into this House, but that it was not proceeded with on account of a change of Government? Can the Minister state when a bill will be brought down to fill this urgent need.

Major REID: It is correct that there is an Act in Victoria dealing with the registration of stallions. Whether it is correct, as the hon. member states, that notice was given in this House 25 years ago of a similar measure I am not in a position to say, but a bill is in course of preparation and I hope it will be introduced this session.

#### UNEMPLOYMENT OF YOUTHS.

Mr. ARTHUR: In the absence of the Minister for Labour and Industry, will the Premier say whether crime among youths is alarmingly increasing and that unemployment is the major cause? Will he give immediate consideration to this major problem which adversely affects society?

Mr. STEVENS: Yes, I will ask my colleague to look into the matter.

#### IVANHOE-BROKEN HILL RAILWAY.

Mr. HORSINGTON: I ask the Minister for Transport, with regard to the suspension of the railway service between Ivanhoe and Broken Hill, which is causing considerable loss to the Government and hardship—

Mr. SPEAKER: Order! Will the hon. member ask his question without a preamble.

Mr. HORSINGTON: Will the Minister ask the Commissioner for Railways to get in touch with the Barrier Industrial Council, which is controlling this dispute, with a view to seeing whether some settlement cannot be arrived at with a view to the resumption of this service?

Mr. WADE: Is the Minister prepared to introduce a bill to industrially outlaw those men who work under an award, but are at present on strike?

Lt.-Colonel BRUXNER: I have no knowledge whatever of a body known as the Barrier Industrial Council having anything to do with the New South Wales railways. There is a law governing the conditions under which the railway employees work. These conditions are a matter entirely for the Commissioner for Railways and the unions concerned, and one finally for the court to determine. I have no intention whatever of asking the Commissioner to enter into negotiations with a body that has nothing to do with the New South Wales Government railways. Replying to the hon. member for Barwon, there is sufficient legislation to-day for both the Commissioner and his employees to work in complete harmony without any interference.

#### SINGLE UNEMPLOYED MEN.

Mr. LAMB: Is it a fact that single unemployed men who have no fixed place of abode are denied food relief? If that is a fact, will the Premier sanction the payment of a rental allowance to enable these men to establish fixed places of abode and so qualify for food relief?

Mr. STEVENS: I will bring the hon. member's question under the notice of my colleague.



## STATE FINANCES.

## MOTION OF URGENCY.

Mr. SPOONER (Ryde) [3.4]: I move:

That it is a matter of urgent necessity that this House should forthwith consider the following motion:—

"(1) That, in the opinion of this House, the drift in the State's finances as disclosed by the Premier in his speech on Wednesday, 26th July, 1939, and by the accounts and abstracts of receipts and payments just published, has seriously weakened the Government's cash resources and created the present difficult financial position for 1939-1940.

"(2) That this House recommends to the Government the urgent necessity of a new financial policy for 1939-40, so that its resources may be strengthened, works and development may proceed, trade may be revived and the Government's capacity for handling the problems of unemployment may be improved.

"(3) That as one of the means to this end the House recommends the establishment by law of a separate trust account for the proceeds of the special income tax and wages tax to be earmarked exclusively for costs incurred or to be incurred for the relief of unemployment, so that adequate provision may be made in 1939-40 for distress arising from this cause;" and that the debate thereon be continued after 6 o'clock p.m.

It should not be necessary for me to say many words on the matter of urgency. The subjects dealt with in the motion are of first-class national importance. They immediately go to the root of the financial, economic and social conditions of the State, and consideration of them should not be further delayed. So far as is known, the Government has not yet formulated—

Mr. SPEAKER: Order! The hon. member cannot discuss the merits of the case. He must confine his remarks to the matter of urgency.

Mr. SPOONER: I had that in mind, and intend to confine my remarks to the matter of urgency. The urgency arises from the fact the Government has not yet formulated a policy; and at this juncture, I desire to bring before the House the need for the adoption of a policy outlined in the motion. The subjects are of such real and vital importance that a debate upon them and the

consideration of the motion, are matters to which, I think, the Government might well agree.

Question resolved in the affirmative.

Motion for suspension of standing and sessional orders agreed to.

Mr. SPOONER (Ryde) [3.9] I move:

(1) That in the opinion of this House the drift in the State's finances as disclosed by the Premier in his speech on Wednesday, 26th July, 1939, and by the Accounts and Abstracts of Receipts and Payments just published has seriously weakened the Government's cash resources and created the present difficult financial position for 1939-1940.

(2) That this House recommends to the Government the urgent necessity of a new financial policy for 1939-40 so that its resources may be strengthened, works and development may proceed, trade may be revived and the Government's capacity for handling the problems of unemployment may be improved.

(3) That as one of the means to this end the House recommends the establishment by law of a separate Trust Account for the proceeds of the special income tax and wages tax to be earmarked exclusively for costs incurred or to be incurred for the relief of unemployment so that adequate provision may be made in 1939-40 for distress arising from this cause.

I desire first to thank the House for its acquiescence in the urgency motion, thus affording me an opportunity to address it on this subject. It may be asked why I have submitted the motion, and why I ask the House to debate the matter. The reason is that over the last several months I have endeavoured to secure a positive policy that will deal with the problems I now intend to discuss. Those endeavours, in the first place were put before the Premier himself. Secondly, I placed my views in certain regards before Cabinet, and, thirdly, I endeavoured to secure a meeting of the United Australia party, the party whose nomination returned me to this House and the party that I support in Parliament. Those three efforts having failed I desire now to place the position before the Parliament of the State.

Mr. SHANNON: We are the last!

Mr. ARTHUR: But not the least!

Mr. SPOONER: An hon. gentleman interjects that Parliament might be considered the least of these four authorities. To that I would not agree. I consider that Parliament is the prime institution of the land. On the other hand, everybody knows that in days of Cabinet government and party control hon. members must secure the acquiescence of their colleagues in proposals before they can bring them before Parliament with any reasonable prospect of success. When it is said that these proposals were first placed before the other authorities that I have indicated that does not in any way imply that Parliament is not entitled to the fullest and the greatest consideration, as indeed it must be.

Last Wednesday night the House heard from the Premier an exposition of the public accounts for 1938-39, the financial year that ended on 30th June last. Because I had spoken prior to the Premier there was no opportunity for me, under the forms of this House, to speak again. During the course of his speech the Premier supplied to Parliament certain statements that he had promised to supply during the previous week, but on Thursday night, on the motion for the adjournment, he advised hon. members that the Treasury staff had not yet had time to prepare them. Apparently they had been prepared by Wednesday of the previous week. I submit that it would have been fairer to me, in view of the remarks that I had to make to the House, had I been supplied with that information before I spoke. I wrote to the Premier on the 29th May, and among other things asked for this information to be supplied to me.

Mr. LANG: Did not the hon. member write to him on the 27th?

Mr. SPOONER: Yes, there were two letters; one dated the 27th May, which was a Saturday, and a further one dated 29th May, which was a Monday. The letter dated 29th May was a covering letter of that dated the 27th and both were sent simultaneously.

Mr. LANG: They both went out on the 29th!

Mr. SPOONER: Yes.

Mr. LANG: Will the hon. member give us a copy of those letters?

Mr. SPOONER: No, I do not propose to do that. I do not regard myself at liberty to make the letters available. They are the property of the Premier and if the Premier chooses to make them available he can do so. They can only be made available with the permission of the Premier. That is my conception of the privacy of documents that pass between a member of the Government and his leader, but I should be entirely agreeable to the letters being made available to the House by the Premier. It is not my privilege to make them available without the Premier's permission.

Mr. LANG: The hon. member has no objection?

Mr. SPOONER: I said so. I mention that to illustrate the need for the motion I have moved. The fact is that last Wednesday, when I spoke at 2.30 p.m., I had not at my disposal information which came to me later that night from the Premier. I think it should have been given to me earlier, but it was not. I had no opportunity to speak again during the course of the debate, and I now desire to offer some observations relating to the 1938-1939 accounts and arising from information that I had not at my disposal when I spoke previously. This much has been said, and is clearly known, that at the end of May I was much concerned with the progressive financial results of the Government. Since the Premier spoke, and since he supplied certain information, I have also seen the abstracts of receipts and payments which are officially published by the Government Printer. I now realise that I had every reason to be concerned at the end of May, because the position was found to be more serious than I then anticipated.

The observations I have to make cannot, I am afraid, be made within the limit of forty minutes which is the customary time allowed hon. members to speak on a motion of this kind. If I tried to say all that I have to say within that time I should not be able to cover

my subject adequately. In view of its importance I propose to anticipate the indulgence of hon. members and hope I shall be allowed at the end of forty-five minutes an extension of time of twenty minutes, and if necessary a further extension of twenty minutes. I shall not speak longer than is necessary, but the importance of the subject to the House and the country justifies my request for an extension of time. My principal concern about the failure of the 1938-39 accounts is their effect, first, upon the Government's present cash resources, and, secondly, upon the Government's policy for the coming year, 1939-40, of which one month has already passed. I propose to show the House that the failure of the 1938-39 estimates, as has now been disclosed and explained to hon. members by the Premier, has led the Government into financial embarrassment. But I also propose to show that the Premier for some reason has been reluctant over several months past to deal with the matter in order to protect the country's financial position for 1939-40. I want to show the House that this tardiness to deal with the position has been the reason leading to my differences with the Premier. When, under the pressure that I had applied, the Government proceeded last month to formulate a policy, it was evident to me that the ideas that the Premier and the Treasurer had could produce only retrenchment and be a retrograde policy directly inconsistent with the policy speech upon which this Government was re-elected in 1938 and upon which I, at the same time, was re-elected as the member for Ryde.

I do not care what announcements are made by the Premier to-day in regard to policy. The fact is that my opposition and my threat to resign frightened the Premier, and he rushed to cover with the statement that he had never initiated any of these proposals. Is it not reasonable to doubt his sincerity to-day when it is known that for weeks past he has examined methods by which there could be quietly put into effect a retrenchment of relief workers and the placing of a number of them on food

relief? Ten days have now passed since I resigned from the Government of New South Wales. I read in this morning's press some reports which I believe are official. They may, of course, not be complete, but we can only be guided by what appears in the press. Those reports are to the effect that there have been Cabinet meetings and that certain decisions have been arrived at. It is apparent to me, from those reports, that the Government is still as far away as ever it was from a definite policy. The Government is still considering estimates. It has stood them over and deferred them for later consideration. It is still appointing committees to consider what it intends to do. Shortly the Government will have as many committees as unemployed. It is still shifting responsibility from one place to another. In plain language the Government to-day is still fiddling while Rome burns.

I have moved this motion of urgency to give the House an opportunity to discuss the situation, because it has a vital and real influence in every electorate. There is not a member in this Chamber—I do not care to what party he belongs—who has not some humane concern for the people in distress in his electorate. If the Government does not provide something approaching a concrete policy—I do not care whether it is 100 per cent. or less—upon which we can proceed, then I am afraid we are likely to drift. Frankly, I fear to-day that, through lack of policy, this country is developing into a "tail spin" similar to that which we experienced in 1929 and 1930. I am not prepared to allow that condition to continue without raising my voice in protest in this House.

With regard to the accounts of 1938-39, I do not want to flog a dead horse. The year 1938-1939, with all its faults, is past history. Mistakes can never be recalled. We may hope, however, that they will never be repeated. But the influence of those accounts still lives and their effect upon the accounts of 1939-40 is of real and vital concern to every hon. member. I want to explain them so that the public will know the cause of our present financial difficulties.

I want the nature of the mistakes in 1938-39 also to be made known. I do not propose—and this is not a suitable occasion—to reply to the Premier's personal attack on me last Wednesday night. I have no doubt that the forms of the House will provide me with an opportunity, perhaps by way of personal explanation, to reply to many of the statements made by the Premier, but that matter can, if necessary, wait for a few days. The charge that I am a fair-weather sailor is probably the very last charge that I could have expected from the Premier, who was my leader for seven years, and is most unwarranted. However, I propose at this stage to leave the Premier's speech so far as it relates to me personally.

I want now to consider what the Premier has told us about the 1938-39 accounts. He has told us that the deficit was £2,750,000, that approximately one-half of it was due to the railways and the other half due to the rest of the budget. He has told us that the shrinkage in the rest of the Budget was equal to about 4 per cent. of the estimated revenue. He said, to use his own words, that the Budget was a genuine and honest attempt on the part of the highest officials in the State and on his own behalf to state forecasts of revenue and expenditure with as great a degree of accuracy as possible. I noticed all through the Premier's speech last Wednesday night that he took cover under the public service, and that he gave the House assurances that the figures were prepared by the highest officials. When I come into this House and am honoured with the King's commission I am the responsible man. I take responsibility whether hon. members agree with me or not; I am the Minister; my officers make recommendations to me; I ask their advice; I consider it, but when I have their opinions and views the decision is mine, and so the decision was the Premier's. Why does he come into this House and labour for half an hour or more the responsibility of the great public servants who prepare these documents? His was the signature at the

foot of them. He was the man who considered their advice, and he had to submit the statements to the House. There is no other responsibility but that of the Premier or the Treasurer, and it is no use this House trying to "pass the buck" to members of the public service who did their best and gave their conscientious advice.

The Premier went on to say that the vote from revenue of £1,400,000 for works, grants, etc.—a vote that was passed by this Parliament for the relief of unemployment—had been under-paid by £1,000,000. This House passed the revenue Estimates early in November. One of the items was a sum of £1,400,000 to be paid from the Consolidated Revenue Fund into the Loan Fund so that it could be used for works for the relief of unemployment. This House did that, because it intended that £1,400,000 should be paid for that purpose. The Premier made this statement as though he assumed responsibility for it, and I have no doubt that with the concurrence of the Treasurer this procedure was taken. He says that although this House voted £1,400,000 for the relief of unemployment, in the exercise of his discretion he proposed to pay only £400,000 for that purpose. The other sum of £1,000,000 voted by Parliament would not be paid. Because the Premier exercises that discretion and pays £1,000,000 less than Parliament authorised and voted him, he has a deficit of over £2,700,000. But if he had paid the full amount that Parliament told him to pay his deficit would have been £3,750,000. Have I left any doubt in the minds of hon. members?

The Premier says that he has a discretion as Treasurer not to pay the exact amount that Parliament votes. If anybody tried mathematically to pay to the penny or to the pound the amount that this Parliament passes, they could not do it, but there is a round figure. This is not a variable sum. It is a definite substantive vote. Parliament says that £1,400,000 is to be paid for works for the relief of unemployment, and the Premier says, "In my discretion, I

will make it £400,000 and by that means my deficit, instead of being £3,750,000, will be only £2,750,000."

AN HON. MEMBER:

MR. SPOONER: Hon. members must let me tell this story in my own way, because I have much more to say, and I do not want to be side-tracked into making observations on remarks from across the table. What did the Premier say the other night? In real Gilbertian fashion he said that if he had paid out the full amount that Parliament had voted, he would have inflated or increased the deficit. If the Premier had paid out the amount that Parliament voted, he would have inflated the deficit. He did not say that if he paid out less than the amount that Parliament voted, which was the case, he deflated the deficit. He should have shown a deficit of £3,750,000, but he did not do so. He refrained from paying out £1,000,000 and he showed a deficit of £2,750,000. He deflated the proper deficit. He showed to the public a deficit of £1,000,000 less than he should have shown. He comes to the House and says that if he had shown the other amount he would have inflated the deficit. I do not want to suggest that the unemployed did not get £1,000,000, because they did, but the Premier did not state the other night from where they got it. Where did that extra £1,000,000 to replace the £1,000,000 that was voted by this House, and should have been paid to the unemployed fund through the revenue estimates, come from? I propose to tell the House exactly how that happened, but there will be a little interval because I want to take things in their proper sequence.

I will explain later how it came that the unemployed, by other means received £1,000,000 in place of the £1,000,000 that Parliament voted them from the revenue estimates, and how, because it was not paid, the Premier had to show a deficit of £2,750,000. I do not want to spend any more time explaining to the House what the Premier said, because it is more to my purpose to tell the House the things that

the Premier did not say last Wednesday night. Many hon. members will be more interested in the things that he did not say than in the things that he did say. The Premier's statement was a considered statement. I think I am correct in saying that he read every word of it. It was prepared twenty-five or twenty-six days after the financial year ended on 30th June. There was nothing haphazard about it and nothing was left to chance. It was full and complete. If he set out to tell the House the story of the 1938-39 accounts, he had every opportunity to tell it everything. He had the accounts and the information at his disposal all the time. I did not have the information, because it was not available to me, although I consider that as a Minister, I should have had it before I retired. If the Premier did not tell the whole story, and hon. members did not get the information, then it is nobody's fault but the Premier's. The Premier's statement last Wednesday was a deliberately misleading statement of the financial position for the year 1939. He then told hon. members exactly what he wanted them to know. The things he did not want them to know he did not tell them.

Let me now tell the real position of the 1938-39 accounts, and I challenge the Premier to contradict the assertions I shall now make, because they result from an examination that I have made of the Premier's speech and from an examination of the abstract of receipts and expenditures which, I think, were made available at the Government Printing Office on Friday last. As a starting point, I take the figures the Premier himself has mentioned, the deficit of £2,750,000. I think the actual figure was £2,748,000, but hon. members will not want me to go into that figure. When the Premier budgeted in September last, he budgeted for a small surplus of about £7,000. At that time he did not know he was going to receive £300,000 as the result of a 10 per cent. increase in rail fares and freights, imposed from 1st March, 1939. I do not know, of course, whether

the actual amount of £300,000 was received. The increase might have produced more or less than that amount, but the fact remains that the increase was not contemplated or anticipated when the Budget was brought down in September, 1938. But still the surplus of £7,000 became a deficit of £2,750,000.

First of all, let hon. members correct this deficit by adding that amount of £1,000,000 to it. When the Budget was brought down in September it was estimated that we should have to pay £90,000 for national insurance, that being the employers' contribution towards the scheme. We thought that the scheme would be brought into operation on 1st January, 1939, but, as hon. members know, it did not come into operation. The amount for which provision was made was not required. That is another £90,000 that we were able to save because of circumstances that we did not then anticipate.

Let me now deal with the matters that come under various headings in respect of which there were variations between the September, 1938, amount, and the position toward the end of June, 1939. The real variation between the Estimates of September, 1938, and the results up to 30th June, 1939, was about £4,350,000. In other words there would have to be a deficit of £3,350,000, but there were the other items that were not taken into account in September, but which have to be added for the purpose of arriving at a variation sum and it may be said that there were variations between the Estimates of September, 1938, and 30th June, 1939, to the amount of £4,350,000. We have the Premier's assurance, and I have no doubt his figures are correct, that the railway shrinkage accounted for £1,350,000 of that amount, and that the shrinkage in the rest of the Budget was about £3,000,000. If we apply this to the variable items in the Budget which total about £30,000,000, the shrinkage is equal to about 10 per cent., and not 4 per cent., as stated by the Premier. If the railway position had deteriorated to the extent of £1,350,000 the general

budgetary position, other than railways, had deteriorated to the extent of £3,000,000. That is the position as I see it, and I ask the Premier to show the House that it is not the position, because I believe that that variation of £3,000,000 is the figure that hon. members have to consider this afternoon.

I said, at an earlier stage of my remarks, that the Premier told the House last Wednesday night that the variation between the Estimates and the results was 4 per cent. on the revenues. That sounds rather reasonable. If the estimate of the revenue varied to the extent of 4 per cent. it does not seem that hon. members can take very much objection to that amount, because it is not a very big variation, but the Premier did two things. First of all, he did not state what was the proper variation, and I submit it was in the vicinity of £3,000,000, and secondly, he included in his revenues a large number of items which are not variable items. When considering items that go up and down hon. members cannot take into account static items of revenue. The contribution of the Commonwealth to the State, totalling £2,917,000 for instance, does not vary from year to year.

Mr. LANG: The State knows the amount that it will receive each year!

Mr. SPOONER: Yes, and there is no need even to write to the Commonwealth Government for it. I now propose to examine some of the items that add to the financial position. First of all, I want to examine the figures—and I will not be any more tedious than I can help, but in dealing with a financial subject it is difficult not to become somewhat tedious—to establish a case. I will do my best to deal with this in as fair a manner as possible, and then pass on to the other subjects. But first of all I want to break up the revenues to see what justification there was for the separate groups of revenue in the June Estimates made at 30th September, and the first group with which I propose to deal is that of general taxation. Hon. members who understand the Budget Papers—I presume every hon. member does—will have seen the statement that appears

on page 8 under the heading of "Taxation." Those Estimates were presented to Parliament in September, 1938, and they were finally passed on 18th November. They were introduced under the Treasurership of the hon. member for Croydon. Cabinet knew all the Estimates, and while I did not see the information upon which they were prepared it was understood, so far as I was concerned, that they did not present a pessimistic view of the situation. I want that to be perfectly clear. I did not understand that the accounts and estimates presented in September represented a pessimistic view. In September last all Ministers agreed that no steps should be taken to alarm the public or to present financial statements that might precipitate a depressed condition. That by no means implied that the statements had been prepared in an unduly optimistic manner and that no provision was to be made for shrinkage in revenue that would result from conditions that were already known at that time. There is collective Cabinet responsibility for the Estimates. When I remark, however, that the total time spent in the consideration of the aggregate figures by Cabinet might not exceed more than a few hours, it is evident that a great deal of responsibility devolves upon the Minister who prepares them in detail to submit to Cabinet. Ministers know the Estimates of their own departments very well, and would spend some considerable time in Cabinet reviewing the aggregate Estimates after they were grouped by the Treasurer. My Department of Works and Local Government was what is called a "spending department." It had no revenue of any consequence, and it follows that I would not have any detailed knowledge, unless I obtained it by inquiry in another way, of the revenue items, most of which come under the Treasurer's purview. That was the position in 1938, but I have some further general observations to make. Estimates of revenue are obtained from departments and taxing authorities who are supposed to have an intimate knowledge of the trend of revenues, but they are

not economists and cannot be expected to have a knowledge of affairs outside the working of their own departments. For example, the Commissioner for Railways, having an expert understanding of railway revenues, would be able to anticipate whether his revenues would be greater or less than in the previous year. He would have some knowledge of the woolclip and the wheat harvest and the weight of produce that might be carried over the railways in the coming year, but he would not necessarily have a knowledge of the economic trends and of the way in which the prices of wool and wheat would be reflected months later in the purchasing power of the country people, and how this in turn might affect railway revenues. That is where the Treasurer's influence in the Estimates becomes important. The Treasury has economists on its staff and the Treasurer should be able to anticipate movements upward or downward that would affect the more or less mathematical estimates of the department or the taxing authority.

When I had something to do with the preparation of estimates at the Treasury, I often saw the departmental estimates increased by the Treasurer, because it was felt that a consistent lift in conditions generally would produce more revenue than might reasonably be estimated by the taxing authorities, and those increased estimates were realised. From 1932 to 1937 there was in each year a gradual lift. It was the year 1938 that brought a slight recession in economic conditions, and with it the need for caution in budgeting—caution, because it might be necessary to reverse the procedure of earlier years and to anticipate that the Treasurer might realise less and not more than the departments or taxing authorities estimated on their own formulae. It was in this atmosphere that the Estimates for 1938-39 were prepared and submitted to Parliament. I have not until now seen the estimates of the revenue departments, nor have I heard the Treasurer's

case as to why he did not make provision for some shrinkage. It is very evident that a very generous view was taken and that the Premier preferred to close his eyes to the existence of clouds that were already gathering on the financial horizon.

By the time the Estimates were passed by Parliament the effect of lower wool prices was already evident. Moreover, the coal strike was then over and its effect upon the Budget would be known. It was in November, and in December at the latest, that I discussed the position with the Premier, and he told me then that he knew that the Estimates would not be realised. He informed me that it was his intention to prepare amended Estimates for 1938-39 to present to Parliament if possible in February, 1939, and to take steps to correct the drift, at all events as far as it affected the following year, 1939-40. However, with the exception of the increase in fares and freights that operated from 1st March, which was calculated to produce £300,000 by 30th June, nothing whatever has been done. The points I desire to emphasise are these—

Mr. SPEAKER: Order! The hon. member has exhausted his time.

Motion. (by Mr. Hedges) agreed to:

That the hon. member be allowed an extension of time.

Mr. SPOONER: The two points I desire to emphasise are: first, that there is a very large difference between the Estimates for 1938-39 and the results, apart altogether from the railway accounts; secondly, that this was known to the Premier and Treasurer and no constructive steps have been taken, even up to this moment, to remove the difficulties. Between February and May I discussed this with the Premier on several occasions, and although I did not have any opportunity of locating the difference and analysing the position, it was very evident that the drift was there. My view in these talks was that something should be done to face up to the position and, even more important, that some definite steps should be taken to protect the next year's revenue, 1939-40,

I have made some general observations upon the procedure of budgeting in September, 1938, and the responsibilities and duties of the Premier and Treasurer in considering Estimates and preparing them for submission to Parliament. Now I wish to quote some of the figures in regard to this first group of taxation. Hon. members know that 1937-38 was an excellent year. Until April and May of that year conditions were better than at any time since 1932. During that year the State collected from this first group of taxation £18,177,564. On 27th September, 1938, it must have been evident that the new financial year, already begun, would not be by any means as prosperous as the previous one. The Premier budgeted for a gross yield from taxation of £19,039,200. By 30th June, 1939, it was found that the actual receipts for 1938-39 were £17,775,836, a reduction of £1,283,374. Although 1937-38 was an excellent year, the next year was poorer by reason of a prolonged drought and the fall in the price of wool. Everybody knew that the spending power of the country was reduced and that unemployment was increasing.

Mr. TULLY: 1937-38 was a good year for the Government!

Mr. SPOONER: It was a good year for the country—the best in my opinion since 1932. Then, in a year that obviously was not as good, we estimated £19,000,000 and realised £17,775,000. The point I am making is that although there is a wide margin for discretion in estimating revenues, and although any Treasurer can say afterwards that it is easy to be wise after the event, there was not applied to the Estimates in September, 1938, the judgment that should have been applied to them if we had taken into account the known conditions and the indicators that already existed. If we exclude from the receipts for 1938-39 the sum of £179,285 for excess licence fees, which are the subject of another question, the shrinkage in revenue as compared with September would have amounted to £1,453,374, or nearly 8 per cent. of the amount that was estimated. That is all I desire to



say in regard to the question of taxation proper. After allowing for everything and allowing for the fact that the Treasurer must use his judgment, and has to rely on his judgment, it appears there was not taken reasonable precautions—and I will not say any more than that—to ensure that the figures brought into the accounts were capable of being realised. With respect to the question of licence fees, I notice that the revenue for 1938 from liquor licences was estimated at £397,297, in the next year it was estimated we would receive £475,400. When we came to 30th June we discovered that we had received 559,000. With the exception of one or two small items, that is the only item of revenue in the whole Budget which shows an increase on last year. I pass that by without further comment.

Coming to the estimates made under the heading of Land Revenue, in 1937-38 the receipts were £1,798,984. In September last we estimated we would receive £1,790,650, almost as much as the year before. We knew that we had passed through a long dry spell. Although there had been rainfalls during September in many parts of the State, many parts were dry, the price of wool was down to a very low level, and these things must have affected land revenues for the coming year. Still, we estimated we would receive as much in that year as we had in the previous year. Coming down to 30th June, we received £1,557,361 or £223,289 less than the amount we estimated would be received. Again I submit to the House that there is evidence of unwise and unsound budgeting, and that there was no sound justification for assuming in September last that the land revenues would be as high as during the previous year. Having said that I repeat that is at the discretion of the Treasurer and at this stage I will say no more than that if that was his judgment in September, 1938, that is all there is to be said about it.

Major SHAND: There was a complicated international situation!

Mr. SPOONER: The whole world was agog with excitement and nobody knew what was going to happen. The Premier told Cabinet that he would not be game to introduce a pessimistic Budget. That did not mean that he was going to introduce an unduly optimistic Budget.

Coming down to a consideration of some other items in the Budget which are grouped under the heading of General Miscellaneous Revenue, hon. members will notice, if they refer to the Premier's speech of last Wednesday night, that General Miscellaneous Revenue is not an insignificant sum. It was estimated at £3,214,378, which is double the amount of land revenue for example and which is a sum that is an important factor in the Budget and did not deserve to be ignored. I need not make any further comment upon it beyond the fact that it failed to realise by some £400,000 or £500,000 the amount that was estimated. I have to correct a statement I made a moment ago. I said, I think, that the item "Liquor Licences" was the only increase shown in the Budget. I recall that there was another one—the State Lotteries—which also produced an increase for last year. I mention that because the receipts from the State Lotteries are one of the items included in the Miscellaneous Revenue Fund. We assumed in September last that the State Lotteries would produce £825,000, but it actually produced £905,440, so that there was a surplus of £80,000 from the State Lotteries and despite that surplus of £80,000 the classification of General Miscellaneous Revenues shows a deficiency for the year of about £450,000, and therefore disregarding the State Lotteries, there would be a deficiency of £580,000 in the items of general miscellaneous revenue. I invite hon. members to examine these figures for themselves. They have as much opportunity as I have to look at the details. Under the heading of general miscellaneous revenues there are three items in particular and I will read them to hon. members from the Budget Papers delivered to the House. The

first one is called repayment to the credit of the Consolidated Revenue Fund for previous years, £432,000; receipts on account of interest, £520,420; and transfers under section 31 of the Audit Act of 1902 of £249,750. There is not a great deal of information in those three headings.

Captain DUNN: There is a lot of money!

Mr. SPOONER: There is not a lot of money but they are headings which have been used in the Treasury returns for many years. They depend upon the seasons—things upon which we might use a bit of judgment. These were more or less substantially domestic matters.

Mr. TULLY: They may fluctuate!

Mr. SPOONER: The total of these three items is £1,202,150. We presume that when the Premier put these figures in the Budget he knew where that money was coming from. I would not care whether it was £40,000, £50,000 or £200,000.

We come now to the 30th June, and what did we receive? If hon. members will examine the abstract of receipts and payments they will find that in respect of the first item, namely, repayments to the credit of the Consolidated Revenue Fund for the previous year, where we estimated that receipts would total £432,000, we received only £290,408. In respect of the second heading, "Receipts on account of interest," where we estimated that we would receive £520,400, we received £360,484. Under the heading of "Transfers under section 31 of the Audit Act," we estimated that receipts would total £249,750, but we received only £16,995. In other words, the total amount received under those three headings was £668,087; but the amount which we budgeted to receive was £1,202,150.

I remind hon. members that in September last the Premier brought down a budget which estimated a surplus of approximately £7,000. We took into account certain items of revenue, under those three headings, amounting to £1,202,000? Were we justified in doing so? Did we know that we were going to receive those items, amounting to

£1,202,200? If we did not, if there was no prospect of those amounts being received, or if there was no likelihood that those sums would ever be attained, what was the position with regard to the Budget for 1938-39? On those three items alone we were down in revenue to the extent of £534,000. If, in September, 1938, we had estimated those three items on the figures that they subsequently produced, instead of showing a surplus of £7,000, we should have disclosed a deficit of more than £500,000. That is a matter that the House cannot let pass. It should know what information was at the disposal of the Premier which justified the expectation in September, 1938, that those three items would produce an amount of £1,202,000.

I have been analysing a number of items that would contribute to this variation between the Estimates in September and the result in June, 1939, but I do not propose to deal with items of increased expenditure. The Premier referred to a number of them in his speech last Wednesday night and hon. members will find in *Hansard* a statement of several which total £431,000. I do not propose to comment upon them because I consider that they are reasonable. There was never a budget introduced into the House which did not before the 30th June of the following year, contain some items which exceeded the estimates and it is only reasonable to suppose that such is, and always will be, the case. Hence I have no comment to make on any items where the expenditure, in a reasonable manner, exceeded the estimates. Also, I do not desire to make much comment upon the railway position. Mention has already been made of the fact that the deterioration in the railway account for the year was £1,350,000. The only observation I want to make upon that is that before the House finally passed the budget statement in November, 1938, £290,000 of that railway deficiency had already occurred.

Mr. SPEAKER: Order! The hon. member has exhausted his time.

Motion (by Mr. Hedges) agreed to:

That the hon. member for Ryde be allowed a further extension of time.

Mr. SPOONER: Although it may be said that the Colonial Treasurer was already aware, before the House passed the estimates, that the railway accounts were down by £290,000 I have no comment to make on the railway deficiency. The whole point is this: Did the Government know of the condition of the Budget when it was dealt with in September, 1938? I repeat that the Government preferred not to take an advanced pessimistic view, but there was no reason or justification for it to take an unduly optimistic view. It is my opinion that so far as taxation is concerned the Premier took an unduly optimistic view of the budget figures. With regard to the three items under the heading of "Miscellaneous Revenues," I have yet to see that there is any justification for the inclusion of those amounts. What the Premier knew at the time I cannot say; but I am convinced that he knew from the time the Budget was introduced, that the figures could never be realised or that they could never come anywhere near the realisation of the figures submitted to the House in September, 1938.

Late in that month the newspapers were ringing with stories that the Premier was about to enter Federal politics. That also happened in the following February and March. I have already mentioned that before Christmas I had discussed the position with the Premier and he told me that in February revised estimates would be brought before Parliament and, if necessary, taxation proposals or other proposals would be considered that would put the position right and protect the financial position for 1939-40. But that has never happened. In February, the demand for the Premier to go into Federal politics again came from the press in various parts of the State, but for reasons that I do not know it was not possible for him at the time to make the change. In the meantime the State's finances were drifting and nothing was being done about it.

I have made it abundantly clear that between February and May I tried on a number of occasions to get something done regarding the position, which was already an obvious drift, and that at the end of May I took the strongest step that was then open to me and made a demand on the Premier that something should be done. I cannot go any further in making an explanation of the nature of the demand that I made at the end of February. That is contained in the letter of the 29th May, to which reference has been made. I merely desire to say that I regard this as being one of the greatest financial drifts in the history of the State and even up to date nothing has been done to deal with it. Already the financial year 1939-40 is one month on its way. If we were to attempt to-morrow morning as a Parliament to deal with financial proposals for 1939-40 and considered the imposition of taxation, we could not collect it for more than eleven-twelfths of the year. While some taxes can be retrospectively applied, that cannot be done in regard to other taxes. I do not want to say more than that because it is not my duty to anticipate what may be the Government's proposals in regard to taxation. Further comment would be wrong. I merely make the observation that if 1939-1940 has to be put right it should have been done in the period from March to June last and not left until August. The responsibility is on the Government to face up to the situation immediately.

Hon. members, members of the public, and the press have asked, "Why did this man leave the Cabinet?" The real story as to why I left the Cabinet is that the Premier neglected the State finances while he tried to get into Federal politics, until he created a position where we were millions of pounds short. Now he is trying to take it out of the hides of the unemployed, and I will not stand for it.

Mr. ELLIOTT: That is a despicable thing to say!

Mr. SPOONER: It is true. The drift in revenue has not occurred in the items that might apply directly to unemployment expenditure. There is no great drift, but a small drift of some few hundreds of thousands of pounds in the special income and wages tax. The big drift in expenditure is in other places. Yet the proposals for economies that we may have to make relate specifically to the relief of unemployment. I have only one voice in this House, but I will fight on the floor of Parliament to prevent this action being taken.

At an earlier stage of my remarks I expressed the view that there was a variation of about £4,350,000 between the estimates and the final receipts for the year 1938-39. This was a cash shortage that would be reflected somewhere in the Treasury position. How was it financed? In the first place the Government collected approximately £300,000 from additional railway fares and freights imposed on the 1st March. Then it obtained from the Loan Council finance on long terms to the amount of £1,700,000. Again, as hon. members know, in March last the Government obtained from the Loan Council short finance amounting to £1,100,000, repayable over two years. Then in June, in respect of the balance the Government used the Treasury cash balance to the extent of £1,300,000. The Treasury cash balance would not stand continuous drawing in respect of revenue and, as I shall presently show, in respect of the loan account as well, it was necessary to strengthen that balance. What was done was this. Somewhere about the end of last year, whether it was October, November or December, I am not sure, the Government or the Treasury borrowed £1,000,000 from the New South Wales State Superannuation fund and this sum was placed on deposit with the Treasury. As I understand the position it was repayable in July, 1939. The cash position having been strengthened to the extent of £1,000,000 it again became possible to draw on it for the purposes of the unemployed funds which had been supplied from revenue with the £1,000,000 to which I have already made

reference. Let me make that quite clear. Parliament voted £1,400,000 to be paid for unemployed relief work. Only £400,000 was paid, but it was necessary to have the full amount of £1,400,000 in the works for unemployed fund. So £1,000,000 was borrowed from the New South Wales State Superannuation Fund, put into the cash position, and the cash position was drawn upon by the loan fund to the extent of £1,000,000.

Mr. C. E. MARTIN: Did the Superannuation fund provide securities or cash?

Mr. SPOONER: I shall have something to say about that in a minute. If that were a proper transaction, let us consider what else would be possible. If it were carried to a ridiculous extreme it might be possible for the Government or the Treasurer to borrow £3,000,000 from the Superannuation Board or somebody else, pay public service salaries with it, and then say: "We have not a deficit of £2,700,000 at all; we have a surplus." Therefore, it is obviously an incorrect transaction. What happened as a result is that, firstly, the deficit was reduced by £1,000,000; secondly, the public debt was increased by £1,000,000; and, thirdly, the unemployed got their full expenditure from the fund and the State Superannuation Fund met the cost. That fund made an investment at 4 per cent. with the Treasury. In order to make that investment the State Superannuation Fund had to realise elsewhere upon its securities. It had Commonwealth securities, which it sold on the market and the proceeds of that money it placed on deposit with the Treasury.

Mr. WALKER: When was this done?

Mr. SPOONER: Between October and December of last year. I should like to see placed on the table of the House some of the papers in connection with the transaction. If hon. members will recall, about the time that I mention, that is in the period October, November and December of last year, the Federal Government converted a huge loan amounting to about £68,000,000. The usual procedure for the National Debt Commission while

such operations are proceeding is to support the market by buying bonds upon it. Is this the fact, that the State Superannuation Board was selling securities upon the market at the same time that the market was being supported by the National Debt Commission, and that the moneys that the State Superannuation Fund obtained from the sale of those securities was being placed on deposit with the State Treasury? One thing is certain. The Superannuation Board loaned £1,000,000 to the Treasury, and I was informed that the money was repayable in July, 1939. I do not think the money has been repaid. I believe the loan will be renewed for a further period, but whether it will be for three months or six months I do not know. The Superannuation Board has changed its securities. It has gone out of liquid securities and has become a depositor to the State Treasury. One wonders where such a transaction is likely to lead. Is it not a transaction that should be fully understood by Parliament? The Superannuation Board has often had money in the Treasury. That was a normal thing to happen. I think the Treasury is the banker of the board, and its resource is the cash balance at the Treasury. But that is different from placing a sum on deposit with the Treasury and realising securities. Is there any hon. member who doubts that there is a connection between the two transactions, or that the sum of £1,000,000 has a definite connection with the sum of £1,000,000 deposited by the board and paid into the Loan Fund? Does any hon. member doubt that my general statement is correct—first, that the deposit was reduced by £1,000,000; second, that the public debt was increased by £1,000,000; and, third, that the Unemployment Fund remained for expenditure purposes at the same amount and that the Superannuation Board changed its investments and provided money for that purpose?

I desire to say a few words regarding the general cash position of the State. Hon. members may know that this House last December approved Loan Estimates for an expenditure of something in

excess of £9,000,000. I notice by the Premier's speech last Wednesday night that the net loan expenditure for the twelve months was £9,282,000. The Government was not able to finance the whole of that amount from loan funds proper. It received finance from the Loan Council to the extent of £4,250,000 and received also certain funds for re-financing to the extent of £1,600,000. It received repayments which might have been in the vicinity of £1,250,000 or £1,500,000, and there was a transfer, as the hon. member knows, to the Consolidated Revenue Fund of £400,000. But there must have been drawn from the cash resources of the State the difference between those amounts and the £9,282,000. There must also have been drawn from the cash resources of the State the surplus in respect of Revenue Account, which I have already indicated. The cash position is a very weak one at present. It has been drawn down almost to zero, and we are in difficulties for the coming financial year. We are facing the year 1940 with huge deficits. I say not more than that, because I do not think an official statement has been made, although I believe the Premier stated that there would be a deficit for the coming year. I shall not go into that further at the moment, in case I mention anything that I learned as a Minister. I think the statement in the press clearly shows—in fact, the Loan Council's statement indicated—that there would be a deficit in New South Wales during 1939-40. The cash position is so desperately close, and loan funds this year will not be further implemented to the extent they were last year. By a refinance arrangement much of the difficulty might and would have been avoided had we been able to deal with the 1938-39 position months before we did, so as to prepare for 1939-40.

MR. SPEAKER: Order! The hon. member has exhausted his time.

Motion (by Brigadier-Gen. Lloyd) agreed to:

That the hon. member be allowed a further extension of time.

Mr. SPOONER: The Government is now trying to budget for the year 1939-1940. We had a large allocation from the Loan Council for this year, and the Government and the House cannot complain that the measure of assistance which the Government has been promised in the coming financial year from the Loan Council has not been forthcoming. But the Government still has to impose new taxation. In spite of that, we are looking for ways and means to trim our expenditure in respect of unemployment. We were able to meet the cost of unemployment relief from 1935 to 1938 which were steadily improving years, and we now have to make a sacrifice in the coming years that will not be so good. This is the year when the greatest assistance should be afforded in connection with social services. This is the kind of year when Government assistance should be most practical and most valuable not only from the angle of unemployed, but from the point of view of easing the economic position. I notice in to-day's paper that the Premier made a semi-official statement that he would reinstate on the statute book the Local Government (Further Amendment) Act. Under that legislation the grant loan scheme was introduced and enabled many men to work full-time during the past three years. I know it is the Premier's intention to re-introduce the legislation to which I have referred and to keep it in force for another year. But I do not want the House to be misled by that statement, or to think that because the Government proposes to introduce a bill to renew that legislation for twelve months it will proceed with the grant loan scheme.

I want to make some observations on the grant loan scheme which was carried out through the municipalities and shires, and which became known in certain quarters as the "Spooner Scheme." This was founded on legislation passed in 1935, which operated during 1936, 1937, and 1938, and expired on the 30th June, 1938. It was renewed for a further period of twelve months and expired again on the

30th June, 1939. Under the scheme a maximum of 12,000 men were engaged on full-time work and they came from the unemployment labour exchanges. Not more than 7,000 are engaged at the present time. The Treasurers of the various States are working out their requirements with the object of ensuring that as many men as possible get employment. Legislation will be reviewed and extended for a further twelve months, but hon. members must not regard that as a final solution of the problem, because they have to take the experience of the last twelve months into account. It was under pressure from the party in 1938 that the Premier agreed to extend this legislation. This was at the end of September, 1938, and I was asked not to make claims generally until the Loan Estimates were passed. There were a few urgent cases, such as at Newcastle and North Sydney, where arrangements were made. The Loan Estimates were passed just before the end of 1938. I was then asked not to proceed with the schemes until February. When the House re-assembled there was a requisition for a party meeting on the same day to ascertain why the schemes had not been approved. Before that party meeting the Premier, the Minister for Transport, the Treasurer and I met and prepared the whole of the schemes that were ready for issue. When the party meeting met it was informed that this had been done and the party was satisfied that the schemes would be in operation again. The morning after the party meeting I had a telephone ring from the Premier, who asked me not to go on with the schemes until the meeting of the Loan Council at the end of March. The Council meeting was postponed and eventually was not held till June. It was only in a few urgent cases, such as electricity extension schemes, that work was proceeded with. I recite this history of what happened after the Act was renewed in September, 1938, so that hon. members will understand that the renewal of the Act does not in itself constitute a final and conclusive action. Personally, I think the extension of

those schemes at present is more a gesture than anything convincing. But the position must be faced. We are still hampering relief works. To-day, we have in New South Wales relief workers totalling 20,000, and food relief recipients approximating 37,000, and I am afraid, if there is restriction in the number of relief works, the unemployment position will reach a stage before Christmas when there will be 50,000 or 60,000 on food relief in New South Wales. For that reason, we must have a developmental policy. We must face up to a new financial policy. I know it will be said that I have known of this and obviously I was a member of the Government which did it and it was done in accordance with the law. I have nothing to say about the past. Do not let me be misunderstood. I am not endeavouring to cover up any matter where I may be culpable. The proceeds of the special wages and income tax were properly placed into consolidated revenue and were placed there by law.

Mr. TULLY: It might be legal, but it is not moral!

Mr. SPOONER: I have no comment on that and no comment on the past. In respect of the future there should be a reorganisation of the whole situation. Owing to the altered economic situation in New South Wales the proceeds of this tax must be paid into a special fund. There were times a few years ago when the Government had large sums of loan money from the Loan Council. Away back in 1934 and 1935 loan funds were very plentiful, and it was possible from the funds available in that direction to meet many of the costs of unemployment, but that is not the position to-day. Seeing that the situation has changed as it has, and as it exists to-day, then the time has arrived when this change should be made. The revenue in 1938 from the proceeds of these taxes was £6,300,000. I am not in a position to say exactly how much was paid in respect of unemployment, though

I take it to be in the vicinity of £4,000,000. In other words, £2,000,000 or £2,500,000 would have been paid into the revenue fund from this tax, and absorbed for general revenue purposes. That is a state of things which, I believe, has to stop from now onwards and we shall have to face up to the position as it exists to-day. It will mean a re-adjustment of the budgetary position in other regards. That is a matter for the Government to handle by making some arrangement that will safeguard the unemployment position. I would suggest that the Parliamentary Standing Committee on Public Works should be reconstructed, though not in the way that it existed before I entered this Parliament. A committee of that sort travelling about the country cannot be so effective as expert officers who can do a wonderfully valuable job in examining the whole scheme of works for the relief of unemployment that is under the control of the Government or the statutory bodies that function.

I am far less concerned about the past than I am about the future. This Government has to pay back £1,000,000 to the State Superannuation Fund; £1,100,000 to the Loan Council, which it secured on short-dated advances for a period of two years; and must build up again its depleted cash resources. What I am concerned about is that there must be a policy for the future. This is not a censure motion, and if hon. members examine the terms of it they will find that it is not framed as a censure motion. It is an attempt to offer constructive assistance to the Government and to secure action from the Government. I want the operations of this Government to continue. I have said already that in retiring from the Government I had no intention of moving censure. It is my intention, however, to endeavour to galvanise the Government into activity, so as to secure the operation of the right policy. If my remarks result in any improvement of policy or in the abandonment of some schemes which I think have been under consideration, I shall be well satisfied.

Mr. STEVENS (Croydon), Premier [4.51]: I did intend, when first the hon. member rose and I listened to his remarks, to speak at a later hour so that in the interval I should have an opportunity to examine the bias and text of his statement and contribute something thereto. But I now think that at this hour, it is better for the House and all concerned for me to endeavour as quickly as I can to deal with the points raised by the hon. member, so far as they are within my recollection. The hon. member covered quite an extensive field during the course of which he mentioned a number of subjects. First, he dealt with the position of the 1938-39 accounts as compared with the Budget itself. Secondly, he referred to what he called the "cash position" and the general position of the finances. In the course of his observations he told the House that he had certain conversations with me in connection therewith. Finally, he dealt with matters of policy. Not necessarily in that order, and not necessarily in the order in which those subjects are indicated in the hon. member's speech, but as each matter occurs to me I shall deal as concisely and as fairly as I can with the various questions under review.

The first matter that occurs to me is the suggestion that the financial drift in the State might have been met by courageous or definite action in May or June of last year and that it should not have been allowed to rest until the present time. Possibly the hon. member believes that statement now; but he certainly did not believe it a few days ago. In a fairly comprehensive report, he suggested to me that in dealing with the outline of the financial plan that he proposed, it would be far better to allow the present situation to develop until the 1st October next, for several reasons including the desirability of more closely ascertaining the financial position. That report was made a few days prior to the hon. member's resignation.

The position was not altogether unusual, and not altogether unworthy of consideration, having regard to the time

that it was made and to the circumstances in which it was delivered. The time to deal with the financial position for this year is the time at which the House usually performs that task and accepts that obligation. Over past years, certainly during the years since the hon. member has been associated with the Government, the financial position, and the draft budget that embodies it, have never been dealt with at a date so early as that at which it is now being considered. Not at one, but at several meetings of Cabinet during the time that the hon. member was a Minister, has the financial position been dealt with, and dealt with very thoroughly.

On the 5th July, I personally addressed a memorandum to Ministers, which was the subject of Cabinet discussion. In it I suggested a basis for dealing with the financial position that had arisen—a position which gave then, and gives now, no cause for alarm, but which presents difficulties inherent in the present situation. It may have done the hon. member a little more credit if he had told the House that a series of meetings had taken place at which the incidence of inevitable changes in our financial methods must react upon every department of revenue and upon every department of expenditure was considered.

The object that I, as Premier, personally sought to achieve in addressing the memorandum to my colleagues was that I might impress upon them the need for taking into consideration the changed conditions and the altered outlook. If the charge against me be that I have been tardy and negligent in presenting to my colleagues, to the country, to the Loan Council, and to the Commonwealth Bank and the Government's bankers the real picture of the State's finances, that charge cannot be sustained, because, regularly, insistently and constantly during the last six months this matter has engaged my personal attention. Indeed, it has engaged the attention of every one of my colleagues. I make bold to say that not one of the fourteen members of Cabinet, other than the ex-Minister, even if he found fault with any part of my policy, could dare to



charge me with having failed to watch the position carefully, and at opportune times, in season and out of season, to take steps to rectify the situation.

Let me go back to the time of the delivery of the Budget and to the things that have happened since, things that reflect the part that I have played, to say nothing of the part that the Treasurer has played, in exercising vigilance over the State's finances. The Budget was delivered on the 27th September, 1938, and it was presented to Cabinet on 13th September. It was not presented capriciously. The hon. member's memory was quite at fault when he said that Cabinet considered the Budget for only two or three hours. Cabinet had a draft budget before it for several days. The minute from me as Treasurer was not merely an oral one; it was a written record to which were appended the estimates of every department indicating the extent to which they varied from the figures of the previous year and the extent to which it was proposed to limit certain departmental expenditure and to deal with certain items of revenue. The Cabinet—of which the hon. member for Ryde was a not unimportant member, because of his previous association with the Treasury—the Cabinet, not one Minister, had full knowledge, as my colleagues can bear witness, of the circumstances in which the Budget was brought down and the extent to which the various items of expenditure and revenue were located in it.

Not only was Cabinet informed as to the position; Parliament also was informed upon the subject. I take the opportunity of reminding the House that in the Budget statement delivered on the 27th September, 1938, I very clearly and honestly explained all the difficulties that beset the framing of the Budget. I quoted those details last week when I dealt with the position then before the House, and I do not propose to repeat them now. Unfortunately, so far as I can recall, that portion of my speech was not publicly reported. I shall take an early opportunity to ensure that the public is informed as to the tenor of the general remarks that I made as to

the circumstances in which the Budget was brought down. Suffice it to say now that Parliament was not misled as to the difficulties attending the framing of that budget. Hon. members who have had ministerial experience are aware that the preparation of a budget speech is not merely the production of the Treasurer himself. Because I said last week that I accepted the budget estimates of some of the State's highest public officials, I have been twitted with hiding behind the garments of those persons. I imagine that if I had ignored the estimates of the Commissioner for Railways and his expert, highly-trained and skilled staff, I might have been twitted with deliberately attempting to distort the position. So I find myself between the upper and the nether millstones. If I accept the estimates of the Commissioner and his staff, who between them get an aggregate salary of about £12,000 a year, and if I accept the estimates of other highly-trained staffs who know something about the trend of industry and prices and the prospects of seasons, and tell the House so, I am accused of doing mean things and of evading my responsibility. Hon. members and the country will have to make up their minds on that point. I cannot be charged with having falsely manipulated a budget estimate if the estimate is not mine. If that be the position why then should I be charged with cowardice if I failed to accept an estimate that is submitted to me? I told the House that last week, and so far as I know the House readily accepted my assurance.

Let me tell hon. members, also, that the particular estimates to which the hon. member for Ryde made reference were not accepted merely by the Treasury staff or by myself as Premier. On the contrary they were tested in the light of actual experience up to the time that they were presented to the House. As I have already stated, though they were presented on the 27th September, they were actually completed on the 12th September. Any former Treasurer knows that it usually takes about a fortnight to get the printing ready, and I think I am right in saying that

the Budget was completed on the day on which Cabinet approved of it. From Cabinet it would go straight to the Government Printer, after which this immense tabulation of figures would be got ready for tabling in Parliament. When these Estimates came to me they were tested by the aid of an elaborate system of estimating and recording actual experience against the Estimates week by week and month by month. The Commissioner and his staff do not rely on a forecast of a year ahead but with extreme thoroughness their forecast is related to each particular movement, such as the ebb and flow of traffic and the seasonal influence of certain classes of traffic. All these things have to be taken into account, and they vary in colour and form from month to month. I must be fair and say that the hon. member has not had an opportunity of seeing these detailed tabulations, as the system was instituted after he left the Treasury. For years past, as Treasurer I impressed upon my colleague and the Commissioner of Transport and Commissioner of Railways, the need not merely that these detailed Budget estimate and results should be reported but also that I, as Premier, should have a right to see them. On this occasion, as usual, I exercised that right, and found that during the months of July and August the Commissioner's actual figures were up to his estimates. If hon. members will take the trouble to read the *Hansard* report of the speech that I made last week they will find that I have shown the actual estimates and the variations month by month. The hon. member for Ryde said that the Premier knew in November that the railway figures had slipped below the Budget estimate. How did he know that?

MR. SPOONER: From the figures that the Premier supplied last Wednesday night!

MR. STEVENS: How did the hon. member know that I knew it?

MR. SPOONER: Because the Premier had the figures!

MR. STEVENS: I did not have the figures, and that I am afraid is where my former colleague allowed his desire to create difficulties for the Government at a very critical period to outweigh his judgment and become responsible to-day for a speech that he will regret, that the country will regret, and that the House will regret when all realise the real purpose behind it. As Premier in November, how could I know the results of railway accounts and expenditure up to that date? They came to me after the event, not the day after nor week by week, but after compilation. When I brought down the Budget I tested the actual figures to date and they responded to the test. What other charge have I to answer? Is it in regard to the Budget itself and the place it occupies in any scheme of intrigue or propaganda that has as its basis this vile suggestion that the Premier is not a man to be trusted? While these sinister suggestions have been made, the hon. member sat in Cabinet with me. Let the matter be clearly explained. This particular part of the Budget was thoroughly tested by the Treasury officials and by myself. Hon. members were told that early this calendar year I informed the former Minister for Public Works that it was intended to bring down new estimates of expenditure and fresh taxation proposals, and that in view of the inevitable slip in the Budget figures I proposed to invite Cabinet to consider ways and means to raise additional revenue. Let me tell the hon. member of something that he has probably forgotten. Some time in November last, the hon. member had occasion to go to Melbourne, and I asked him to confer with the Premier of Victoria, Mr. Dunstan, on my behalf and ascertain from him just how his Budget figures were faring and what proposals the Government had for dealing with the financial position. What was the result? The result was a memorandum on these lines:

Mr. Dunstan informed me yesterday that he fears he cannot escape a deficit of about £800,000 during 1938-39, and that this

will arise principally from deficiency in railway revenues largely due to drought conditions. Also that his other revenues will shrink though there is no serious decline in any of these up to the present.

Mr. LEE: Is that a report from the Minister to the Premier?

Mr. STEVENS: No. I am not reading a report.

Mr. LEE: Is the memorandum from which the Premier is reading confidential?

Mr. STEVENS: No, it is an official document.

Mr. LEE: From the Minister?

Mr. STEVENS: Yes.

Mr. LEE: What about tabling the document?

Mr. STEVENS: I do not mind. It is not necessary for me, in a debate of this kind that tends to discredit our parliamentary institution, to go into unnecessary details, but I must give the House the relevant facts. In doing so I shall spare the hon. member for Ryde and other hon. members from personalities because I do not want to indulge in them. If there was any tardiness on my part then there was tardiness on the part of others as well. The Minister further states:

He anticipates some difficulty in collecting the full amount of income tax to be levied and states that there is a noticeable diminution in probate duties, but cannot indicate whether the latter is due to depression revival or the incidence of death. He states that he cannot possibly provide for revenue deficit from his loan fund, which is fully committed, and has not made up his mind at this stage how to meet the deficit which, however, he regards as inevitable.

Towards the end of the calendar year hon. members have a picture not only of the position in this State but as it was disclosed by the Premier of the sister State of Victoria. The ex-Minister says I told him that I was going to take early action. I suggest to him that his memory must be at fault. If I told him anything apart from what I told my colleagues it was that I intended to take some action. I said I had available the report from the Commissioner for Railways and that when I had examined it and conferred with the Commissioner

about it, I intended to place it before Cabinet. Are hon. members not aware that some time in January—I think it was the 20th—and again later in February, very extensive reports were made by the Commissioner for Railways. They were submitted to Cabinet, and I, the Minister for Transport, and the Commissioner discussed them. I think I made the text of those reports available to the public. As from the 1st March, the Government took the action that the Commissioner had recommended, and it took action at a Cabinet meeting at which the former Minister was present. Moreover, he took a prominent part in the discussions. The calculations made by the Commissioner occupied our deliberations for a whole day and were also the subject of discussion by a sub-committee. The Commissioner's calculations were checked and counter-checked at the meeting of Cabinet in February or at the end of January. Cabinet decided that in order to rectify the drift in the railway finances action should be taken to increase freights and fares.

A far as the rest of the Budget is concerned I lost no time in advising Cabinet as to the position. Prior to the presentation of my report to the Loan Council, which was on 31st March, we had had extensive discussions in Cabinet at which the hon. member for Ryde was present, and it was decided that we should ask for deficit accommodation up to £1,700,000 just as Mr. Dunstan in Victoria and the Premiers of South Australia and Western Australia had done at that time. Can anyone fairly say that was tardy action on my part? Can anyone say that my actions in investigating the position in another State, obtaining a report from the Railway Department, considering that report, and addressing a communication to the Loan Council, were tardy, or that they represent anything but a series of acts designed to arrest the drift, and make good the loss in the position as it was then disclosed to the Loan Council? The whole position was watched with the utmost care, and statements

were made to the Cabinet by the Treasurer and by myself. Statements were made to the Cabinet by the Commissioner for Railways, in fact, subsequently to the raising of the fares by the Commissioner for Railways we invited Mr. Hartigan to attend a Cabinet meeting. We examined the incidence of those increased fares and we were not satisfied at that time that they had operated to improve the railway position. Surely on that basis we were not prepared to consider a general grading up of the rates of taxation or any general decline in the rates of expenditure. We preferred to watch the position carefully, and review it in representations to the Loan Council. The Loan Council met some time in June, but the representations were prepared long before that.

The Loan Council did not meet owing to the death of the late Prime Minister, Mr. Lyons, but the communication indicated that since the former application for funds there had been a further drift of £1,500,000, mainly with respect to railway revenues. That is the action taken since the presentation of the Budget. Up to the time of the Loan Council meeting, the House is well aware that the Loan Council was prepared to extend £2,800,000 to make good the deficiency as disclosed by the accounts up to that date. Up to that point hon. members will admit that there is nothing in the suggestion that there has been tardiness in meeting the position, but that does not represent the whole picture of what has been done. I became apprehensive long since that every department was spending large sums of money which needed close review and I got my colleagues to agree that they should attach to my staff a committee of officers drawn from the various departments, and known as the Budget Committee. One came from the Public Works Department, one from the Department of Audit and one, I think, from the Taxation Department. They were all very able and very competent men. I set this committee the task of examining the incidence of the daily records or the weekly records at any rate of the departments

and that monthly records of the Railway Department so that they could keep me as Premier in touch with all those movements that related to the financial position of the State.

I set the committee the task of working out a *pro forma* Budget for the current year, 1939-40. I set this committee the task of framing statements of *pro forma* income and expenditure. These statements, in fact, formed the basis of our application to the Loan Council. Probably my former colleague does not know that I was in touch with this committee and with the Treasurer, not once a month, not once a week, but several times in each week, and obviously he does not know that the committee made a most intensive review of all the incidences that affected public expenditure and public revenue. I am sure he does not know that fact, or at any rate did not know it until quite recently, otherwise I could not imagine he would have made the statement that he did in the House. For instance, we also engaged the services of the most expert taxation officers that we could obtain. There were the Commissioner for Taxation, the Professor of Economics at Sydney University and Mr. Ratcliffe, who has served this State not only as Deputy Commissioner of Taxation, but in an advisory capacity for years past. As far back as June last, and even before that, this committee was engaged in the task of working out a basis for taxation that if it were necessary to impose it would apply not for the last financial year, but as to the current financial year.

I am sorry that my former colleague did not know of the existence of this committee, because I am sure the Cabinet was told of it. In fact Cabinet itself approved of it. This committee was formed at a time when demands on the Treasury had become new and extensive. That was some evidence of vigilance and of the discharging of a trust such as mine as the chief Minister in relation to the obvious drift in the accounts. I was not prepared to increase taxation rates and to put them back to the 1st July and I was not prepared to

plunge the country into the drastic curtailment of expenditures such as would have been entailed if the hon. member, if that were his intention, had had his way. I was not prepared to take precipitate action. I preferred to see the developments suggested by the course of events. I suggest to this House that that is the only course for an executive Minister to take. These sporadic attempts to restore lost revenue by raising the rates of taxation have a reaction upon the psychology of the community, and surely this has to be reckoned with. Everybody knows that in late September and early October there was one international crisis after another, with consequent shock to the confidence of the community. In season and out of season, I urged upon the Commonwealth authorities that the proper way to arrest the drift caused by the factors already mentioned plus this anxiety due to international tension, was to stimulate the credit basis of the community, to expedite new expenditures for defence and to apply a progressive policy for putting men into employment by the expenditure of money.

Having regard to my experience in the office of Premier for nearly seven and a half years, anybody who suggests that I was endeavouring to "tail spin," as has been suggested, by making an unfortunate section of the community pay for the distress of the Budget is saying something which is unworthy and which is not borne out by the evidence of my record. I am not prepared to impute a motive. I hope that the House will be spared the imputation. But I am laying my record bare to hon. members and ask them to be the judges as to whether there is any sinister intention behind the policy which is being formulated and of which the hon. gentleman had full knowledge right up to the time he ceased to become a member of Cabinet. I ask them to judge whether there was any tardiness, lack of duty or manipulation, or whether anything has been done between September last and the present time to suggest a breach of trust and failure to dis-

charge the very heavy obligations of the office that I have held at a time of unprecedented happenings.

I regret, and the country will regret, that the hon. member for some reason best known to himself has charged, in effect, not only my colleagues and me, but also himself; because until a few days ago he was a member of Cabinet and at its last meeting he wrote to me in his memorandum not to touch the position until the 1st October, because by that time the Government would know just how the financial situation would be developing. Can there be any greater degree of contradiction in terms, in motives, and in attitude than that of which we have had evidence here this afternoon, in the light of the facts I have given to the House.

Speaking from memory as to what the hon. member said, I recall a reference to a letter of 27th May, which purported to make some inquiry, from the Premier by a colleague, as to what provision was being made to stem the financial drift. The letter astounded me. It was written to me at a time when discussions in regard to the financial position were on everybody's lips. Also it was written with a full knowledge of what was proposed at the Loan Council. Looking back now in the light of events, I say that the letter was obviously written at a time when it suited the hon. gentleman to write it. Lastly, the letter was entirely unnecessary.

Last week the hon. member informed the House that he had not received a reply to the letter. That is true. Until yesterday I had not a copy of it from the hon. member. During my term as Premier I have tried to use the "personal touch" and have personal conversations with my colleagues. Even if at this moment there is evidence of friction, as is suggested by the hon. member it is not of my making. All the time I have discouraged the writing of unnecessary letters. I handed the letter in question back to the hon. member.

Mr. SPOONER: The Premier did not. That is definitely not true. It is the most untrue statement that the Premier has ever made!

Mr. SPEAKER: Order!

Mr. STEVENS: I have no desire—

Mr. SPOONER: The Premier has no right to say that, because it is untrue!

Mr. SPEAKER: Order!

Mr. STEVENS: If the hon. member would let me finish my sentence he would hear what I was about to say.

Mr. SPOONER: The Premier told me a fortnight ago that he had lost it!

Mr. STEVENS: If the hon. member would allow me to finish he would find that the last thing in the world I want to do is to make any statement that will not bear the utmost investigation. I said to the hon. member: "This is a letter that should not have been written." We agreed—and he will bear this out—that the letter would not be used. My impression was that I gave it back to him.

Mr. SPOONER: The Premier did not. He had no such impression at all. He told me a fortnight ago that he had lost it!

Mr. STEVENS: The hon. member cannot very well tell the House what my impressions were. All I know is that only yesterday, the hon. member was good enough to send me a copy.

Mr. SPOONER: Last week the Premier rang me up, stated that he had lost the letter and asked me to send him a copy. I did so!

*Hon. members interjecting,*

Mr. STEVENS: I am afraid that I cannot agree with that. But there it is. I will let it go at that.

*Hon. members interjecting,*

Mr. SPEAKER: Order!

Mr. STEVENS: Having regard to the observation that I was making upon it, I consider it to be a matter of no significance. It is perfectly true that the hon. member wrote me a letter asking me for information. It is also perfectly true that subsequent to the writing of the letter, he was present at a Cabinet meeting at which finance was discussed

and subsequent again to that, he attended the meeting of the Loan Council as a member of the New South Wales delegation. So far as I am aware, up to this day he has not dissented from any of the representations made at the Loan Council meeting nor from the conclusions at which it arrived.

Mr. SPOONER: After that letter I took my own course to tell Cabinet about the financial position. Because the Premier asked me to stay in Cabinet—

Mr. SPEAKER: Order!

Mr. STEVENS: I am bound to say to the hon. member that he is hardly fair in endeavouring at this stage to tell the House his detailed recollection of conversations, because as he admitted last week, his memory for some of them is quite defective. I will not be diverted by interjections from my course of treatment.

Mr. W. DAVIES: The Premier gave the hon. member a course of treatment!

Mr. SPEAKER: Order! If hon. members persist in interjecting I shall have to introduce a course of treatment under the standing orders.

Mr. STEVENS: I have confined my observations to one of the features of the hon. member's speech and I emphasise that the charge of tardiness in dealing with the financial position is not sustained by anything that has been said and by the record of the facts. Early, prompt and adequate action up to the present time has been taken with a view to replenishing the Treasury on account of its loss of revenue and also to providing a basis for a financial policy for the current financial year. Let me deal now with some other aspects of the hon. member's speech, as I have noted them down. The hon. member referred to the failure to debit in the accounts of 1938-39 the full amount of the appropriation for unemployment relief, and he attempted to tell the House the source from which the amount of £1,000,000 was drawn for the purpose of meeting that commitment. He informed the House that the Government borrowed from the State Superannuation Fund an amount of £1,000,000 to enable it to

supplement the cash balance and make good the deficit in relation to unemployment relief works. That does not correctly set out the position. The State Superannuation Board has power under its Acts to make deposits with the Treasury, and this it has done from time to time. This particular deposit of £1,000,000 was made some time last September, not during the present calendar year, and it was made in pursuance of the policy of strengthening the cash resources of the Treasury and of the State Superannuation Board's policy of investing its fund with the Treasury.

MR. TULLY: Which would be the best security, Commonwealth bonds or a deposit with the State Treasury?

MR. STEVENS: The latter, as I shall show. The State Superannuation Board wrote to the Treasury and offered this deposit of £1,000,000 at 4 per cent. The deposit matures either in September or October of this year, and it is secured by the revenues and the credit of the State. There was nothing unusual or concealed about the deposit. On the contrary the ex-Minister himself knew of it, though it was not his business at the time to know of the financial transactions of the Treasury. However, there was no secret about it. It is embodied in the official records of the State, it will find its place in the balance sheet of the State Superannuation Board and in the report of the Auditor-General, whose function it is to report to Parliament whether there is anything irregular or unusual concerning the deposits lodged with the Treasury not only by this board, but also by various other bodies. Incidentally, I know enough about Treasury practice not only in this State, but also in many other places to be aware that the procedure by which these deposits are made to a Government and repaid by it is not unusual. It was said that in this particular case the State Superannuation Board realised on some of its other securities to make the deposit with the Treasury. That is perfectly correct. It realised on other securities not alone for that purpose, but also so that it

might invest its money in the securities of local governing bodies, in conformity with the desire of the ex-Minister himself. In his capacity of Minister for Local Government he at all times evinced an enthusiastic desire that local governing bodies should be able to borrow their share of the expenditure under the Local Government Amendment Act of 1935. The State Superannuation Board made its investments in these municipalities and if hon. members will take the trouble to examine the relevant balance sheets they will find that the board converted its Commonwealth bonds into local government securities and for the purpose of making this particular deposit, at a higher rate of interest than it was previously receiving. I emphasise that lest there may be some misunderstanding from what has been said. When the board made this deposit with the Government and agreed to convert some of its bonds into liquid funds to finance local government securities it did so at rates of interest that advantaged the State Superannuation Fund. And the Public Service and Government itself, as contributors to that fund, are none the poorer by reason of the higher returns that the board receives from the investment.

I told the House that there was nothing in relation to this transaction that was concealed. The hon. member for Ryde surely has not forgotten that it was a subject for discussion at a Loan Council meeting as also was the practice of re-financing. I have yet to learn that there are any features of the transaction that are sinister or which should not have been adopted by a Treasurer charged with the responsibility of finding cash for various purposes, local government loans and the like. I am sorry that the way in which the hon. member presented to the House the case in regard to the State Superannuation Board's deposit rather leaves the suggestion that it was made at a time when the Government was not able to meet its obligations in other directions. Actually, the deposit was made as far back as September or October, 1938. It was a deposit for twelve months with an

interest rate of 4 per cent., a return exceeding that previously received by the board from the other source.

A reference was also made to the non-transfer of £1,000,000 to the revenue fund. I thought I had dealt with that matter quite adequately and comprehensively last week. I then explained to the House that the estimates passed by Parliament showed definitely an expenditure of £4,426,000 on unemployed relief, and that the actual expenditure for the year fell very little short of that figure. I went to some pains to demonstrate that the non-transfer in the revenue fund of this amount did not in any way take away from the funds available for unemployment relief. I again emphasise that, lest there should be some wrong impression left by the statement of the hon. member for Ryde. The obligation was to find for unemployment relief the amount that this Parliament had voted for the purpose. But it would not have been a correct procedure for the Treasury merely to debit the extra amount of £1,000,000 as a matter of bookkeeping, transferring it from a revenue account to a loan fund, when it was not supported by any cash transfer. Undoubtedly it would have had the effect of showing one fund slightly smaller and one slightly greater. That was the position before the transfer. I explained the matter last week by quoting the experience over the last few years. That particular item of the Budget, during the time my former colleague occupied the portfolio of Acting-Treasurer, was regarded by the Treasury officers as the balancing point, and no substantial transfer is made in connection with it until just before the close of the financial year. In fact, in 1937, or it may have been in 1936, when I was abroad, payment and debiting against the revenue fund of an amount that exceeded parliamentary appropriation was commented upon by the Auditor-General. The official papers show that the comment was submitted by the Treasury officers to my former colleague. As far as I am aware, the papers were marked "no action." Apparently the then Minister did not consider that,

because there was a variation, any irregularity had been perpetrated. On that occasion the amount paid exceeded the amount voted. In quoting figures last week I made it plain that over the last four or five years there has always been a variation—sometimes small and sometimes large—of the amounts actually paid and the amounts actually voted as on the revenue fund for unemployment relief. I do not want hon. members to be under a misapprehension as to whether or not any sinister motive is intended by the hon. member's observations. The amount provides for unemployment relief and was fully met as it has been on every occasion.

Mr. LEE: The Premier cannot truly tell the House that all the money collected from the special income and wages tax has been spent on relief work!

Mr. STEVENS: The hon. member will find that, after the tea adjournment, I shall deal with such features of the speech delivered by the hon. member for Ryde as I think will interest the House, including the question as to whether or not it is wise, prudent, or proper to have trust accounts for special funds. For the moment, I will content myself with the observation that the Act of Parliament under which these moneys are paid into the Consolidated Revenue Fund is an Act that had the full approval of the Government, and in fact was introduced and passed through this House by the former Minister and myself. The hon. member cannot excuse himself by saying that the past can be forgotten. He criticised the policy to which he was a party, and to which Parliament was a party—because Parliament passed the Finances Adjustment (Further Provisions) Act in 1933. When I presented my various budgets to the House I always clearly and properly indicated the various items chargeable. After the tea adjournment I shall quote the actual figures, and with your permission, Mr. Speaker, I shall refer to some other features of the former Minister's speech.

[Mr. Speaker left the chair at 5.55 p.m.  
The House resumed at 7.30 p.m.]



Mr. STEVENS: Before the tea adjournment I had indicated to the House that there were other features of the hon. member's speech to which I desired to refer. The first question I shall mention is one on which I was able to make some investigation during the tea adjournment. While it is not my intention or desire to engage the House in any exhausting review of figures already quoted, or to quote new figures at any great length, I shall refer to one particular group of figures to which the hon. member referred, and by my reply hon. members will see how easy it is to criticise without knowledge, and indeed how wrong conclusions may be drawn, either consciously or unconsciously, from purely superficial figures. The particular item that engaged my attention during the tea hour in that connection was one referred to by the hon. member, an item dealing with what are described in the Budget as "general miscellaneous receipts." They are referred to in a group of items totalling £3,214,378. It was stressed that the actual receipts against that item were only £2,788,000, and inferentially that there was something sinister, something wrong, and some evidence of bad judgment. With regard to that particular item, during the tea hour I got the under-secretary to turn up the actual position with regard to that group of items. I will give them to the House and allow hon. members to draw their own conclusions.

There is an item described as "repayment of credit to Consolidated Revenue Funds for previous years." For 1937-38 we budgeted under that item to receive £517,000. We actually collected £421,000. Last year we budgeted to collect £432,000 and we actually received £289,000. That item obviously is one that is not capable of precise estimate. The receipts that come into those items are very largely influenced by the extent to which Government assets may be sold, either land or other property, no longer required for Government purposes; Government assets produced out of Government

revenue fund for the previous year, either as recovery of arrears of interest or arrears of sinking funds paid by various dependencies of the Government. It is extremely difficult to determine precisely what these amounts will be. The fact that we received £421,000 in that source in 1937-38, was, I put to the House, a reasonable justification for making a similar estimate. Nobody surely would suggest that the incorporation in the Budget schedule of an amount approximating that for the previous year in that particular item would be indicative to the slightest extent of malifides or of bad judgment.

The second item is "receipts on account of interest." In 1937-38 we budgeted for £488,000, and we received £524,000. In 1938-9 we budgeted to receive £521,000, and we actually received £360,000. The main cause of the variation in that item was the non-payment to the Treasury in the month of June of an amount of £90,000 due to us by the Metropolitan Water, Sewerage and Drainage Board, an amount advanced to the board by the Treasury I think on account of the payment of interest and sinking fund charges. My officers tell me that in that year the board was in such a position that if we had expected it to pay an item of £90,000, the board would have been seriously embarrassed, and probably it would have influenced its capacity to maintain the same volume of employment that it had maintained during the whole of the year. Surely the non-receipt of that particular item of £90,000, because if it had been included the actual receipts would have been £150,000, cannot be used as evidence of bad estimating or bad judgment. As I have shown, it was affected by influences over which the Treasury had no control, and, in fact, I commend the action of the officers, because of the effect that insistence upon this credit would have had upon the finances of the board.

The next item was described as "Transfers under section 31 of the Audit Act." In 1937-38 we budgeted for £103,000 and actually received £115,000. In 1938-39 we budgeted for £250,000,

which included one item of £187,000 representing what was at that time the unrequired balance of the Flour Tax Acquisition Account. The Treasury brought it into the revenues under that item in pursuance of the policy of transferring periodically to the main budget unexpended items from what are called the "Special Deposits Account"; but in March, 1939, long after the Estimates were passed, Cabinet decided that this sum should be paid not to revenue but to the farmers themselves in connection with the wheat stabilisation scheme. If the Government had acted directly in accordance with the Estimate, the amount might have been paid into revenue. Because of the position of the wheat-growers it was decided not so to pay it but on the contrary, to meet it and to supplement it by payments from another source. I took the trouble during the tea hour to obtain a statement which I have just now had the opportunity of reading to the House. But I think, without discussing its details, that the House should recognise that reference to the item itself is no indication of this bad judgment, of which the hon. member for Ryde has spoken.

Another matter which is of considerable importance and which finds place in the motion is the wisdom of establishing a separate fund into which the proceeds of special income and wages tax might be paid. With the indulgence of the House I shall table a statement which my officers have prepared showing the disposition of the proceeds from these various forms of taxation last year, and how they are charged in the budget papers. By legislation which was brought down with the approval of Cabinet by the hon. member for Ryde and me, the proceeds of this tax have for years past been paid into Consolidated Revenue Fund. New South Wales is not the only State that observes this practice; but it was, I think, the first State to adopt it. Time and again I have publicly justified all that has been done in relation to the utilisation of these moneys. In Queensland special legislation has been brought down within the last twelve months or so transferring to the

budget the proceeds of a tax which was formerly described as the "Unemployment Relief Tax" but which to-day is called the "Tax for Special Development." During the tea hour I was informed that the Government of Queensland took that action recently as part of a deliberate policy of pooling the various taxation resources of the State.

I admit that the question as to how these moneys might be accounted for is one of considerable interest, not only academic but also political. But I direct attention to the fact that the terms of the motion, which seek some variation in procedure, come from an hon. member who, for years past, has had a part in the policy that was responsible for dealing with the whole of the resources of taxation and, who in season and out of season has defended the practice and supported statements not unlike the statements that I propose to table justifying what has been done. Loose statements suggesting that workers and taxpayers have been robbed of £2,000,000 by reason of the fact that the whole of the moneys had not been earmarked just particularly for the purpose of unemployment relief work are very unfortunate; and I suggest that they are made without a regard for the facts. Just by way of interest to the House, I propose to give a brief tabulation which should dispel any notion which may be the extant that these taxes are contributed only by those in humble walks of life and that they come solely from the wages of employees in industry. Last year the amount received was approximately £6,364,000 and its composition, showing the sources from which it was derived is as follows:—

Tax.	Amount. £
Special income tax from companies .....	1,163,000
Special income tax from incomes exceeding £400 a year .....	1,640,000
Special income tax, from incomes below £400 a year .....	556,000
Wages tax from incomes over £8 a week .....	1,700,000
Wages tax from incomes under £8 a week .....	1,305,000

If we take the two items, "Special income tax and wages tax in respect of incomes and wages under £8 a week," we find that the aggregate amount received was approximately £1,800,000 out of a total of £6,364,000. The Government has had under consideration for some time the question whether these moneys might be placed in a special account, specially recorded, specially accounted and applied to purposes fixed by definite statutes. My colleague, the Treasurer, presented a report to me showing just how this tax would be disposed of if it were earmarked for special purposes. Time and again I have suggested that an investigation should be made to see just how the disposal of moneys according to the specific purposes would operate, and what the results would be, not only on that special fund, but also on the general fund. I do not want to pre-judge what might be done as a matter of policy. As the hon. member for Ryde knows, up to the time that he left the Cabinet the matter was before it for consideration, at my own suggestion. As I have said previously, this tax, coming as it does from all the sources that I have indicated, is in this and every other Australian State, a super tax on incomes to meet the cost of services that have arisen since the time of the depression. These services, against which the Government has placed the costs so as to see how the *pro forma* account would balance out, are, for the most part, new to the Budget of the State. Since the tax has operated many items have been included in the Budget account that could be influenced, by the need for special expenditures during the depression and post-depression days.

The public has long since recognised, as also has the Government, that some form of super tax to provide for these new services is necessary in times such as the present. That is a general observation. Later, the House will have every opportunity of discussing, in the light of the figures presented and of the cases analysed, the wisdom or unwisdom of making a change such as is suggested in the motion. Surely it is not seriously suggested that this is

not going to be the first step in the direction of reforming the public accounts, of strengthening the resources of Government and of providing trade. In what way is trade going to be revived if we establish by law a separate trust account for the purposes of recording the proceeds of special income tax and wages tax and earmarking those taxes exclusively for the relief of unemployment? How is that going to stimulate trade, strengthen the resources of the country, and operate on the depletion of the general budget of the State and its cash position? Such a suggestion should not be made unless there is also provided a source from which the rest of the money is to come. Anyone who has a sense of responsibility, born of a knowledge of increasing taxation rates in the Commonwealth as in the State, cannot afford lightly to disregard the effect on the whole of the taxation field of any special earmarking of moneys which, by the law of the State, have over the last six years or so been paid into Consolidated Revenue Fund.

I put it to the House definitely that if the Government diverts these revenues to a special fund and increases the expenditures of the fund by that means it will then be necessary to deal with the problem that is created by financing those services that are not in the earmarked accounts, but are nevertheless essential services from the point of view of the Government, from the point of view of strengthening its resources, of dealing with its works development and of the reaction of taxation on trade. The question of taxation for special purposes is not peculiar to the States; it applies also to the Commonwealth accounts. Time and again the answer has been given by people in authority that the proceeds of these special taxes, if dissected and costed out, would be found to be just sufficient to bear the cost of the new services that have arisen during the last few years, but which are not all described as unemployment relief services.

Before the dinner adjournment I dealt adequately with a question that is cognate to this one, the provision of £1,400,000 for unemployment relief services. I leave with the House the observations I made as to the position of the proceeds of this special tax and the way in which those proceeds have been disbursed from time to time.

If I remember rightly, the hon. member for Ryde found fault with the judgment of Treasury officers who worked with me in the estimation of taxation receipts. I express my regret that he has done that, for many reasons. The principal one I mentioned in my speech in the House last week. I went to some trouble to point out to hon. members that from 1933 to 1938 the estimates of the Commissioner of Taxation, which obviously occupy the largest single part of the Budget on the revenue side, have consistently been reviewed by Treasury officials who are specialists in this matter, by myself as Treasurer, and on occasion by the hon. member for Ryde when he acted as Assistant Treasurer. To my knowledge, and I have been associated with the Treasury for many years, both as Minister and officer, the estimates that come to the Treasury officers from the Commissioner of Taxation have rarely been accepted by the Treasurer without correction. I have adopted the practice not merely of diverting these estimates to my own staff for review, but also of consulting with others outside the Treasury itself. I have done that frequently, so did the hon. member when Assistant Treasurer and when Acting-Treasurer during my absence abroad. I have tried to bring to bear upon the estimates of departments such as the Department of Taxation the wide knowledge of those associated with trade trends and business movements, matters that are not always within the knowledge of a taxation assessor. In fact, year after year before the final figures have been placed in the Budget I have gone to the trouble of having financial advice tendered to me by men chosen because of their expert knowledge and wide experience. I pointed

out to the House last week that this method has worked admirably. In 1933-34 and in every succeeding year the commissioner's estimates were reviewed by the Treasurer and they were greatly increased. There was a greatly increased vote in 1937-38 when the estimates of £11,800,000 were increased to £12,600,000. The actual receipts were £13,500,000. In 1935-36 the estimates of £8,100,000 were increased to £9,700,000, and the actual receipts were £10,400,000. In 1934-35 the estimates were £7,450,000 and were increased to £8,190,000, while the actual receipts were £8,600,000. There is an expert staff at the Treasury, many members of which have had years of experience in the preparation of the accounts, and the actual results show that their judgment has been wise and correct. Unfortunately, last year the actual collection fell short of the Commissioners' own estimates by £500,000, and of the estimates of the Treasury by an amount exceeding that sum.

I am not concerned with demonstrating the accuracy of one item against another. All that I am concerned with at the moment is to rebut the suggestions that in so far as the Treasury or I, personally, is concerned, any sinister imputation that there has been bad judgment over the last seven years cannot be sustained. I repeat that in this State, as well as in the sister State of Victoria, as the Colonial Treasurer of that State informed the former New South Wales Minister for Public Works and Local Government, the income-tax collected is not realised up to the estimate. I have heard no valid suggestion that the Estimates of this Government were dishonestly made. Why should there be such a suggestion in our own State, the Government of which has been in power for seven years and of which the hon. member for Ryde was a member for the whole of that period. When I addressed the House last week I indicated that the approximate figures show that the actual revenue received was less than the estimate, and I think I said that in the Department of Railways the actual

estimate was 6.7 per cent. less than the estimate and also that in connection with the Governmental accounts the figure was something like 4 per cent.

The hon. member for Ryde seeks to discount the value of that approximate representation of the drift by saying that there are certain items in the Budget that did not shift. There was one item of, approximately, £3,000,000 which represented Commonwealth grants. The hon. member deducts that fixed item from the other items in the total and determines the extent of the drift. That is hardly a fair way of doing it because when I submitted my figures I showed that on two occasions I sought to compare the percentage drift in New South Wales with the drift in the other States. I have not the figures before me now, but they show, approximately, that in Victoria, the percentage drift was something like 3 per cent.; that in South Australia it was 4 per cent.; and that in New South Wales it was also 4 per cent. Unless we are prepared to take the accounts of each State and analyse them by excluding other figures it is hardly fair, when debating a motion of this kind, to make dissections for one side only. I have never worked out, and neither have my officers, the extent of the drift in the form of percentages and individual items. The figures I gave were sent to me by the Treasury officials and were incorporated in the carefully prepared statement that I submitted to hon. members last week. I suggest to the ex-Minister that it somewhat weakens the value of his observations, from the point of view of their sincerity, to seek to analyse the figures in the way he did. That obviously serves to discredit the calculations on one side only and disregards their value for the purpose of comparison with other States.

Let me now deal with some of the more serious aspects of the former Minister's speech. The burden of the speech is that there is a financial drift. The whole purpose of his address showed that the extent of the drift, as indicated by a comparison of the estimates with the actual receipts, has not

received the attention of the Government nor of the Premier himself. The fact is that, prior to the dinner adjournment, I dealt very adequately with the presentation of the Budget to the present time. Surely the hon. member for Ryde has made no new discovery. It is not a discovery that the hon. member made to-day or yesterday. From what he said he has been concerned about it for some time, but that did not prevent the hon. member from working in close collaboration with my very capable colleague, the present Colonial Treasurer. The hon. member had the best professional assistance in dealing with what admittedly is not an alarming position but a difficult position. No one can fairly accuse me, as Premier, with not having informed the House, the Loan Council and the banks, of the extent of the drift. No one can accuse me of not having, from time to time, made public through the published statements of the Treasury and other statements, the fact that a difficult position has arisen, not only in regard to this State, but also in regard to other States. It was because of this difficulty that has arisen over the last six months in regard to the finances that the Government and I, personally, decided that the whole range of public expenditures needed careful review and scrutiny, and that all commitments entered into by departments, even if Parliament had appropriated the moneys for the purposes of those commitments, should be thoroughly scrutinised by the Treasurer and, in certain instances, by Cabinet.

As far back as January of this year, and even before that, I laid it down and indicated to each of my colleagues that no new commitments should be entered into without the knowledge and approval of the Treasurer. That was certainly a prudent course. That course was prompted not by a desire to engage in retrenchment, or to create difficulties in the spending departments, but by the sheer necessities of the situation. I suggest to the hon. member for Ryde that it was an instruction from the Premier and Cabinet that must have

caused some degree of irritation in the departments that are concerned with the spending of public moneys, and particularly in the department which he then controlled, because of the practice that had grown up of making contracts and entering into agreements and arrangements with local government bodies for the purpose of subsidised schemes. The practice was not only to make agreements and arrangements, but also to enter into them without consulting the Treasurer, and without indicating to the Treasury the extent of those commitments. I have frequently mentioned in Cabinet, and to my colleagues, that I believed that the scheme of subsidised local government works, was one with whose principle I heartily agreed, but I was not prepared, in view of what I knew to be a financial drift throughout the whole of Australia—

Captain DUNN: Not in Queensland!

Mr. STEVENS: Excluding Queensland, where there is a system of review of expenditures which requires that no sum in excess of £500 shall be spent by a Minister without the approval of Cabinet. Indeed, in that State it has long since been arranged that no public work shall be undertaken either for relief or any other purpose unless prior estimates of cost have been made, and unless they are considered to be works of productive and developmental value. I am not concerned with the Premier of Queensland as a member of another political party. I heartily endorse the efforts made by his Government to bring the State expenditure under control and under the control of Cabinet by collective responsibility. This Government has instituted a system of collective control of expenditure through sheer necessity created by existing conditions, and described by the ex-Minister as a drift in the financial position.

I am confident that as a result of the instructions that have already been given, the practice of embarking on public works in all the departments will be attended by a most careful review as to their probable cost and as to the financial implications that they will have in future

upon Treasury funds. I told my colleagues, not in any weak sense, of my review, not only of the methods of the refinancing of local government debts, but also of the practice of paying part of the interest cost on local government subsidies and loans which is to-day costing this State approximately half a million pounds per annum out of its revenue votes. As I said, I do not object to many of these works. Some of them are excellent projects, which have my support, but what I have insisted upon is that, in view of the new financial position, every one of them must be reviewed, not only by the Minister for Works, but also by the Treasurer himself. The Act gave the Minister for Works power to enter into agreements with the approval of the Treasurer, but time and again the Treasurer has drawn my attention to instances where agreements have been made without any opportunity being given him to review their cost and incidence. The very financial position to which the hon. member has referred and which he described as "a financial drift" was the reason why Cabinet decided upon a change in the control of public expenditures. I personally, as the chairman of the sub-committee of Cabinet, accept in future full responsibility for the financial implications of this altered policy. I think the statement made by the ex-Minister on the evening before he resigned is not only an indication of his own support of that policy, but is also a definite refutation of some of the suggestions that he has made in the House to-day. Let me remind hon. members of the terms of his statement. He said:

I have never objected to the principle of sub-committee review of expenditures on unemployment relief, or any other works proposals, and that is not the issue at the present time. As I understand the position, the intention is to go out after a complete co-ordination of works activities of all spending departments, and I subscribe to that principle. The Treasurer, Mr. Mair, and myself, have discussed this matter and the machinery by which it can be implemented, and I feel sure that we can, by the closest collaboration, reach a formula by which it can be put into operation. The Premier authorises me to say that all my

colleagues in Cabinet are entirely in accord with the principle that the Government's policy should be to afford the greatest measure of relief work that is available during the coming year, and to avoid any increase in the number of food relief recipients, consistent with the funds available.

AN HON. MEMBER: Was that stated in the party room?

MR. STEVENS: Yes, and published in the press. The Minister told us this afternoon that there were other reasons for his resignation. I suggest to him that the evening before his resignation he was apparently satisfied that some degree of control of the expenditures of all departments was not only necessary and advisable, but absolutely essential in view of the financial position to which he had referred. I would remind the House that the Government's policy in relation to public expenditures has been carefully enunciated by myself, and the statement made in this morning's press, to which the ex-Minister referred, was an official statement as a result of Cabinet discussions. I will read it to the House just as it was issued to the press:

Cabinet decided that no variation of the relief works policy would occur pending a complete investigation of the possibility of transferring men to works of greater value from the point of view of defence and of development. An investigation will also be undertaken to determine the practicability of providing full-time work for as many as possible of those at present engaged on relief works.

Can anyone cavil at that policy? Will anyone say that a policy that proposes in future not to commence a public work, even if it is a relief work, without a prior estimate of cost and without regard to the part it plays in defence and development, is a policy that is in the worst interests of the State? Can anybody suggest that it is sound financial policy to countenance methods now that were all right in days of easy spending? I am bound to say that the method by which we propose in future to co-ordinate the activities of various departments, the method to which the hon. member himself has subscribed will produce the best results from the standpoint of financial stability, and ultimately

from the standpoint of those who depend upon the State for their livelihood. I do not propose to make any further specific observation in relation to the hon. member's speech—

MR. J. C. ROSS: Were all the works of the ex-Minister approved by the Government?

MR. STEVENS: No; all the unemployment relief works were approved by the Minister for Labour and Industry and gazetted as relief works, but no estimates of costs were prepared as a general rule beforehand.

MR. J. C. ROSS: And the Government approved them without estimates?

MR. STEVENS: Not the Government. The Minister for Labour and Industry proclaimed them as relief works. I do not condemn him for that, but the ex-Minister refers to financial drift and complains that no action has been taken to arrest it. My reply is that I, personally, am not prepared any longer to see perpetuated the system under which works costing in some instances hundreds of thousands of pounds, are entered into without prior estimating and very careful scrutiny. There is little more to say except to press this home, that it ill becomes one who has had years of experience in Cabinet life to complain that financial drift is receiving no attention, when one of the causes of his resignation was the institution of a system that sought to supervise the character and the extent of the cost of those very works. Financial stability is secured by such a system.

MR. MUTTON: The Premier does not suggest that the money was wrongly spent!

MR. STEVENS: I do not say that money was wrongly spent, but that some of the works that have cost colossal sums could very well have given place to works of greater value.

MR. SPOONER: Why did not the Premier say that a couple of years ago?

MR. STEVENS: Particularly at the present time there is need to conserve the resources of the State and to eliminate works that are unnecessary,

having regard to the need for developmental works and works of a defence character. That is an effective reply to the suggestion that no action has been taken to arrest the financial drift.

Mr. SPOONER: If that were correct what a neglect it would be on your part to let it go on!

Mr. STEVENS: I agree with the ex-Minister. Had I not early in the calendar year, in view of the change in the financial position, taken steps to see that these expenditures were brought under direct control, I would have been recreant to my trust. I found myself not openly, but actively criticised for trying to bring these expenditures under the control, influence and direction that I am now exercising. I repeat that the methods by which unemployment relief moneys have been spent in times gone by were justified by the emergencies of the day, but the change in the financial position, to which this motion draws attention, is surely sufficient to justify and to render imperative a departure from the methods adopted in the days of easy spending that preceded it. As to the suggestion that the Government has an idea of retrenchment and a retrograde policy, and that these alleged motives are behind the change in financial policy, I suggest to the hon. member one to which he cannot subscribe to-day, because a few days ago he agreed that the policy was necessary. He knows, and every hon. member on the Government side of the House knows, that the Government's policy in relation to the unemployed and to works and development, is a policy that is directed towards giving the maximum degree of employment to the greatest possible number of men, and converting these expenditures into expenditures of greater value both from the standpoint of development and of defence.

I can regard the motion of the hon. member only as a motion of direct censure on the Government. It does not become any less a motion of censure because the hon. member for Ryde says it is not a motion of censure. If the hon. member believes even

a part of what he said during the course of his speech the better course for him to follow would be to move a motion of censure. So far as I am personally concerned, I hope and I trust that this process of irritation and of embarrassment, so definitely commenced and so actively pursued by a certain number of hon. members, will quickly cease or else it will be brought to a definite issue on the floor of the House.

I defy any board of directors in any corporation, or in any public or private enterprise, calmly and dispassionately to give attention to the problems of their office and of their industries when they are constantly under the influence of criticism from the enemies that are within. Surely it is much better openly to charge and openly to censure a Government than to engage in tactics that are calculated continuously to embarrass, to irritate and to destroy the very conditions of calm and dispassionate consideration. Nobody knows better than the hon. member for Ryde that during the last four weeks, and previously, the Government has given the closest considerations to its financial policy and its policy of works for the relief of unemployment. We have dealt with the position as it has arisen, and the hon. member is aware that right up to the time of his leaving the Cabinet there were full and lengthy discussions on various phases of policy.

The Government is determined to go ahead with its policy, to bring its proposals in the form of legislation before the House and to explain in detail the reasons for the changes to be made. The Government asks, and I ask that those members who were sent into the House to support it, should at least whole heartedly and calmly support it instead of bringing down nebulous motions that have nothing constructive in them, and that seek to destroy the prestige and the credit of the Government in the eyes of the House and of the country. Instead of doing that let us have something definitely constructive that we can deal with here and now as a means of meeting a position that in this State is admittedly difficult, but is not one beyond



the capacity of members to control. I should like the House to do that, and I would say, Mr. Speaker, that I regard this motion as a direct attempt to censure the Government. I accept it as such.

By consent, I table the statement of receipts and payments for the year 1938-39 on account of social services.

Mr. LANG (Auburn) [8.35]: I have listened to all that has been said, and I propose to make a few running comments as they occur to me. Down the course of many years I have heard the same words. I am tired of listening to speeches that Parliament is being degraded in the eyes of the public. It is not only a hardy annual but a quarterly one. Hitherto it has been directed to members of the Opposition, particularly to myself. Any criticism of the Premier is regarded as degrading Parliament, and an hon. member who indulges in it speaks without a sense of responsibility. Now the ex-Minister for Public Works and Local Government and Assistant-Treasurer is a man who is degrading Parliament in the eyes of the country and who is a member of Parliament without a sense of responsibility! If hon. members are prepared to put up with that, well and good. The Premier and leader of the House has a certain small number of phrases which he reels off whenever he receives criticism. He is not manly enough to stand up and take criticism. He talks about personal abuse, but from my recollection no hon. member has indulged in the use of more uncalled-for and unjust statements. He now attempts to belittle his former colleague. His concluding remarks in effect were: "You dare to be men, never mind about being members of Parliament." He says that he will regard the motion as one of censure. He virtually says, "I have something behind my back and if you dare to vote for the motion, well, there is something coming to you," and he threatens a dissolution. As if he could do it. There is a constitutional authority. This Parliament has not run half its course, and there is no constitutional authority that would dare to grant a dissolution.

It is impudence to suggest that hon. members have no sense of responsibility. If they endeavour to do what their conscience directs them it is cheap and nasty to say that the speech or comment is degrading Parliament in the eyes of the community. The Premier endeavoured to ridicule the idea of earmarking special revenue for State purposes. If that were not done I should like to know how the Deputy-Premier, the Minister for Transport, would get on—if the metropolitan revenue from motor traffic were not earmarked for the largest portion of it to be spent in the country districts. There is special revenue for a special purpose, and there is also special expenditure, but the leader of the House abuses it. No wonder the former Treasurer of the Commonwealth, Mr. Casey, said that the Premier of New South Wales had only a superficial knowledge of finance! Then the Premier, to use his own words, "proposed now to tell the House something that he did not tell it last week." Why has he always got something hidden? Why does he not tell the whole truth—if he could? If he found himself in another jamb he would discover another statement to tell us, a statement at total variance with all that had gone before.

Then he told us another tale about the Income Tax Department. Everyone knows that right down the years it has been the practice to have a carry-over of income tax from 30th June on. Upon that carry-over Treasurers rely to carry on in the early months of the new financial year. That is the traditional practice in all democratic countries, as far as I am able to read. The Premier says that the Treasurer asked the Taxation Commissioner to investigate to see if he could not get in more, which only shows that if he wants to get a surplus he asks that a certain amount of money be collected, and if he wants to reduce his surplus for an election he estimates a lesser amount and has a bigger carry-over. I can remember in past years that this was made a question on the floor of the House and the newspapers took it up and thrashed it out, but the practice went on.

The Premier said that there would be no new expenditure without submission to a subcommittee of Ministers, or even to Cabinet itself, the reason being the serious position of the finances. Yet only a few moments before he had told us that there was no special financial difficulty confronting this State. He went on to speak of the sheer necessity for the control of finances and the days of difficulty that we are in, and over and over again spoke of the financial drift. That is what the ex-Minister for Public Works and Local Government has been saying. There has been a policy of drift, and anybody ought to have seen it. The Government has formulated no policy to meet the difficulty that the Premier himself admits. Though he went to a lot of trouble to show how wages tax and special income tax were collected, pointing it out as a sort of super-tax, he neglected to justify or to give any reason for it. The reason why there has been no kick from the public against the super-taxation is that it is all alleged to have been imposed for the relief of unemployment. It does not matter whether it is the man on £2 or £3 or £4 a week who is paying the tax, or the man earning over £8, whether it is the company or the individual. The super-tax is put on for the relief of unemployment, and if the Premier diverts that money to another channel he is extracting it from the people under false pretences. Just where it comes from does not matter. Even if it comes from the large companies connected with the brick combine or the glass combine or the steel combine, all extracting enormous profits from the country, what right has any man to say that because they make enormous profits their contribution should not go to the poor man, but should be used to balance the Budget—to fake the Budget to make a surplus?

Then the Premier said that all this money had been spent on new services that came into being during and since the depression. He did not tell us what

they were, but put in a document to appear in *Hansard*. These are some of the "new services":—

	£
Administrative Expenses . . . .	241,000
Food Relief . . . . .	1,419,000
Family Endowment . . . . .	1,363,000
Widows' Pensions . . . . .	630,000
Relief to Deserted Wives, Child Welfare . . . . .	244,000
Maintenance of Children . . . .	37,000
Works, Loans, Grants, etc., for the Relief of Unemployed . .	405,000
Training of Apprentices, and Technical Education . . . . .	197,000

The last is the only new one.

Mr. SANDERS: They are new since the depression period!

Mr. LANG: Everyone knows that family endowment and widows' pensions were paid before the last elections. Hon. members will be fair and say that the only new item is the training of apprentices. The list goes on to show:

	£
Remission of Capital Debt Charges . . . . .	425,000
Subsidy to Councils . . . . .	67,000
Miscellaneous Social Services Debt Charges, Unemployed Relief Expenditure from General Loan Act . . . . .	30,000
	1,180,000

The only one omission from the list is the Sutherland to Cronulla railway! With reference to repayments to the credit of consolidated revenue, the hon. member for Ryde has shown how these were inflated. The point the hon. member for Ryde made was that there was no necessity for inflation; it must have been deliberate; it must have been sought for, and it must have been put before Parliament to try to make a balanced budget by sheer manipulation. He estimated with regard to payments to consolidated revenue, that £432,000 would be received. The Government collected £290,000, and the previous year it collected £421,000.

The Premier said that the Metropolitan Water, Sewerage and Drainage Board owed the Government £90,000 in interest, that it did not pay it, but kept it back so as to retain men in work. If it was for the purpose of keeping men in work it was the Government's contribution, and it would be only a cross entry and would go into

the next year's accounts. I heard no explanation from the Premier when in those dark days of 1930-31, and I had to clean up all the mess left by the Premier, the same Metropolitan Water, Sewerage, and Drainage Board had repudiated its liabilities to the extent of something over £1,000,000 because the Commonwealth Bank told the board that it would get no money if it attempted to pay interest to the Government. So, at the behest of the late Sir Robert Gibson, the board refused payment. When the present Government took office, however, it took credit for that amount of money when it was paid in the next year. Speaking of the Labour Government, it has never repudiated, but a statutory body did repudiate at the request of the Commonwealth Bank. So much for that.

Coming to members of the Country party, just see how they stand for this sort of backing and filling. The Premier referred to transfers under section 31 of the Audit Act of 1902. Last year the Treasury received under this heading £1,150,021, and the Government estimated in the Budget that £250,000 would be derived from this source. Where was the justification for that? The Premier came along and said that the reason for that must have been that the Treasury officials—generally they have to carry the burden—had under this heading paid the unexpended balance of the income from the flour tax. Hon. members will please take their minds back to a number of questions that were asked, even questions that I myself asked, as to who was being paid the wheat subsidy, the farmer or the supervisor.

Mr. MAIR: The farmer!

Mr. LANG: We asked that. That money would not have been paid to the farmers but for the uproar that took place. It was the deliberate policy of the Government to do that. It was only because of the outcry in the country and in the House that

the money was paid not to the supervisors, nor to the bailiffs, but to the wheat-growers.

Mr. MAIR: Was that the bounty?

Mr. LANG: Yes.

Mr. MAIR: No, portion of it!

Captain DUNN: When the farmer got that money, his sustenance payments were withheld!

Mr. LANG: Yes. This scrap has not been all one-sided. This is only 1st August, yet on 24th July of this year the *Border Morning Mail*, published in Albury, in the electorate of the Treasurer, contained a leading article to which I desire to refer. Listening to the Premier, anyone would imagine that the hon. member for Ryde was doing all this and was disloyal to something. If this article is meant to be a slur on the hon. member for Ryde, the Government has been living down the years on fake and humbug, and as near as it can get to fraud. The leading article reads:

*Heavy Increases of Tax.*

*Statement by Mr. Mair.*

One reason for the falling-off in revenue is very obvious. It can be illustrated by a report of what happened in Albury a couple of years ago. The Department of Works and Local Government, of which Mr. Spooner was the Minister, offered to accept £80,000 for £116,000 owed by the municipality for water and sewerage, and further to pay any interest exceeding 3½ per cent. for the £80,000, which the council would have to borrow from another source to satisfy the Government. The Government received £80,000 which it subsequently spent or squandered, and lost between £4,000 and £5,000 a year in interest exclusive of principal repayments. This State is worse off by between £5,000 and £6,000 for Albury alone. As the same arrangement was made in most municipalities and shires throughout the State the annual loss of the Government became colossal. Mr. Spooner enjoyed brief affluence which his scheme conferred upon him, but his successors will have to pay.

Mr. ARTHUR: What is the date of that article?

Mr. LANG: It appeared in the *Border Morning Mail* published at Albury on 24th July last. There is justification

for every word spoken by the hon. member for Ryde his afternoon. If I can, I want to find out the truth.

AN HON. MEMBER: The leader of the Opposition never will!

MR. LANG: I think that it will be easy.

MR. BOOTH: Not so easy!

MR. LANG: I have a recollection of a few speeches that I made, conscientiously believing that I was rendering a great service to the community. But I was held up to ridicule and even members of the Opposition turned pale and gasped when I made charges regarding the Monier Pipe Works. The Premier produced a document and declared that "This man," meaning me, "is abusing parliamentary privilege and we shall have to take steps to prevent a repetition of it. He is a man with no sense of responsibility and makes the wildest of charges." The Premier then proceeded to say: "I have a list of the employees of the Monier Pipe Co-operative Employees Co. They are the shareholders. I know them."

MR. SANDERS: Some of them!

MR. LANG: From his air and expression, hon. members would have been led to believe that the Premier was among the employees. He was so "pally" with them. When I heard my own supporters gasp I thought that things looked pretty bad until I obtained a list of "fellow-workers" such as Sir Sydney Snow, Sir James Murdoch, and Swan. The Premier did not hesitate wickedly and viciously to take away my reputation. The hon. member for Vacluse, who announced that the hon. member for Ryde had told him that the Budget was faked and that the accounts had been manipulated, stood his ground; the hon. member for Ryde asserted that his memory was at fault. But the Premier did not hesitate to say that he believed the hon. member for Ryde did state that the Budget was faked. Now, the Premier declares that the hon. member for Ryde wrote him a letter which he should not have written, and that he returned it to the ex-Minister. The ex-Minister, in turn, said that it was untrue and he charged the

Premier with saying the following words on the telephone: "I have lost your letter. Will you please send me a copy?"

MR. E. M. ROBSON: Of course! Why did he want a copy?

MR. LANG: He obtained a copy because he had it here.

MR. E. M. ROBSON: The Premier did not disclose its contents!

MR. LANG: Not yet. The Premier declared that the letter from a Minister to the Premier should be regarded as a confidential document. If one such letter is confidential, all similar communications should be. But I have a recollection of a Minister who, when very ill and suffering from overwork, wrote a letter while obviously he was in a distressed frame of mind. The Premier came to the House and capitalised that letter.

MR. E. M. ROBSON: At question time I asked him to disclose the contents of the letter, but he refused!

MR. LANG: When the Premier made his first speech, I asked him to lay the letter on the table of the House, but he did not reply.

MR. LEE: They are holding a Cabinet meeting to decide it!

MR. LANG: Over and over again he refused to produce it. Later, he said, if my memory serves me correctly, that he would be willing to produce it if the hon. member for Ryde raised no objection. I understand that the hon. member for Ryde is quite prepared to agree. The Premier has been forced into it. Let us size him up. A few weeks ago, when it was known that the Superannuation Board had disposed of £1,000,000 of 4 per cent. Commonwealth bonds and paid the money into the Treasury, the hon. member for Goulburn asked him to give the particulars to the House. He replied that he would not interfere with the action of the board, and added that he had no knowledge of any adverse criticism by the Auditor-General regarding the the matter. But he knew that the transaction had been carried out. Hence he did not tell the truth. If I had to choose between the hon. member for Ryde and the man who

accuses him of discrediting Parliament and being irresponsible, I prefer to accept the word of the hon. member for Ryde to that of the man who "knew the employees of the Monier Pipe Works," who knows nothing about the Superannuation Fund transfer and who backs and fills all the time. In endeavouring to discover the truth, we must believe that it lies on the side of a man whom we have not caught out in a falsehood. We must cast our verdict against the man whose word we cannot accept.

Mr. ARKINS: The transaction mentioned by the leader of the Opposition occurred nearly eleven months ago!

Mr. C. A. KELLY: But it is still alive!

Mr. J. C. ROSS: The superannuation matter occurred in December last!

Mr. LEE: It does not make any difference!

Mr. LANG: That is not my point. Something improper was done, and the Opposition did not discover it until June. When the hon. member for Goulburn asked a question in relation to the matter, he did not receive a truthful reply.

Mr. MAIR: What answer did he get?

Mr. LANG: It was as follows:—

The whole of the investments of this board are in its own hands, and full details concerning them are incorporated in the reports of the board submitted to Parliament. I see no reason why the board should be asked to supplement those reports in any way.

Mr. SPEAKER: Order! Is the hon. member reading from *Hansard* of the current session?

Mr. LANG: I am stating a point that hon. members have to decide. They must do it without fear of a dissolution and without fear of the Premier asserting that he will accept it as a censure motion. They must act like men and judge for themselves. The Premier failed to answer some of the points raised. The hon. member for Ryde said that the finances of the State are still drifting. They have been drifting for a long time. Obviously they were drifting when the Budget for 1938-39 was drawn up because it was an untruthful Budget and inflated. The

hon. member also said that he wanted the Government to form a policy so that it would not go into the year 1939-40 without being able to come out with a clean sheet at the end. I ask hon. members to remember that precisely what the hon. member for Ryde said about the present Premier in 1938-39 was what happened in 1928-29 when the Premier was Treasurer in the Bavin Government. The hon. member for Ryde said that he tried twice to have the matter treated as urgent. Failing on both occasions he endeavoured to have the matter brought before a meeting of the United Australia party. Again he was frustrated by the Premier. Are those things true? The Premier has not replied to them. Finally, the hon. member was compelled to ventilate the matter on the floor of the House. And still there has been no reply to his charges. It should be unnecessary for me to repeat what I have said over the years, that when the Premier is in a jamb he will never accept the responsibility. Always he claims that some official or public servant has been at fault. It was only confirmation of my knowledge to have the hon. member for Ryde say the same thing. Finally, the hon. member wrote a full and an urgent letter on 29th May. That date must have burned into the mind of everybody. At first I was a bit puzzled about this letter written on the 27th May, evidently a Saturday, and the covering letter of the 29th May. Both were sent on 29th May. Hon. members want to see that important letter written on the 27th, by the then Minister for Public Works and Local Government. It is a letter that all should see and I think that we shall see it because the public will demand to know what is in it.

The hon. member for Ryde said that his reason for doing these things was the complete failure of the 1938-39 Budget and its production, not of a £2,000,000 deficit as admitted by the Premier, but of a £4,500,000 deficit; that that so deteriorated the position that it makes the prospects of 1939-40 hopeless unless immediate and drastic steps

are taken to rectify matters. Such steps should have been taken before the 30th June. As the hon. member said, one-twelfth of the new financial year has passed; we are in August and the decline in the State's finances is proceeding at the same alarming rate. The hon. member made a very serious charge, one that I have made outside myself. He said that when the embarrassing position had been put to the Premier and the present Treasurer and they could see the frightful condition into which the State finances had drifted they could propose to do only one thing, retrench the public service and wrench the necessary money from unemployed relief works.

Mr. HANKINSON: The Government is not doing that!

Mr. LANG: The hon. member for Murrumbidgee is in a difficult position. When I discover these things and put them before the House supporters of the Government say that that is the job of the leader of the Opposition, that he is here to find faults if he can. But I have to find those faults from outside. This time they are revealed from inside and by the most expert man in financial matters in this House. In effect the hon. member for Ryde said that under the insistent pressure that he as Minister for Works and Local Government put on the Government trying to force it to formulate its policy, all that the Government could do was to propose to retrench public servants, take money away from unemployed and relief workers, and sack them. In his speech the Premier made no reference to that very serious charge. All that the Premier had to do was to say that there was no truth in it, that the Government did not propose to retrench public servants and make them stand the racket, or to put more men and women on the dole. But he did not give an answer to the charge. He went on another tack altogether, dealing with hordes of figures and refraining from any reference to the charges made by the hon. member for Ryde. That hon. member said that the Government is as far off formulating a

policy as it ever was. Instead of answering that charge the Premier went off at a tangent. He said that he had not been dilatory. Had he not written to Victoria and sent someone to find out what happened in Queensland? Did he not go to the Loan Council, tell them that he was going to have a deficit of £2,000,000, and borrow £2,000,000? Does the Premier propose to go to the Loan Council next year and ask for an additional £6,000,000? Is he waiting for something to turn up? If he is, Micawber would have nothing on him. The hon. member for Ryde says the Government has no policy. That is true. The hon. member also said that the Government is still considering its estimates and still appointing sub-committees. All I can say is that if the Government is not careful it will soon have more committees set up than there are unemployed. These committees are still examining various schemes. The former Minister also said that the Premier has tried to shift his responsibility. The Premier says, "I am not guilty" and washes his hands in invisible water. He tries to shift his responsibility on to someone else. It is true, as the hon. member for Ryde said, that the Government has no policy. The alleged deficit in the public accounts we are told is £2,750,000. That is what the Premier said it was, but the statement is not correct. The Premier also said that half the deficit was due to railway losses. His statement about the deficit was not true. Evidently it was a faked statement and he blamed the railways. The Premier told hon. members that even though the last budget was not correct it was an honest attempt to present a true statement of the State's finances. When the Premier is told that there is something wrong with the Budget he turns round and puts the responsibility on the officials of the Treasury. The Premier, in effect, says, "I woke up after seven years of office and saw that the brake ought to be put on expenditure. I have been asleep for seven years, and when I awoke I discovered the awful debt that has come

upon the country. The hon. member for Ryde has put it over us. After seven years I have made up my mind."

Mr. LEE: Did the Premier make up his mind or did someone make it up for him?

Mr. LANG: I do not know. The hon. member for Drummoyne should know more about the matter than I do.

Mr. LEE: I do!

Mr. LANG: Although the Treasury officials honestly attempt to prepare the Budget with the greatest degree of accuracy the Premier has tried to shift his responsibility on to them. Why not be honest and say what the real deficit is. He said, finally, that he admitted what the hon. member for Ryde said, but the fact is that although the House voted £1,400,000 for the relief of unemployment the Premier deliberately used £1,000,000 of that amount for another purpose. The relief workers did not benefit from it. Then the Premier resorted to subterfuge and trickery by taking money from the State Superannuation Board. That was a dastardly thing to do because the money belonged to the public servants. That money had been invested in Commonwealth bonds at 4 per cent., but the Premier says "No, that money should be in the Treasury."

Mr. LEE: Were the bonds sold at a discount?

Mr. LANG: I do not know.

Mr. MAIR: The bonds were not sold at a discount. All were sold at slightly over par!

Mr. LANG: The Premier then went to the Loan Council for money for the Metropolitan Water, Sewerage and Drainage Board, and said to the Superannuation Board, "You have £7,000,000 worth of securities. Lend us the money." And the public debt has been increased by £1,000,000.

Mr. TULLY: Some other Government will have to replace the money!

Mr. LANG: Yes. That is wrong, and interest has to be paid. The other night hon. members debated a measure the object of which is to extend the service of Mr. Stening, a member of the Milk

Board, for three years. Mr. Stening has reached the retiring age and is now illegally acting as a member of the board. What is that if it is not patronage? It would be called a much nastier word outside. The man who caused Sir Philip Game, when Governor of New South Wales, to dismiss the Labour Government was Colonel Beardsmore, who is a member of the Superannuation Board. Although he had reached the retiring age he was appointed chairman of the board at a higher salary than he had been paid in his previous position.

Mr. SANDERS: Not chairman—a member of the board!

Mr. LANG: Colonel Beardsmore should have retired after his forty years of service. He can remain a member of the board until he is 68 or 69.

Mr. W. DAVIES: He has done the dirty work!

Mr. LANG: Colonel Beardsmore does the "million pound job" for the Stevens Government in respect of the sale of bonds. We could have no clearer statement than that made by the hon. member for Ryde. His training as an accountant enables him to use language which can be easily understood by the business man. He has told us that when the Premier obtained £1,000,000 from the Superannuation Board, he reduced his deficit from £3,750,000 to £2,750,000. Is not that faking and manipulation? In plain, simple language, the Premier obtained this million pounds to bolster up his cash position.

Mr. LAMB: Had such a thing been done by an officer of a public company, he would have been put in gaol!

Mr. LANG: Yet it was done by the Premier. When the supporters of the Government questioned the accuracy of the figures quoted by the hon. member for Ryde, he said that his statements represented his deliberate and considered opinion. He stood right up to his statement and it has not been disputed. He invited the Premier to deny his assertions. Strangely enough, the Premier has made no reply. He has played the coward's part and ignored the statement altogether. The hon. member for Ryde

said that the deficit of £2,750,000 was a lie, and that had it not been for the £1,000,000 obtained from the Superannuation Fund the deficit would have been £3,750,000. He also stated that the estimated increased revenue from the railways in respect of fares and freights was £300,000. The hon. member for Mudgee has reminded me that the Government was committed to an expenditure of £90,000 for national insurance in respect of its employees, but did not have to pay it. The hon. member for Ryde showed that the Estimates were wrong to the extent of £4,000,000, and that the true deficit in New South Wales was £4,350,000. That charge has not been answered, and the reason is that it cannot be truthfully answered. Then the hon. member for Ryde made a smart calculation for which he deserves every credit. I know it is said that figures can be made to prove anything; that figures never lie, but figurers often do. The hon. member for Ryde pointed out that this State receives approximately £3,000,000 under the financial agreement, and that whereas the Premier said that the falling away in revenue receipts was only 4 per cent., it was actually 10 per cent. What is a difference of 6 per cent. on £50,000,000? It is, of course, nothing to the Premier, so long as he does not have to pay it. This is the considered opinion of an expert, and Government supporters must decide for themselves whether the Premier or the ex-Minister for Works and Local Government is right. Clearly the honours lie with the hon. member for Ryde, because there can be no increase or decrease in the money received from the Commonwealth Government and in many other payments. The hon. member for Ryde has definitely shown that the revenue has fallen away, not by 4 per cent., as stated by the Premier, but by 10 per cent. We must ask ourselves whether the Premier has lied, and whether he had deceived anybody. If Government supporters wish to find out where the truth lies, they can find ample assistance in that direction from the statements of the ex-Minister for Works and Local Government. Some men will

stop at nothing. The reference of the hon. member for Ryde to "Miscellaneous receipts" was most deadly, because it is clear that the figures have been manipulated. The Premier evidently considered that "Miscellaneous receipts" could stand a little boosting, so up they went.

Mr. SANDERS: The leader of the Opposition should know all about that!

Mr. LANG: I know, because I followed a good many slick Treasurers. As Treasurer in the Storey Government, I had to straighten out the mess left by the Holman-Fuller Government. I had to follow on the Premier in 1930 after his 1929 orgy. The hon. member for Ryde made another deliberate charge that has not been answered. He said to the Premier, "Did the Government know the condition of the Budget?" As no reply was forthcoming from the Government, the hon. member answered his own question. He said that the Government did not know. That statement has not been answered, although everybody knows that it is true. Late last year a national policy was wanted for the Commonwealth and the press suggested that Mr. Stevens was the man to give it us. He left things in abeyance while he tried to get into the Federal Parliament. In the New Year there was similar propaganda. As the hon. member for Ryde said, that was all right. The press could boom the Premier as the man who ought to be in the Federal Parliament, but he could get no one to give up his seat to enable him to get there. That was the whole trouble. The Premier was not inclined to inform everybody of the state of the Budget. He was not going to let all Australia know that it was manipulated because if he did he would not be able to get into the Federal Parliament.

Some one said in the press that the hon. member for Ryde was deserting the sinking ship. It was the Premier who wanted to desert the sinking ship in order that he might get into the Federal Parliament. He tried to put the responsibility on the other man. The hon. member for Ryde said—and hon. members surely will not be satisfied unless they get an answer—that



the Premier promised him there would be revised estimates and revised taxation in February. Either the Premier made that promise or he did not. The Premier has not answered. The hon. member for Ryde continued his speech until he came to the notorious 27th or 29th May, when the letter was written. That letter is either lost, stolen or strayed. If anyone can get the original the country will have to see it. We will not be satisfied until we see the letter written on the 29th May.

Mr. S. A. LLOYD: And the 27th, too!

Mr. LANG: We want both letters, and we will not be satisfied until we get them. The ex-Minister said that he had forced the Premier to take action. There is a deficit of £4,000,000, and it is growing and growing. The ex-Minister said that the only thing the Premier proposed to do was to "take it out of the hide of the unemployed." The ex-Minister was very emphatic and dramatic. He said, striking the table, "I will not for one moment see the unemployed despoiled for want of a policy!"

Mr. J. C. ROSS: More power to him for saying so!

Mr. LANG: It is all very well for the Premier to say that the hon. member for Ryde is misinformed. He is always saying that sort of thing; it is his stock-in-trade, but he did not answer the questions put to him by the hon. member. I do not know whether the Treasurer will attempt to answer them or not, but the Premier has fallen down on the job. The hon. member for Ryde said that unless something can be done for the unemployed there will be at least 50,000 on the dole before Christmas. The deficit is more than £4,000,000 and it will be more next year. That has to be made up by the sacrifice of the civil servants and the unemployed. £1,000,000 has to be paid back to the Superannuation Fund and £1,000,000 to the Loan Council, but there is no cash in the Treasury. I do not know whether hon. members will stand for that and let it slide. The 1938-39 Budget is a disastrous one.

The *Morning Border Mail* contains a statement by the Treasurer that there is to be a heavy increase in taxation, and a new basis of relief work, that men are to be given permanent work in forestry camps, and instead of being employed two weeks in six or one week in seven there is to be continuous work for a few at award rates of pay. If that is so, the hon. member for Ryde has under-stated the position, because there will be considerably more than 50,000 on the dole. The hon. member for Ryde spoke quietly and effectively, but there were one of two "high spots" in his speech. It was delivered calmly and logically, and contained a sequence of facts, all of which makes it one of the most effective and devastating speeches ever declined in this House. He proved up to the hilt that the Budget was faked, that the accounts were manipulated, that the State is bankrupt, and the treasury empty—a terrible thing to say—and that the Premier is guilty of treachery. The hon. member for Ryde did not use the word "treachery," but he did prove treachery on the part of the Premier—a damnable act of treachery. A Government that is accused, as this Government is, cannot last, no matter what hon. members on the Government side do.

For years it has been reiterated over and over again that the Government has existed by taking trust funds and selling the people's securities. Every Government that I can recollect up to the time of Mr. Stevens occupation of the Treasury paid more than £300,000 to the Superannuation Fund. When the hon. member for Croydon was Treasurer in the Bayin Government he withheld those payments for three years. A former Treasurer, Sir Arthur Cocks, also withheld them. On each occasion when I followed a Nationalist Government as Treasurer I had to make up the amounts withheld from the Superannuation Fund and on each occasion when the hon. member for Croydon was Treasurer he took £300,000 a year from the fund and made no contributions to it. When I was Premier I did

everything possible to keep the Superannuation Fund solvent, but at the present time it is existing under hand to mouth conditions. The Government is under an obligation to pay these annual contributions. The Labour Government had to balance the Budget and make up the leeway; but immediately after the money was paid in it was taken out again. According to the Auditor-General and the *Sydney Morning Herald* the alleged surplus of 1937-38 was a fake, having been build up by the Government transferring capital invested in State enterprises to revenue account. That is what the Premier calls honest book-keeping, and honest accountancy but State assets such as the State Brickworks and other enterprises were sold and the amounts received by the Stevens Government were paid into revenue. Had this not been done, the Government would have had a deficit in 1937-38. The Premier would then have gone down in history as the only Treasurer in New South Wales who had never produced a surplus in his ministerial career.

The Premier brought pressure to bear on the trustees of the Superannuation Fund to sell public servants' assets in order to get him out of a difficulty. That is probably the basest act ever committed by a Treasurer in this State. He sold the bonds on the market while a loan was being financed. The loan was being raised to help the Commonwealth, and the States of Australia, and everybody knows that at that time one should refrain from floating any other loan. The Premier visited Canberra and joined in a discussion with Commonwealth and State Ministers to devise plans for launching a successful loan. The first essential of a successful loan is that interest rates should be kept down and that the market price of bonds should be forced up to a premium if possible. He left the Canberra discussion and the moment he reached Sydney he threw £1,000,000 worth of bonds on the market. That was a deliberate attempt to torpedo the loan and belittle national credit. That is the action of the man whose word hon. members are now asked to accept. Members who were in the

House in 1930 have seen all these things happen before. In 1929-30 when the Premier was Treasurer, he suspended the family endowment tax and reduced the taxes on big incomes. The result was a continual falling away in Government finance, just as is happening to-day. The Government was desperate and he employed shifts and tricks just as he is doing to-day. His deficits were understated. He refused to pay the customary amount to the Superannuation Fund. He manipulated the accounts and faked the Budget. When a difficulty arose he ran away and let another man carry the burden. Every hon. member knows how viciously he attacked the public service. He started rationing, and brought down the wages tax. The hon. member for Ryde has said that if the general revenue position is to be corrected it must be done over a period of years. If it is to be done by retrospective methods there is only one means, and that is the income and wages tax. If there is to be any increase in taxation it will not be imposed on the wealthy corporations. In 1929-30 the Premier, who was then Treasurer, would not face the real position and he will not face it to-day. On that occasion he reached a stage at which an empty Treasury forced the Government to go to the country. They went to the country and were annihilated. The Treasury position to-day is as bad as it was in the worst days of the depression. Hospital accounts have remained unpaid for months, Government payments are overdue everywhere, and it is common knowledge that even the public service salaries are a little difficult. The same methods are being applied in 1939 as in 1931 that the Premier is taking it out of the hides of the public servants and out of the unemployed. The hon. member for Ryde has pointed out that what the Premier is doing is making it difficult for any Government to face the depression. He is doing the same as he did in 1929-30, when he left New South Wales the worst equipped of all the States in the Commonwealth to face the depression. The words of the hon. member for Ryde were

prophetic when he said: "I do not want to see the New South Wales public accounts enter into this depression in the same way as they tail-spinned in the depression of 1930." Hon. members will have to decide where the truth lies. As we know them I have no hesitation in saying that the evidence is entirely with the hon. member for Ryde, and that if the Premier had any decency he would immediately put in his resignation.

Mr. SANDERS (Willoughby) [10.4]: I am not altogether interested in the argument during the last few days between the Premier and the hon. member for Ryde. I presume that in due time those matters will right themselves. I have every faith in the electors of both electorates just as I have in the electorate of Willoughby. I am rather surprised at what has happened in this Chamber to-day. The hon. member for Ryde as a private member chose in his right to submit to this House a certain motion, which was surely couched in respectful terms. It is the prerogative of a private member to do this, and the hon. member, to my way of thinking, has not offended in the motion he has moved. Anyone who could take offence at it is very thin skinned. There are three statements in this motion, and the only one that creates any argument is the first part. Surely, Mr. Speaker, that is honest criticism of an apparent position. Does anyone in this State or does any hon. member suggest that the State finances are not in a somewhat delicate condition?

An HON. MEMBER: That is putting it very mildly!

Mr. SANDERS: I want to be mild. At the moment I am thinking of the budgetary position. The second contention of the motion is one I suggest we are all in agreement with. Is not every member of this House, particularly on the Government side, in agreement with the second part, which reads:

That this House recommends to the Government the urgent necessity of a new financial policy for 1939-40, so that its resources may be strengthened, works and development may proceed, trade may be

revived and the Government's capacity for handling the problems of unemployment may be improved.

Mr. W. DAVIES: We are all in favour of it!

Mr. SANDERS: Of course, and it gives no offence. The third part is something that is going to be rather difficult for members of the Government side who feel that they wish to be consistent in their public and private utterances.

Mr. W. DAVIES: The Colonial Secretary will vote against it!

Mr. SPEAKER: Order! I ask the hon. member for Illawarra not to assist or prompt the hon. member.

Mr. SANDERS: Resolutions have been carried at certain conventions which we are in the habit of attending and at certain public meetings in our own districts—United Australia party branch meetings. All these resolutions support the third part of the motion, which declares that all the money obtained from this taxation method may be placed in a fund and used for the purpose of giving food and assistance to the unemployed. I believe all that, and the majority on the side of the Government believe it, and have said so, but where do we find ourselves to-day? When a motion embodies in it the very essential which we have preached are we going to be men or are we going to run away from it because it embodies something else? When the hon. member for Ryde moved this motion, which I say is no censure on the Government, but is merely corrective and honest criticism, he said he did not want it to be taken as a motion of censure, and it was going to be carried. Then, with the object of defeating it, the Premier said he would accept it as a motion of censure.

Mr. J. C. ROSS: Who said it is going to be defeated?

Mr. SANDERS: With the object of defeating it the Premier said he would take it as a motion of censure, and he gave the implication of an election. When I entered Parliament in 1925, I thought it was my duty—and I told my constituents so—to vote according to my honest convictions. Each time

I have tried to do so. Now I come to this position. A motion has been submitted to the House of which I approve, because I consider that the interests of the community would be served if it were carried. Threats and promises have no terrors for me. I am prepared to go to my masters to-morrow and say to them, "If you are satisfied with what I have done, re-elect me; if you are not satisfied, elect my opponent." But if I judge the electors of Willoughby aright, they will unhesitatingly assert that I did the right thing in voting in accordance with my honest convictions. Without any further explanation of my position I declare that I am in agreement with the terms of the motion and accordingly I shall vote for it.

Debate adjourned.

House adjourned at 10.12 p.m.

## Legislative Assembly.

Wednesday, 2 August, 1939.

Questions without Notice—State Finances—Adjournment (Goulburn Gaol).

Mr. SPEAKER took the chair.

The opening Prayer was read.

### QUESTIONS WITHOUT NOTICE.

Mr. SHANNON: I desire to ask the Colonial Secretary a question without notice—

Mr. STEVENS: Mr. Speaker, the Government does not propose to answer any questions to-day.

### STATE FINANCES.

Debate resumed (from 1st August, *vide* page 5647) on motion by Mr. Spooner:

(1) That in the opinion of this House the drift in the State's finances as disclosed by the Premier in his speech on Wednesday, 26th July, 1939, and by the

accounts and abstracts of receipts and payments just published has seriously weakened the Government's cash resources and created the present difficult financial position for 1939-1940.

(2) That this House recommends to the Government the urgent necessity of a new financial policy for 1939-40, so that its resources may be strengthened, works and development may proceed, trade may be revived and the Government's capacity for handling the problems of unemployment may be improved.

(3) That as one of the means to this end the House recommends the establishment by law of a separate trust account for the proceeds of the special income tax and wages tax to be earmarked exclusively for costs incurred or to be incurred for the relief of unemployment so that adequate provision may be made in 1939-40 for distress arising from this cause.

Mr. HEFFRON (Botany) [2.33]: The metropolitan newspapers this morning published welcome news—the first for a long time—which indicates the very early end of the Stevens Government. That end will not only be a matter of rejoicing for members of the Opposition, but will also be a matter of rejoicing for the community generally. Since the Government is treating this motion as a censure motion we can expect, when it is carried to-night, widespread rejoicing throughout the city and the suburbs. The Premier has brought this crisis upon himself and he has no one to blame but himself. The other day in this House the ex-Minister for Works was prepared to back graciously out of the argument that had arisen between himself and the Premier, and he made only a mild statement, but the Premier took advantage of the position and later gave the hon. member for Ryde a most unmerciful belabouring. However, he made a mistake in respect of the man with whom he was dealing, and he should have known better. He referred to him in this House as a fair weather sailor. Hon. members on this side of the House have at times disagreed strongly with the views and actions of the hon. member for Ryde, but at least we pay him the compliment that he is a hard fighter and a hard worker. During his term as Minister he did a lot of arduous and unpleasant work for