

A landscape of compliance, conflict and invention - an administrative history of the New South Wales Treasury, 1824–1976

Author:

Carew, Roberta Ann

Publication Date:

2008

DOI:

<https://doi.org/10.26190/unsworks/17947>

License:

<https://creativecommons.org/licenses/by-nc-nd/3.0/au/>

Link to license to see what you are allowed to do with this resource.

Downloaded from <http://hdl.handle.net/1959.4/41452> in <https://unsworks.unsw.edu.au> on 2024-04-30

**A LANDSCAPE OF COMPLIANCE,
CONFLICT AND INVENTION**

**AN ADMINISTRATIVE HISTORY OF
THE NEW SOUTH WALES TREASURY, 1824–1976**

Roberta Ann Carew BA (UNSW), Dip. Arch. Admin. (UNSW),
MA (Syd.), M.Lett (Syd.)

A Thesis in fulfilment of the requirements for the degree of Master of Arts (Research)

School of History
University of New South Wales
2008

ORIGINALITY STATEMENT

I hereby declare that this submission is my own work and to the best of my knowledge it contains no materials previously published or written by another person, or substantial proportions of material which have been accepted for the award of any other degree or diploma by UNSW or any other educational institution, except where due acknowledgment is made in the thesis. Any contribution made to the research by others, with whom I have worked at UNSW or elsewhere, is explicitly acknowledged in the thesis. I also declare that the intellectual content of this thesis is the product of my own work, except to the extent that assistance from others in the project's design and conception or in style, presentation and linguistic expression is acknowledged.

COPYRIGHT STATEMENT

- (a) I hereby grant to the University of New South Wales or its agents the right to archive and to make available my thesis in whole or part in the University libraries in all forms of media, now or hereafter known, subject to the provisions of the Copyright Act 1968. I retain all proprietary rights, such as patent rights. I also retain the right to use in future works (such as articles or books) all or part of this thesis or dissertation. I have either used no substantial portions of copyright material in my thesis or I have obtained permission to use copyright material; where permission has not been granted, I may apply for a partial restriction of the digital copy of my thesis.

- (b) Authenticity Statement

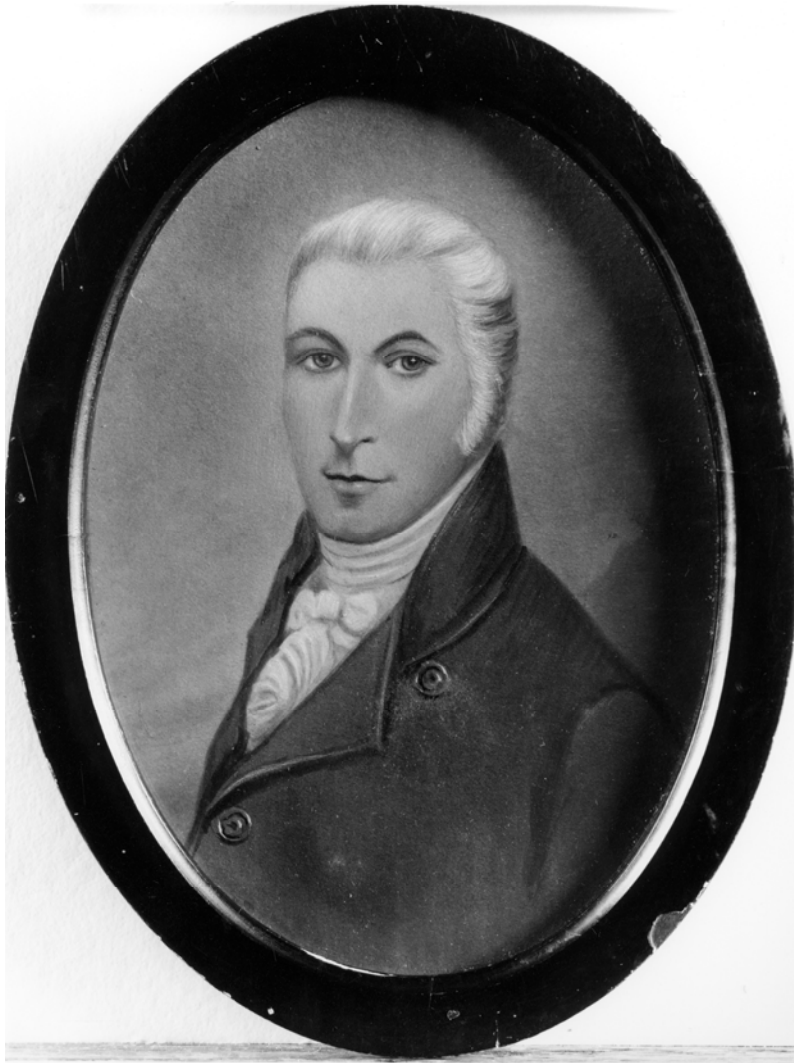
I certify that the Library deposit digital copy is a direct equivalent of the final officially approved version of my thesis. No emendation of content has occurred and if there are any minor variations in formatting, they are the result of the conversion to digital format.

Roberta Carew



Treasury Building Macquarie Street Sydney, 1852

(Watercolour, Jacob Jansen, 1852; Ownership: Mr Taylor;
lodged with the Mitchell Library (ML ref: Picture File))



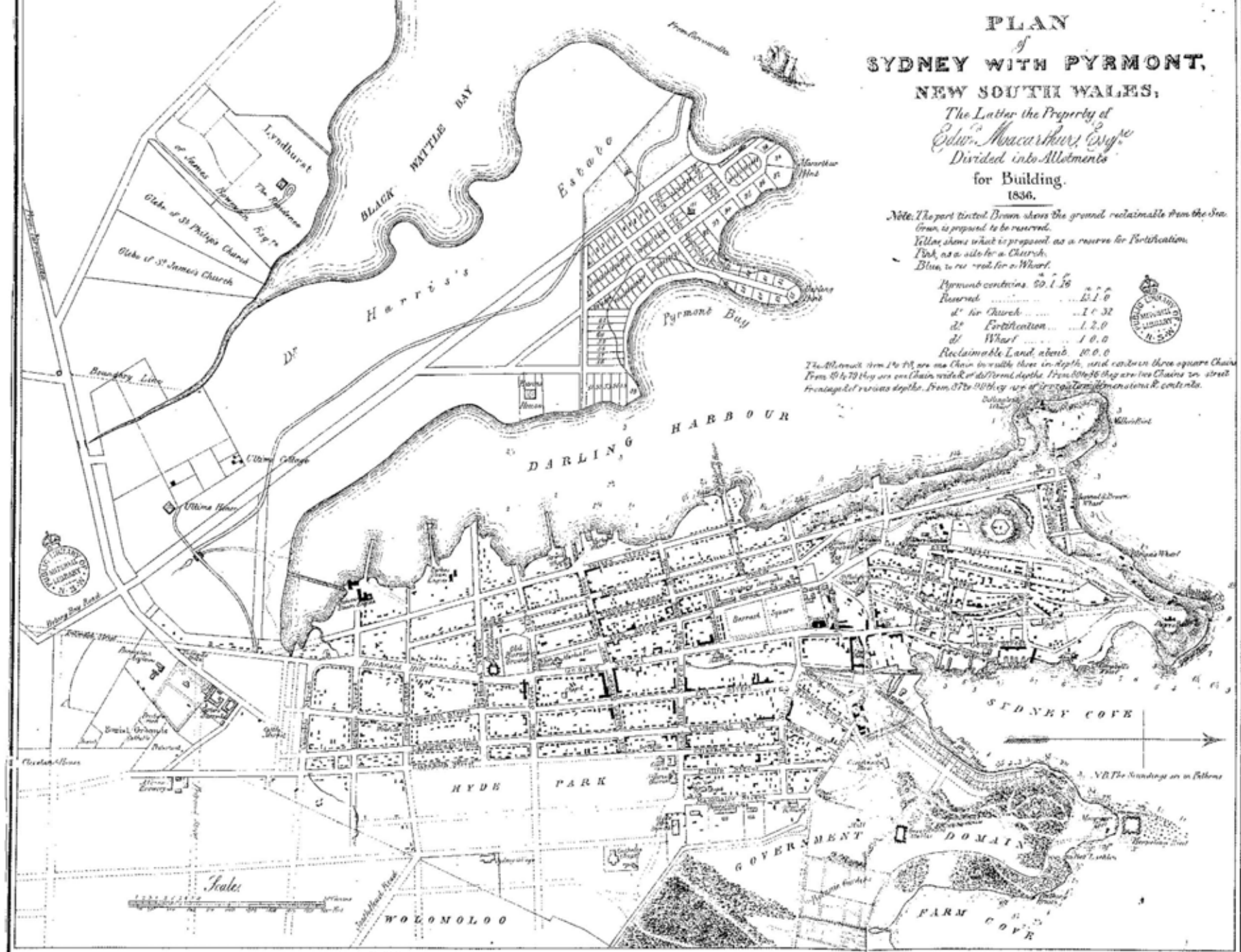
The first Commissary in New South Wales, 'the diligent and honest' Andrew Miller. ML Picture Collection)



The third Commissary David Allan was 'a compound of perfidy, hypocrisy and ... dishonesty.' Reproduction by kind permission of the Australasian Pioneers' Club (ML ref: PXB 101)



Commissioner John Thomas Bigge 1819-21
(ML ref: Picture collection P2/290)



Plan of Sydney With Pyrmont, NSW, 1836. Treasury is located on George Street, adjacent to the Barrack Square. Taken from Ashton, Paul and Waterson, Duncan, 1978, *Sydney Takes Shape*, Hema Maps Pty. Ltd. Brisbane p. 23



ARRIVAL OF THE GOVERNMENT GOLD CONVEYANCE AT THE COLONIAL TREASURY, SYDNEY, ON AUGUST 21 1851; FROM A SKETCH BY MARSHAL CLAXTON.



PERILOUS PERFORMANCE.

MR. EAGAR ON THE FINANCIAL TIGHT-ROPE.



PUNCH AND THE TREASURER.

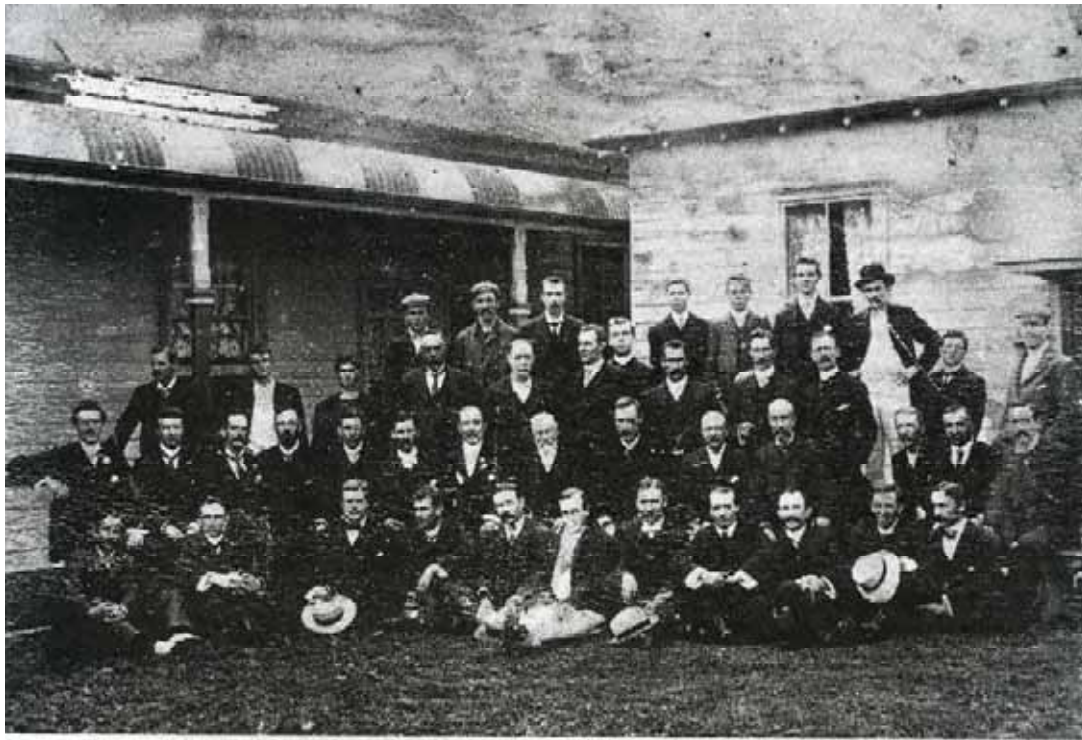
MR. EAGAR—Your health, Mr. PUNCH.

MR. PUNCH—Thank you, MR. EAGAR, I'm really very glad to see you back again.

(Sydney Punch 2 Feb. 1866.)



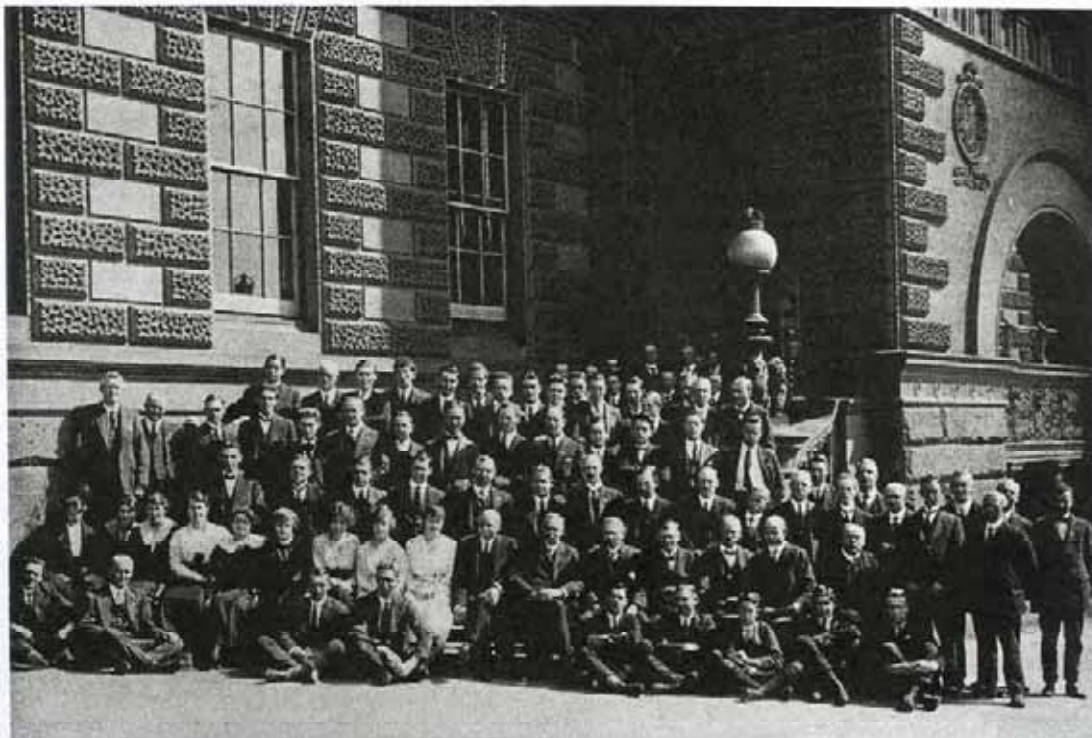
SOURCE: COMPILATION OF ALL EVIDENCE



Treasury Staff in 1903 (Mitchell Library)

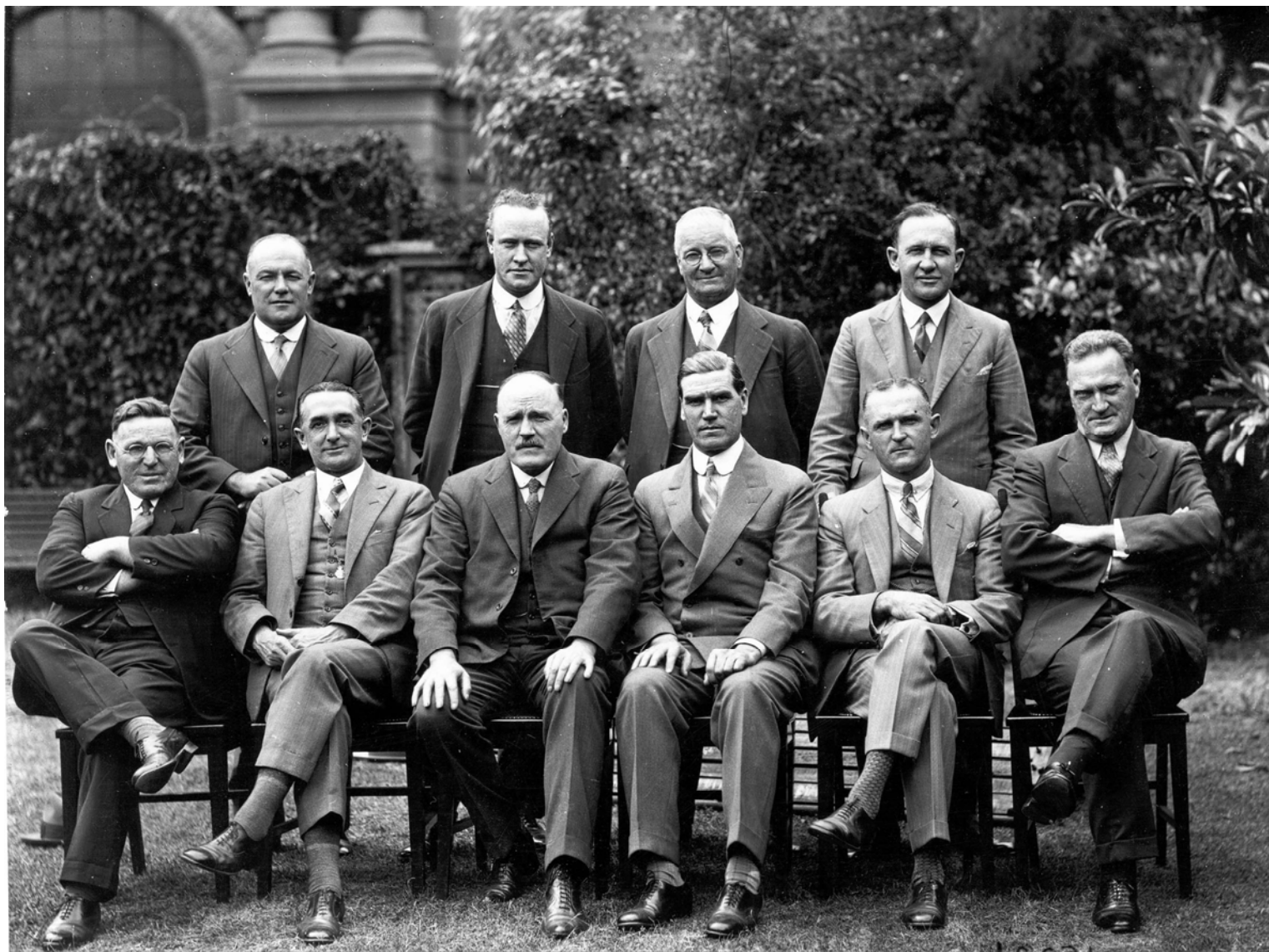
Francis Kirkpatrick was the Under Secretary and Thomas Waddell Treasurer in the See Ministry. It is supposed that Kirkpatrick is seated centre in the second row from the front. This is the only known photograph of the Under Secretary who was 63 years old at the time.

Waddell is seated to his left.



Treasury Staff in 1920 (Mitchell Library)

John Holliman was Under Secretary and John Fitzpatrick Treasurer. The number of women employed had increased significantly during the Great War. The imposing additions to the Treasury building imbue the staff with a certain hauteur and substance.



15326

LANG MINISTRY, NOVEMBER, 1931.

PPS 121.WA:43
FIGURE 3075.WA'

THE TREASURY, NEW SOUTH WALES,
SYDNEY, 13th April, 1932.

SUBJECT: Collections and Expenditure - Procedure to be followed.

Will you please instruct your Departmental Officers and Officers of your Sub-Departments, and other collecting Officers, including Industrial Undertakings, to -

- (1) Refrain from meeting any Governmental expenditure by the drawing of cheques until further advised.
- (2) Hold all moneys collected coming under their control until forwarded as mentioned hereunder.
- (3) Under no circumstances to pay receipts into any Bank.
- (4) All collections to be made in cash or if in any case it is necessary to take a cheque, such cheque must be cashed, if practicable, or, if the cheque or cheques cannot be cashed, such cheques must be "bearer" cheques made payable to "cash" or to a number, and crossed.

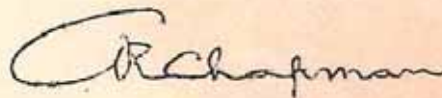
Cheques with specific crossings must not be accepted.

On no account must a cheque be officially marked either by stamp or otherwise.

- (5) All cash and cheques collected to be delivered to the Treasury, either direct or to the Departmental Head Office. Banks must not be used for this purpose but safe and suitable arrangements should be made for forwarding cash and cheques to the Treasury. For this purpose, it is suggested that it may be possible to use the organisation of the Railways.

For the information of Departments it might be stated that value envelopes may be obtained from Railway Stations and, where the money is remitted through the Railways, such envelopes containing the remittances should be addressed to the Head Office of the Department or to the Treasury; full details of the collections to accompany the remittances. The Transport Commissioners have undertaken to facilitate arrangements through their organisations for the remittance of cash to the Treasury.

- (6) Immediate action in this connection is necessary.



Under Secretary.

Special Note.

Treasurer
This, and subsequent Circulars on this file dated 22nd April and 10th May 1932 resulted in the Dismissal by the Governor of the Lang Ministry - on 13th May 1932.

H.R.

19/5/32

LEADING FIGURES IN YESTERDAY'S POLITICAL DEVELOPMENTS WHICH LED TO THE FALL OF THE LANG GOVERNMENT.



MR. J. T. LANG,
Who handed back his commission as Premier at the request
of the Governor.

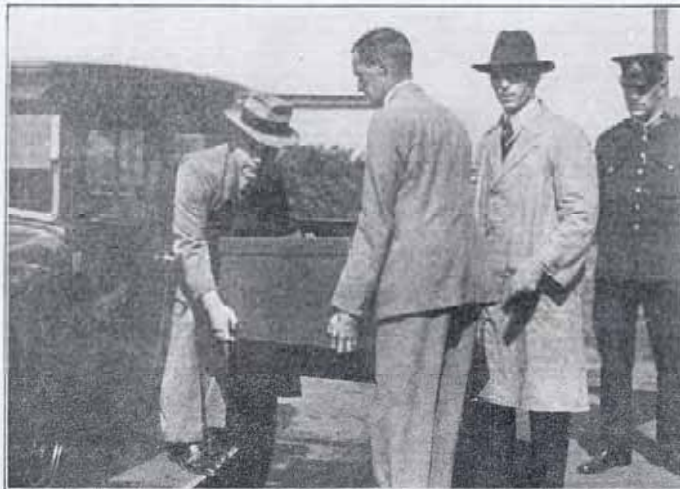


THE GOVERNOR, SIR PHILIP GAME,
who asked Mr. Lang to return his commission.



MR. B. S. STEVENS, LEADER OF THE U.A.P.,
who was commissioned last night to form a new
Government.

REMOVAL OF FUNDS AND DOCUMENTS FROM THE STATE TREASURY YESTERDAY BY ORDER OF THE NEW PREMIER.



BANKNOTES BEING REMOVED TO A CITY BANK FROM THE TREASURY.

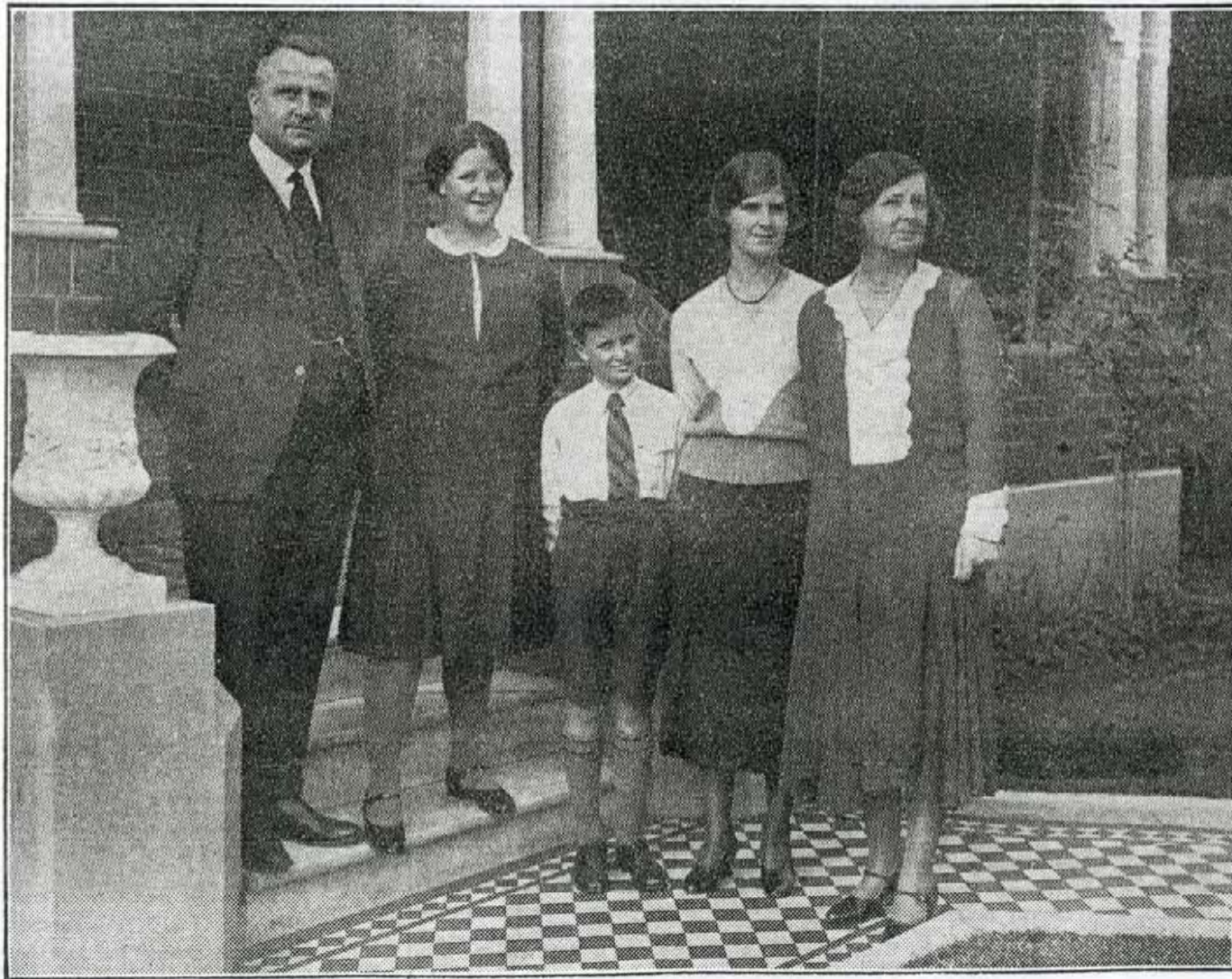


IMPORTANT DOCUMENTS BEING CARRIED FROM THE PREMIER'S DEPARTMENT.

Central figures in the dismissal of Premier Lang by Sir Philip Game 1932

1. Lang Ministry, November 1931.
Back Row, Left-right: J.M. Tully; James McGirr; J.M. Baddeley; W.J.McKell.
Front Row, left-right: Joseph Lamaro; William Davies; J.T.Lang; Mark Gosling; J.M.Concannon; W.F.Dunn. M.A..Davidson absent. (Government Printer 15326 (Parliament NSW Archives LC Coll. 2305))
2. Copy of the Treasury Circular of 13th April 1932 and sent by the Lang Government. It resulted in that Government's dismissal by the Governor, Sir Philip Game. (Parliament NSW Archives ref: LA)
3. Press Reports and leading figures in the dismissal, *SMH* 14th May 1932, p.16.
Treasury officers and police removing funds and documents from the Treasury Bank to a city bank. *SMH* 17th May 1932, p.12
4. Former Treasury Under Secretary and Premier of NSW Bertram Stevens with his family. *SMH* 16th May 1932, p.12

THE NEW PREMIER AND HIS FAMILY.



Mr. Stevens, the new Premier of New South Wales, and Mrs. Stevens with members of their family at home yesterday: From left, the Premier, Miss Lorna Stevens, Master Ken Stevens, Miss Gwen Stevens, and Mrs. Stevens.

(SMH 16th May 1932, p. 12)

TABLE OF CONTENTS

Illustrations	iv
Abstract	v
Abbreviations and Explanations	vii
Acknowledgements	ix
Chapter 1 Introduction and Literature Review	1
Chapter 2 Treasury's Antecedents	71
Chapter 3 The Bigge Report and Beyond, 1824–1829	107
Chapter 4 An Evolving Treasury, 1830–1856	139
Chapter 5 Treasury and the Constitution	181
Chapter 6 Geoffrey Eagar	203
Chapter 7 Financial Administration, 1871–1901	219
Chapter 8 Treasury and Federalism, 1901–1945	241
Chapter 9 Focus on Reform, 1900–1945	253
Chapter 10 Treasury's Ascendancy, 1945–1976	313
Chapter 11 Conclusion	361
APPENDICES	
Appendix A: Secretaries of the Treasury 1856–2005	369
Appendix B: Treasurers of New South Wales 1824–2005	373
Appendix C: NSW Treasury	383
Charts demonstrating:	
Average age of Secretaries at appointment and age distribution	Chart 1
Secretaries' place of birth and distribution	Chart 2
Secretaries' religion and distribution	Chart 3
Secretaries' qualifications	Chart 4
Appendix D: Sites of the Treasury	385
Appendix E: Bibliography	387

ILLUSTRATIONS

	<i>preceding page</i>
1 Treasury Building, Macquarie Street. Watercolour by Jacob Jansen, 1852	1
2 Commissaries Andrew Miller and David Allan	x
3 Commissioner John Thomas Bigge	x
4 Plan of Sydney indicating location of Treasury, 1836	x
5 Arrival of the Government Gold Conveyance at the Treasury 1851	x
6 Political Cartoons featuring Geoffrey Eagar. <i>Sydney Punch</i> , 1864 and 1871	x
7 Diagram indicating the Development of the Treasury Building Site, 1849–1900	x
8 Photographs of Treasury Staff, 1903 and 1920	x
Series of Photographs illustrating the Downfall of the Lang Government 1932	
9 The Lang Ministry 1931	x
10 The Fateful Treasury Circular	x
11 Leading Figures in the Fall of the Lang Government	x
12 Premier Stevens and Family	x

ABSTRACT

Ministerial responsibility is a corollary of the democratic process. An administrative component of that democratic expression is the Treasury. Federal, state or national treasuries have always played pivotal roles in the political, economic, social, technical and cultural evolution of the political arenas within which they function.

This thesis presents, for the first time, an institutional history of the New South Wales Treasury. It includes an analysis of its British antecedents, its establishment in the penal colony of New South Wales, by way of the Commissariat and Colonial Funds, and its subsequent development into one of the most influential State government departments.

What is fundamental to the successful and efficient administration of a Treasury in the twenty-first century was also true five thousand years ago. There is a universality of constant principles applying to the administration of the public purse and those principles have not altered over the millennia: security, accountability, transparency, efficiency and control. A component of a modern Treasury is its advisory capacity in financial matters.

This thesis, therefore, examines the application of those constants in the context of New South Wales over the previous one hundred and fifty years, 1824 to 1976. The New South Wales Treasury is examined specifically, as the vehicle for the adaptation and application of those constant principles attaching to the financial administration of the public purse.

An examination is also made of the growth of Treasury's internal structure, leadership, *modus operandi*, its response to administrative reform and its role in the public service. The inter-play between Treasury, Governors, Colonial Treasurers, and the public service are all vital elements in this exposition of Treasury. This history, therefore, analyses and dissects the influences that provided the impetus for a government agency to develop successfully, from a modest office of three in 1824, into the present day department of state.

ABBREVIATIONS AND EXPLANATIONS

Abbreviations

ADB Australian Dictionary of Biography

BPP British Parliamentary Papers

DT Daily Telegraph

PSB The NSW Public Service Board

SMH The Sydney Morning Herald

Terminology and Explanation

The British Treasury is referred to as Her Majesty's Treasury. In order to avoid confusion when reference is made to the imperial institution 'British' prefaces Treasury.

In New South Wales, between 1824 and 1856, Colonial Treasurers were public servants appointed under patronage and were the departmental heads. Between 1856 and 1885, the formal title of the head of Treasury was Under Secretary of Finance and Trade and Comptroller of Accounts. A complexity arose in 1923 when the permanent head, John Spence, was titled the Under Secretary and Director of Finance, Department of Treasury. This became necessary because, in certain Acts, the permanent head of the Treasury was designated Under Secretary to the Treasury or the Under Secretary of Finance and Trade. The permanent head was therefore appointed as Under Secretary to the Treasury and Under Secretary for Finance and Trade for the purposes of those Acts. Senior positions immediately below the Under Secretary at that time were the Emergency Under Secretary, the Chief Accountant and Deputy Director of Finance, and the Comptroller of Accounts. Andrew Lynch retired from this latter position in January 1925 and the position subsequently abolished. Under Secretary Thomas Kelly resumed the title adopting the additional designation Under Secretary and Comptroller of Accounts in 1937. This title was retained until 1986 when Percy Allan directed that the title Comptroller of Accounts be removed from the Chief Executive's title now condensed to Secretary of the Treasury. The use of the title Under Secretary in New

South Wales was a reflection of the English protocol, the incumbent being considered the Minister's aid.

(In the twentieth century in South Australia, Western Australia and Tasmania the permanent head of Treasury was titled Under-Treasurer; in Victoria, Director of Finance.)

Colonial Treasurer. After 1856 the term Colonial Treasurer was retained as the formal title of the Minister. Legislation in 1959, the Minister of the Crown Bill (No.4) 1959 removed 'Colonial'. The purpose of the Bill was to alter the titles of Ministers which included: Colonial Treasurer to Treasurer, Colonial Secretary to Chief Secretary and the Public Works, Lands and Mines portfolios from Secretary to Minister. The use of the word 'Colonial' in ministerial offices was considered a survival of early administrative and legislative policy and anachronistic.

Citations

In the citation of sources in the footnotes, I have used a short form reference system which identifies the work by author surname, short title and, as appropriate, publisher and page reference. A full citation of material referenced is located in the Bibliography.

ACKNOWLEDGMENTS

I must acknowledge the contributions of those who have assisted me in undertaking this work. Firstly, I owe to my supervisor Dr Beverley Kingston an appreciation for the continuing interest in this administrative history. Dr Kingston has a profound insight into the drivers of Australian history, confirmed in Seminars when on many occasions her colleagues deferred to her insights and wisdom. A special mention is due to Tony Mitchell, a colleague and friend, whose insights into Australian administrative and political history have in a number of instances directed me into areas of research and analyses. His dedication to the reading of my drafts has been keenly appreciated. Dr Elizabeth Farrow, a Stanford Ph.D. engineering graduate and a Treasury colleague, offered rare and valued insights into the complexities of structure and analysis.

I am indebted to obliging archivists and librarians, especially Fabian Lo Schiavo and Gail Davis in the Reading Room of the State Records of NSW; in the Mitchell Library, Jenny Broomhead (Copyright) and Mitchell Reading Room Librarians and Library Technicians. Jenny George, Treasury Executive Officer and colleague was my rock and staff in the pursuit of internal information, providing her computer expertise without hesitation when preparing overheads for History School presentations. Glen Grey, Treasury Records Manager offered invaluable assistance in retrieving twentieth century records as did Senior Treasury executives Graeme Bullivant and Cabinet Minute Secretary Gary Lambert. Robert Lawrie, Manager of the New South Wales Parliamentary Archives has made available to me many obscure and useful documents, resolving parliamentary questions and providing pictorial evidence especially of Treasurers. Annie Huang Ji Hong, Robert's Administrative Assistant (which title does not do justice to the work she does), has supported this work with Oriental humour, wisdom and a dazzling knowledge of IT.

I wish to acknowledge past and present Treasury officers who were delighted with the idea that someone was sufficiently interested in their contributions to public administration to write about them. It is to past and present Treasury men and women that I dedicate this thesis.

CHAPTER 1

INTRODUCTION AND LITERATURE REVIEW

For an organization to survive it must accommodate the changing demands of its composite parts and be able to adapt to external forces. These organizations come in many guises. For example, in stable communities financial institutions provide an administrative backbone for progress in supporting and encouraging economic activity. A treasury is the pre-eminent financial organization in a stable order of governance. This thesis is a study of one such institution, the New South Wales Treasury (hereinafter Treasury).

A Landscape of Compliance, Conflict and Invention is an analysis of this successful organization, the oldest surviving financial Government agency in Australasia. Though Treasury's function and organization has changed over time, it has retained its role and its working title since its establishment in 1824. Treasury has been a significant participant in the social, economic and political history of the State and in the development and administration of the State's public service. This thesis also provides an assessment of its *locus standi* in the State's history.

When I first entered the New South Wales public service in 1977 my knowledge of the methods and procedures of the New South Wales Treasury was limited, indeed, almost non-existent. I became aware, at my induction, of the public service's hierarchical structure and the significance of the New South Wales Public Service Board and its adjunct, the Treasury. These two government agencies were held in awe, if not fear, by most public servants. Their duality of purpose was unquestionable: achieving and maintaining efficiency, effectiveness and frugality. The Board hired and fired, the Treasury determined the parameters for departmental expenditure. The Board's lauded frugality, reinforced by Treasury, aroused fears of charges of economic recidivism if departmental heads did not comply in all matters concerning financial administration, at all times.

I was transferred subsequently to Treasury where my interest was stimulated by this theatre of action, a department with a reputation of seemingly unquestionable power, influence, and intellectual consequence and buttressed by the Board. My curiosity led to the questions of how, when and by whom was this legend created.

In time I became a witness to the extraordinary transition of power from the Board to the Premier's Department with the advent of the Wran Ministry which took office on 14th May 1976. This change heralded the abolition of the Board and the diminution of Treasury's influence in all senior departmental appointments and other administrative matters.

The standard thirty year general restriction on access to government records determined the timeframe of this thesis, 1824–1976, and it provided a convenient stopping point coinciding as it did with the 1976 election.

In setting up the penal colony in 1788, Britain's Secretary of State determined that financial administration did not require a treasury but could be adequately administered by a Colonial Commissariat.¹ Governors Hunter and King established two colonial funds, the Gaol and Orphan Funds from which were met the costs of minor public servants and associated expenditure. For over thirty years after settlement, the sole responsibility of the penal colony rested with the (incumbent) governor, administering the penal colony by edict and proclamation, supported by enlisted personnel and a limited judicial system. In 1823 this autocratic rule was tempered by the establishment of the Legislative Council and judicial review of proposed legislation.

Problems concerning the administration of the colony's revenue marked the initial years of settlement. In the Commissariat, reporting mechanisms were weak, often rendered obscure, and corruption was endemic. Close supervision of practices followed by the Commissariat was not an option for the Secretary of State who relied on dispatches for relaying instructions. The British template for efficient administration was overlooked or corrupted because of prevailing local conditions and the change in policy subsequent to the loss of the American colonies. Events in Europe including the Napoleonic wars restricted further its direct involvement, the British Government

¹ The function of a Colonial Commissariat was a traditional military office working more or less according to the procedures and regulations covering military commissariats on foreign stations. In the penal colony at New South Wales it was a government agency providing and organizing the supply of stores and provisions.

lacking the will and resources to respond to the changing environment within the penal colony.

Gradually, the authoritarian mode of government in the convict colony was modified by an influx of free settlers with their demands for the enactment of democratic principles and by a vigorous and expanding commercialism. Bowing to these demands, Secretary of State Bathurst commissioned an inquiry into the state of the colony. John T. Bigge was chosen to lead this inquiry, spending two years in the colony. Between 1819 and 1821, Bigge investigated the management of convicts, complaints of the colonists and the alleged extravagance of Governor Macquarie.² The recommendations of this Inquiry led to major changes in the administration of New South Wales. Changes included the institution of limited constitutional government and Governor Brisbane implementing other 'trifling' recommendations. In May 1824 Treasury, one of those 'trifling' recommendations, was established according to Bigge's recommendations. With the setting up of Treasury, the Colonial Commissariat reverted to its traditional role and the administration of the two colonial Funds was incorporated into Treasury functions.

William Balcombe arrived in the colony in April 1824 followed within a month by William Lithgow, sent by the British Treasury to establish an accounts branch of the Commissariat.³ Because of his auditing skills, Brisbane appointed Lithgow auditor of the colonial accounts to have 'the entire financial state of the Colony under his eye'. In 1827 Governor Darling appointed Lithgow the colony's first Auditor-General, establishing the grounds for future rivalry and conflict between the two major finance departments in the colony. This mutual disagreement was not resolved until the early twentieth century.

In addition to the changes at the administrative level were significant changes at the executive level. The Legislative Council was instituted in 1823, and the Executive Council in 1825, forming a local legislature thus increasing its control over the colony's revenue and expenditure. The role and influence of the British Treasury's policies

² John Thomas Bigge (1780–1843) was a judicial officer and royal commissioner. Prior to his appointment as commissioner to New South Wales he was Chief Justice of Trinidad where he served for four years. His commission, issued on 5th January 1819 authorized an investigation of 'all the laws regulations and usages of the settlements' in New South Wales and Van Diemen's Land. *ADB*, Vol. 1, Melbourne University Press, 1966, pp.99-100

³ 'Lithgow, William (1784–1864)', *ADB*, Vol. 2, Horton, Allan, Melbourne University Press, 1967, pp.119-120

diminished gradually following the introduction of the local legislature. Under Governor Darling's administrative reforms, the Colonial Secretary now became the focus of colonial administration reinforcing the centralization of the nascent colonial public service.

Treasury was initially a passive accounting department, the British Treasury only becoming actively involved in the financial administration, (as opposed to colonial financial policies) after intercepting ill-conceived administrative decisions made by Balcombe. The British Treasury reinforced financial administrative procedures and protocols so that gradually and incrementally there was absorbed the principles of accountability and transparency in the colony's budgetary system.⁴ The Treasurer's administrative role was overshadowed, however, by the Auditor-General. The Auditor-General's Department under the firm and competent leadership of William Lithgow soon adopted a commanding position in the administration of the Colony's revenue and expenditure. Economies and efficiencies were introduced by subsequent administrators anxious to impress imperial connections and fearful of suspension or reprimand by their British superiors.

From the 1830s, Treasury, under improved leadership, transformed itself into a necessary component of the administrative layer. Darling had introduced a selection criterion for Treasury personnel in order to ensure accountability and achieve maximum efficiency in its functions. The department was directly involved in the development and metamorphosis of New South Wales from a financially dependent penal settlement to a self-determining sovereign state, responsible independently for its future, and a subtext to the colony's development.

In 1851 gold was discovered generating a surge in population growth which in turn accelerated spending on infrastructure, communications, port facilities and land development. This increased prosperity and additional revenue brought additional responsibilities to Treasury. Of greater consequence for Treasury's administration was the Constitution Act of 1855 which ascribed Ministerial responsibility for all departments. In Treasury's case this precept was denied or ignored by Colonial Treasurers because of colonial political volatility. Public responsibility, accountability and transparency attaching to the stewardship of the public revenue were given scant

⁴ Farrell, Frank 1990, *Themes in Australian History*, NSW University Press, Kensington, p.145.

regard.⁵ Few Colonial Treasurers instigated administrative reforms because of the rapid turnover of Ministries coupled with a general lack of ministerial expertise and business acumen in the field of government finance.

It was not until the 1860s that Treasury came under the purview of a reformist Colonial Treasurer, Geoffrey Eagar, and financial administrative reform was attempted. When, under unusual circumstances, Eagar was appointed permanent head of Treasury, his shrewd leadership, ministerial advice and borrowing strategies on the London market gave a fillip to Treasury's growing influence. Eagar advised successive Colonial Treasurers until his death in 1891. It was not until the last decade of the nineteenth century that, with the co-mingling of the roles of Premier and Treasurer, strong leadership and strong reformist principles specific for financial administration made Treasury central to departmental budget policies. After 1856 and the establishment of responsible government, the Auditor-General retreated to a non-political role, attempting to umpire the presentation by Treasury of annual budgets and acting as an overseer of government expenditure. Relations between the two departments were not, however, amicable because their respective administrative roles were confused, overlapping and contested. It was not until 1870 that legislation attempted to spell out the role of the Auditor-General. This was not, however, successful leading to further legislation over the coming decades.

The federation of the Australian States in 1901 brought its own particular problems relating to State financial relations with the federal government, borrowing and overseas debt. The Australian Constitution gave the Commonwealth and the States concurrent powers over all forms of taxation other than customs and excise duties, which became exclusive to the Commonwealth.⁶ There was little provision made in the Constitution for Commonwealth-State co-operation, and the growing financial power of the Commonwealth led to frequent negotiations by the States.⁷ In 1901 the Premiers' Conferences were established to discuss matters of mutual interest the main concern

⁵ Robert Campbell in the Cowper Ministry was considered by James Macarthur to have been appointed in defiance of the public sentiments of the majority of the Assembly, that 'the Treasurership, for which Campbell however respected in private life, was quite incompetent', James Macarthur to Henry Oxley, 20th October 1856, (Macarthur Papers, A2920, pp.139-170, ML) in Dickey, Brian 1969, *Politics in New South Wales 1856-1900*, Cassell Australia, p.7

⁶ Mathews, Professor Russell, 'The Development of Commonwealth-State Financial Arrangements in Australia', *Year Book of Australia*, 1984, ABS cat. No. 1301.0

⁷ Spann, R.N. 1979, *Government Administration in Australia*, George Allen & Unwin, Sydney, p.189

being an equitable distribution of available funds.⁸ Section 105A of the Constitution enabled the Commonwealth to make agreements with the States concerning their public debts and taking over such debts and borrowings by the Commonwealth on behalf of the States. In 1923 a voluntary Loan Council was established in order to co-ordinate the borrowing by each State Government and, in 1927, the Constitution was amended to establish the Australian Loan Council with the power to control the amounts, terms and conditions of most Commonwealth and State borrowing. All of these initiatives involved Treasury in preparing briefings and reports for reference by the Colonial Treasurers. An introspective, passive New South Wales Treasury accounting department was compelled to deal with these external factors impacting on its functions and personnel.

Not only was the twentieth century intersected by two World Wars but a serious financial depression altered Treasury's perspective, compelling it once again to adjust to external forces. With the onset of the economic depression of the 1930s the increased strategic importance of the Loan Council became apparent and it became a vehicle of government economic policy. These world disturbances interfered seriously with any sustained attempts for pursuing improvements in financial administration. An exception to this situation occurred in the 1920s when Bertram Stevens, Treasury Under Secretary and later Premier and Colonial Treasurer, instigated and implemented administrative reform both at departmental and government level. His ideas were not revolutionary but he possessed the necessary ambition and determination to impose and maintain financial and administrative reform at departmental level.

During the First World War, the States and then the Commonwealth exploited personal and company income taxes. In 1942 the Commonwealth assumed sole income taxing power. A new system of tax reimbursement payments to the states was introduced to enable them to continue to meet their financial responsibilities. This arrangement brought about a fundamental change in financial relations with the states with a widening of the gap between revenue sources and expenditure needs.⁹ Uniform taxation effectively denied the States any real financial independence.

⁸ After 1929 these meetings were referred to formally as the Conference of Commonwealth and State Ministers and called by the Commonwealth Prime Minister either on his own initiative or at the request of a State Premier. Spann (1979), p.197

⁹ Clune argued that uniform tax was 'a threat to the fundamental structure of the Federal System, which if continued, would 'ultimately destroy it.' Clune, David, March 1990, *The Labor Government in New*

Stevens had established the Treasury Budget Branch prior to the Second World War, but in 1946, with reconstruction, the Branch was expanded and, with improved professional expertise, it penetrated and controlled all the financial activities of government departments. With the increasing extent and complexity of Commonwealth-State financial relations the Budget branch was strengthened to provide a more specialized service advising the government.

It was only after the Second World War, and a prolonged period of comparative economic stability, that Treasury was rendered more confident with sound leadership and administrative flair. Under the auspices of the State Public Service Board and acquiescing Ministries, Treasury extended its reach into all aspects of departmental administration: appointments, budgetary programs and expenditure. In 1969 an Economics Branch was established in Treasury to meet the growing demand for reviews of current economic trends, Commonwealth-State financial relations, capital works programs and taxation policy.¹⁰ Treasury's advisory role became formalized, thus enabling it to prepare for an emerging global economy.

In 1976 the reformist years of the Wran Ministry were initiated with the intention to improve the machinery of government including public service administration. Before these Wran initiatives were instituted, Treasury had set itself on its own individual path to achieve 'world's best practice' in financial administration, an epilogue to this study of a financial institution.

Most public servants have an opinion as to the role of Treasury in the administration of their respective departments. A general impression is that it is a partner in a fiendish plot to curtail or prevent what it considers unnecessary expenditure no matter the circumstances. Treasury is, therefore, a constant intrusion, if even an irritant, in the lives of all state public servants, a vital participant in parliamentary cycles, extending its influence into the financial sector of the business community.

With such a high profile, it is understandable that Treasury has been the subject of significant analysis and debate among historians, but that research has been confined to the nineteenth century. The twentieth century is less well-served by individual scholars.

South Wales 1941 to 1965, Ph.D. Thesis, Department of Government and Public Administration, University of Sydney, pp.106, 114

¹⁰ Spann, (1979), p.439

Because of the broad time frame of this thesis, the methodology utilized to incorporate all major facets of literature surveyed incorporates a *schema* as follows. The overriding arrangement is chronological, divided into four sections covering the nineteenth and twentieth centuries. The sections incorporate the periods: 1788–1856, 1857–1900, 1901–1945, and 1945–1976. The central theme of each section and the *continuo* provided for the entire thesis is the analysis of the establishment and adaptation of the precepts of accountability, transparency, efficiency and effectiveness by Treasury in its approach to financial administration.

Within the four sections research material is broken down into thematic subdivisions, for example: matters dealing with the antecedents of financial administration established within the British Treasury and its later superintendence of financial administration of government departments at home and, subsequently, the colony; an analysis of the causes leading to the foundation of the Colonial Treasury; administrative development and adaptation brought about by constitutional changes; and influences on Treasury stemming from political forces, the executive and Public Service Board initiatives. Leadership and culture is examined when it overtly shaped the various outcomes identified over the period of study. Finally, an examination is made of the theory and application of administrative history. The importance of government archival sources in the analysis is outlined together with a description of archival sources is included. These primary archival sources provided a basis and strong foundation for the study of the structure of this institution, the New South Wales Treasury.

The administration of the form and functions of the British Treasury has attracted a corpus of writing, the first by Richard Fitz Nigel in c.1176.¹¹ A later description of the administration of the Exchequer was written by Thomas Madox in 1711.¹² He criticized earlier works for being mere ‘general lines or sketches’ falling ‘infinitely Below the Dignity of the Subject.’¹³ A more recent history of 1969 was Henry Roseveare’s *The Treasury, The Evolution of a British Institution* and his later

¹¹ Fitz Nigel, Richard c.1176, *Dialogus de Scaccario, The Course of the Exchequer*, edited and translated by Charles Johnson, 1983, Clarendon Press, Oxford

¹² Madox, Thomas 1708, *The History and Antiquities of the Exchequer*, 2nd ed. 1769, Rothman Reprints Inc. 1969, New York

¹³ Quoted in Roseveare, Henry 1969, *The Treasury, The Evolution of a British Institution*, Allen Lane, The Penguin Press, London, p.9

compendium of evidentiary documents.¹⁴ Roseveare argued that, properly conceived, ‘a history of the Treasury could hardly fall short of being, at the same time, a social, an economic and a political history of Britain.’¹⁵ By the mid-eighteenth century, the British Treasury’s management of the revenue was limited, its control over the spending of the great departments was nominal, and its concern for the efficiency and probity of the public service was slight. Corruption, speculation, sinecurism, pluralism were the problems the British Treasury had to overcome and eliminate. It did so, eventually, with a program of economical and administrative reform between 1780 and 1866.¹⁶ The structure of Roseveare’s thesis is simple in its chronological form, addressing similar themes for each period: political impulse for administrative change, personalities providing the essential leadership; outlines of the changing function, and structure and personnel of the developing government department within a context of constitutional change. The antecedents of Treasury were thus identified, the eighteenth century imperative for efficient and effective financial and government administrative reform leading towards an improved accountability and providing a template for the penal colony at Botany Bay.

Roseveare’s compilation of evidentiary documents provided the backbone for an analysis of the foundations of that control by the British Treasury over financial administration. Roseveare identified the 1660s as witnessing the emergence of the Treasury as a department of state, exercising a new degree of authority. His terminating date for the compilation of documents is 1870. The circle of control had been completed by the Exchequer and Audit Departments Act of 1866, the inauguration of Open Competition in the Civil Service, and the major reorganization of the British Treasury in 1870. Roseveare includes an introductory commentary on each document outlining its individual significance in the development of this control. In his introduction to *The Reports of the Commissioners of Accounts, 1781–84*, Roseveare indicated the purpose of the inquiries when the Commissioners were working their way through the technical shortcomings of departmental accounting. Having established a philosophy of the public interest, sweeping reforms were identified to be implemented

¹⁴ Roseveare, Henry 1973, *The Treasury 1660–1870*, Allen & Unwin Ltd, London

¹⁵ Roseveare (1969), p.9

¹⁶ Roseveare, (1969), p.86

in the areas of office-holding, remuneration and organization in British government.¹⁷ The *Reports of Select Committees of the House of Commons*, 1810, 1817, and 1828, highlighted the pressure for economy during and after the Napoleonic wars, which helped to banish earlier misgivings about Treasury sovereignty.

Maurice Wright in his essay, 'Treasury control 1854–1914', modified a prevailing image of Treasury as an omnipotent and omniscient department whose prime concern was to turn down proposals made to it and 'to save candle-ends'.¹⁸ Wright reviewed Treasury control principally on the grounds that he considered it was exaggerated. Both the Treasury's nominal power to control other departments, and its operational effectiveness as a constraint upon the autonomy of departments to determine and pursue particular policies, had been over-emphasized. Ann Burton, in Wright's article, also argued that the extent and efficacy of the Treasury's influence upon imperial and colonial expenditure between 1868 and 1880 was more limited in practice than has been generally believed.¹⁹ British Treasury control, according to Burton, was limited to the financial administration of policy, policy making the domain of Cabinet and the other, administration, the only proper preserve of the British Treasury. This interpretation is valid in the colonial context where local legislatures were in place as in New South Wales after 1823.

The findings of the Bigge Inquiry of 1819–1821 provided the rationale leading to the establishment of Treasury in 1824. The central theme of Ritchie's *Punishment and Profit* (1970), the Bigge Report, is Bigge's Commission of Inquiry into the State of the Colony of New South Wales and his recommendations which led to major changes in the administration of New South Wales.²⁰ Even before Bigge had taken up his Commission, Secretary of State Bathurst had formed his own opinion; that the prosperity of the colony had advanced to a stage of being a valuable possession of the Crown and less fit for its original purpose as a gaol.²¹ Bigge was to provide him with the resolution for future change in administration.

¹⁷ Roseveare, Henry 1973, *The Treasury, 1660–1870*, Allen & Unwin Ltd. London, pp.149-160

¹⁸ Wright, Maurice, 'Treasury control 1854–1914' in Sutherland, Gillian ed. 1972, *Studies in the Growth of Nineteenth-Century Government*, Routledge & Kegan Paul, London, p.195

¹⁹ Wright, (1972), pp.205-208

²⁰ Ritchie, John 1970, *Punishment and Profit*, Heinemann, Melbourne

²¹ Bathurst to Viscount Sidmouth, 23rd April 1817 in Ritchie (1970) p.5

For his research Ritchie utilized the Colonial Office correspondence (which he researched personally) leading to a convincing analysis of the difficulties of reconciling Bathurst's concepts of gaol and colony. Bathurst's dilemma had been identified in two earlier Inquiries. The first was the 1798 Select Committee on Finance, Police and the Convict establishment. The conclusion reached was that distance was an advantage for security reasons but costly, indeed excessive, and difficult to audit. No changes were introduced, however, to the administration of the colony or to the policies governing transportation. The 1812 Committee to Inquire into Transportation found the colony to be a 'prosperous and thriving State', but no subsequent changes were made to administrative policies, no local legislature was instituted or trial by jury.²² The real problems with the colony lay with its internal irregularities.

The administrative system was costly and complex, administration difficult and civil staff insufficient and unreliable. In 1798 expenditure associated with the colony amounted to £111,514; in 1811 £143,783; by 1814 the outlays had increased to £231,363, and on the eve of Bigge's departure to the colony in 1819, £300,000.²³ Bathurst's future policies rested on Bigge's findings. Was transportation to be continued? How was he to reconcile the demands of free colonists existing within the ethos of a gaol if its severity were to be increased? How were the free settlers to be encouraged to diminish the costs of the colony; indeed how was he to formulate policy reconciling punishment with profit? The Bigge Report provided many guidelines for the administrative future of the colony including the establishment of a Treasury. His recommendations formed the future administrative template in order to obviate the financial irregularities located within the Commissariat and regularize the existing Funds that contained revenue gathered locally.

Of singular importance is Ritchie's recording of Bigge's reaction to colonial conditions, and his reporting techniques. Bathurst considered Bigge shrewd politically, serious-minded and a conscientious man of affairs. Bigge demonstrated concerns for the suffering of the workers, those working with lime, for example, and the tragic consequences of a convict, Donovan, who became mentally unhinged upon the death of his dog.²⁴

²² Ritchie, (1970), pp.5-9

²³ Ritchie, (1970), pp.20, 64-65

²⁴ Ritchie, (1970), p.135

Ritchie's observation as to the past and current expansion of the colony's importance was adduced from the colonies' increase in correspondence with the Colonial Office; in 1806, 83 letters were received increasing to 964 in 1824. His footnotes on the Colonial Office in the Public Record Office London are a useful adjunct for the researcher. He also included biographical material concerning the men who ran the Colonial Office, men Ritchie considered 'useful'. In his Appendices, Ritchie included vital statistical reports of the expense associated with the administration of the colonies between 1790 and 1817.²⁵

The mode of Bigge's inquiry as described by J. M. Bennett in Bigge's entry in the *Australian Dictionary of Biography* is less sympathetic than Ritchie.²⁶

'It was common knowledge that evidence was taken informally, often in private, with no distinction between sworn and unsworn testimony ... The thousands of pages of the transcript of evidence form an interesting but often specious chronicle ... and abundant examples show that the inquiry did not enjoy judicial detachment. Witnesses were not cross-examined and no particular rules, let alone rules of evidence, were observed. On the other hand Bigge did show great perspicacity in sifting the mass of evidence even though he necessarily derived false conclusions from untested opinions ...'

Bennett concluded that Bigge's many sound recommendations were eclipsed by hypercritical detail and fastidious refinement, unimportant to a remote convict settlement. Bigge's third report was the most impartial and least contentious. It was well presented and included useful accounts of the state of revenue, trade and the country's economic position. It was in this third report that Bigge recommended to Bathurst with respect to the collection of the internal revenue of the colony that the duty of collection, receipt and account should be entrusted to an officer to be named the Colonial Treasurer.

Dr Arthur McMartin's close examination and analysis of the colonial public service contributed to an understanding of the early Treasury with two journal articles written in 1958 and his 1983 book, *Public Servants and Patronage 1786–1859*.

McMartin's March 1958 essay in administrative history concerned the payment of officials in early Australia.²⁷ Officials, including the colonial Commissaries, whose numbers were initially small and emoluments inconsiderable, formed an important and

²⁵ Ritchie, (1970), p.257

²⁶ Bennett, J. M. 'J. T. Bigge, (1780–1843)', *ADB*. Volume 1, Melbourne University Press, 1966, pp.99-100

²⁷ McMartin, Arthur, 'The Payment of Officials in Early Australia 1786–1826', *Public Administration*, Vol. XVII, No. 1, March 1958, pp.45-80

influential section of colonial society. The size of the individual official's remuneration was of social significance and attracted jealous scrutiny.

The British Treasury identified eleven officials to accompany the First Fleet including the Commissary, whose exact status was uncertain. He was, however, to play a pivotal role in the first thirty years of financial administration in the settlement. Andrew Miller, the first Commissary and friend of Governor Arthur Phillip, was appointed Phillip's secretary upon arrival at Port Jackson, holding the two posts simultaneously. His salary was 10s. per day or £182 10s. a year. David Collins, the Deputy Judge-Advocate, received a similar amount. Miller departed the colony in 1790, mortally ill and homeward bound. Miller's successor, John Palmer, had been purser on the *Sirius* and, upon appointment as Commissary, successfully sought an increase in his salary to £365 a year because his duties had increased due to the growth of the settlement. He thus ranked second to the governor who commanded £1,000 a year.²⁸

Because of the lack of specie in the colony and no Treasury, Phillip was forced to pay the wages of the carpenters and sawyers from the *Sirius* by the 'rather clumsy method of drawing bills on the Lords Commissioners of the Treasury'.²⁹ This system proved unsustainable when minor officials required payment. Phillip sought to supplement available funds not made available through appropriations and he considered imposing a customs duty on the importation of spirits; an impost resorted to by his successor Lieutenant-Governor Francis Grose and by successive administrators. McMartin argues that the foundation of Australia's fiscal system by Governor Hunter in 1800 rested with the receipt of an 'assessment' on spirits, wine, beer or other strong drink landed in the colony.

'For nearly ten years, until reformed and extended by Macquarie, it provided a useful, if constitutionally precarious, source of revenue for the payment of a miscellaneous group of colonial expenses, including the salaries of a growing band of minor officials.'³⁰

²⁸ McMartin, (March 1958), pp.35, 57

²⁹ McMartin, (March 1958), p.59

³⁰ McMartin, (March 1958), p.63

Dr McMartin's second essay, published in September 1958, concerned the Treasury in New South Wales, between 1786 and 1836.³¹ McMartin observed:

'that among the most difficult administrative problems that confronted the early governors of New South Wales were those associated with the management of the colony's finances.'³²

As in his former essay, McMartin identified problems arising because of the lack of a Treasury. This oversight by the British Treasury contributed to Phillip's administrative difficulties in the first months of settlement and limited administrative machinery to deal with local financial transactions. McMartin also perceived that the history of the early years of Treasury 'illustrates the continuity of colonial administrative history'. There were no sudden breaks or startling innovations in the methods by which the second British Empire came to be controlled as compared with the first.

'Old accepted procedures are adapted and altered to meet the changing needs of the new colonies such as Ceylon and New South Wales. In the end we can see that a new system has arisen but it is often difficult to say precisely where the old one ends and the new one begins'.³³

McMartin argued that it is not in the Commissariat that the origins of Treasury may be found, but in the Gaol and Orphan Funds established by Hunter and King.³⁴ If McMartin is correct then, theoretically, William Balmain, who was appointed by King to supervise the regulations and be responsible for the collection of the revenue, was the first Colonial Treasurer rather than William Balcombe.

Subsequent to the Bigge Inquiry, it was acknowledged that the Commissary, although attached to the British Treasury, was ill-equipped to maintain its original role as Treasury and banker to the colony. Also, the informal administration of the two Funds by trustees and individual treasurers was contrary to established British authorized financial practice.

The legality of the Funds was also in question until 1819 when the power of the Governors to collect such imposts was unsuccessfully challenged within the colony.

³¹ McMartin, Arthur, 'The Treasury in New South Wales, 1786–1836', *Public Administration*, Vol. XVII, No.3, September, 1958, pp.213–228

³² McMartin, (Sept. 1958), p.213

³³ McMartin, (Sept. 1958), p.214

³⁴ McMartin, (Sept. 1958), p.216

McMartin argues that by 1837 Treasury had become the chief financial department of the colony. Imperial ideas, complying with procedure, terminology and titles of officials had been adapted to local conditions. All 'bear the marks of their Imperial origin'. Constitutional rather than administrative change altered the original British model of a Treasury 'but the basic structure, organization and many of the official procedures of the modern treasury were laid down during the eighteen-thirties.'³⁵

Dr McMartin's major work, *Public Servants and Patronage 1788–1856*,³⁶ traverses all aspects of the growth of the colony's early public service, including its structure, functions and personnel, and analyses how each of these was shaped by forces both from within and from without. The strengths of McMartin's book include:

'its sense of proportion, its recognition that the tests of what constitutes abuse of official position, dishonesty and corruption in earlier times are not necessarily those which we apply in public life today'.³⁷

McMartin in his chapter, *The Service at Work: Internal Public Finance* focused on the development by the governors, largely on an experimental basis, of a somewhat complicated but workable system of internal public finance. Governors devised the means to raise local revenue and instituted funds and institutions and procedures to control their collection and expenditure.³⁸

As in his earlier essay of March 1958 McMartin traced his consideration of the role and institution of the Commissariat and rise of the Treasury. What is remarkable is his conclusion that by 1825 the public service was operating on impersonal and rational lines. Old world abuses had not been absorbed into the public service and organizational practices such as accounting in Treasury had been established.

In one further chapter, 'Getting, Spending and Accounting', McMartin examined the most far-reaching change yet made in the system of colonial finance affecting Treasury.³⁹

Argument arises as to the relaxation of imperial control of finance after the 1820s, especially with regard to the colonies' local legislatures in New South Wales and Van Diemen's Land. Such argument rests on the British Act of 1778 that provided that the

³⁵ McMartin, (Sept. 1958), p.228

³⁶ McMartin, Arthur 1983, *Public Servants and Patronage*, Sydney University Press

³⁷ Curnow & Golder (c1990) Chapter 11

³⁸ McMartin, (1983), p.126

³⁹ McMartin, (1983), p.182

British parliament would not impose taxes on a colony for imperial purposes, a legacy arising out of its American problems. This Act could, theoretically, reduce the authority of the British parliament over colonial financial policy in those colonies not described as Crown colonies or possessing local legislatures.

By the early 1830s, under the organizational skills of Governor Darling, the basic structure, organization and procedures required for the efficient collection and disbursement of the public revenue had been established. Nevertheless Treasury had not attained the authority and prestige of its British counterpart (a situation amended in the twentieth century).⁴⁰

Ken Smith submitted a thesis in 1976 to the School of History Macquarie University the *Colonial Treasury of New South Wales 1823–1841*.⁴¹ Smith's thesis analyzed the connections between the colony and the Colonial Office. The names of administrators within the Colonial Office are familiar to users of the *Historical Records of Australia*. Their names accompanied government dispatches to New South Wales until the 1850s and their influence on colonial Treasury affairs was as important as it was ongoing. Smith examined the administrative orders issued for the colonial Treasury, the calibre of the recipients in the colony, and the dichotomy between cause and effect. Smith argued that the entire history of imperial relations could be written in terms of this interplay between the demands of imperial policies and the response of colonial administrators. Responses were mitigated by political, social and cultural changes which came about as the colony grew, conditioned by economic changes.

An earlier contribution on the subject of the Colonial Office was an essay of Snelling and Barron, 'The Colonial Office and its Permanent Officials 1801–1914'.⁴² The authors analyzed the role played by civil servants in creating an efficient secretariat in the Colonial Department, a Department which was intimately involved in colonial administration for the first fifty years of colonial settlement. Lord Sydney was associated with the Colonial or Home Office when the decision was made to form a settlement, but Earl Bathurst and Henry Goulburn were identified as being the 'real'

⁴⁰ McMartin, (1983), p.289

⁴¹ Smith, Kenneth E. 1976, 'The Colonial Treasury of New South Wales, 1823–1824', BA Hons Degree Macquarie University, School of History

⁴² Snelling R. C. and Barron, T. J. 'The Colonial Office: its permanent officials 1801–1914' in Sutherland, Gillian ed. 1972, *Studies in the Growth of Nineteenth-Century Government*, Routledge & Kegan Paul, London, p.139

founders of the Office, both adept at shaping an administrative machine. Young⁴³ argued that the idiosyncratic stand taken by Bathurst when in disagreement with the British Treasury caused delays, however, in the administration of colonial affairs. Bathurst had a casual contempt for British Treasury officials and rejected their initiatives in all areas of economic reform intended for the colonies except when circumstances reflected badly on his personal administration. Bathurst failed to co-operate with the British Treasury when drawing up instructions, preventing the Audit Commissioners from being too searching in their enquiries. In 1825, Bathurst refused the Auditors permission to correspond directly with colonial Governors who were responsible for the accounting of revenue collected.⁴⁴

Bathurst was personally involved in the appointment of William Balcombe, the first Colonial Treasurer, and subsequent administrative encounters with him. The appointment of Balcombe by Bathurst as first Colonial Treasurer is puzzling. In 1832 some explanation was provided when Viscount Goderich referred to:

‘the peculiar circumstances connected with the late Mr Balcombe, whose appointment to the situation of Colonial Treasurer of New South Wales which resulted from claims which he had upon this Department in consequence of certain circumstances which occurred at St. Helena during the residence of Napoleon Bonaparte.’⁴⁵

The records do not admit to any explanation as to the ‘peculiar circumstances’ and his claim upon the Colonial Office. Patronage surely came into play at the highest level.

Snelling and Barron observed that in the 1820s new posts were created in the department to deal with an increased workload, a fact proven by Ritchie when studying the correspondence in the Colonial Office.⁴⁶ By the end of the 1820s, the Colonial Office was coping with a volume of correspondence which was approximately twice as large as it had been in 1815, and more complex and technical, an indication of the expanding empire. At the Colonial Office, the political heads were responsible for a broad field of administration in each colony but distance and unfamiliarity with the New South Wales colony aggravated this difficulty.

⁴³ Young, D.M. 1961, *The Colonial Office in the Early Nineteenth Century*, Longmans, London, p.91

⁴⁴ Young (1961), p.186

⁴⁵ Goderich to Bourke, 21 August 1832, *HRA* 1, XVI, pp.714-715 in Smith, (1983), p.21

⁴⁶ Ritchie, (1970)

At the British end of administration, the Whiggish James Stephen, Under Secretary appointed in 1836, recalled that the majority of the members of the Colonial Department in his time:

‘possessed only in a low degree, and some of them in a degree almost incredibly low, neither the talents nor the habits of men of business, or the industry, the zeal, or the knowledge required for the effective performance of their appropriate functions.’⁴⁷

This is a harsh opinion of a department with a difficult and wide-reaching administrative portfolio. Many of the daily tasks for clerks below the first class were purely routine and promotion was a slow process. The policies of the Colonial Office attracted increasing public criticism as the century progressed. Snelling and Barron identified the Colonial Reformers, a group ‘even more vociferous than the pro-slavery men’. The principal spokesman, Edward Gibbon Wakefield, impugned government policies on colonial land sales, emigration schemes and constitutional development.

In conclusion the Colonial Office maintained its importance in the colony over the nineteenth century, being a conduit for legal opinion for Governors anxious to be relieved of personal responsibility for recalcitrant Ministers or questionable administrative practices, especially concerning financial administration.

Smith at the conclusion of his thesis includes brief biographical notes on the circumstances surrounding the appointments of Colonial Treasurer William Balcombe, Acting Colonial Treasurer William Dumaesq, Colonial Treasurer Campbell Riddell, and Acting Colonial Treasurers Pieter Laurentz Campbell, Francis L. Merewether and S. Greenhill, a Treasury clerk. Political patronage marked the appointments of Balcombe and Riddell, guaranteeing the tenure of the latter as Colonial Treasurer, who survived censure by the Colonial Office on several occasions. Smith developed a limited profile of the employment of 23 permanent and temporary members of Treasury staff extracted from the Blue Books, between 1823 and 1841. It is not possible to form an accurate profile of employment as Smith’s analysis ends at 1841 and it is known that Riddell’s appointment, for example, lasted for 27 years, that is 1829 to 1856, the longest serving Colonial Treasurer between 1824 and 1976. Information that is included records salaries, gradings, length of tenure and the frequent terminations of temporary clerks whose average length of employment being less than one year. Smith developed,

⁴⁷ Smith, (1983), p.4

therefore, a profile of the type and efficiency of officers recruited into the early Colonial Treasury.

In 1974 Ken Smith submitted an assignment for the Diploma in Archives Administration, University of New South Wales, in which he listed and described the Government Record Group, 'Treasury and Correspondence to 1856'.⁴⁸ A brief administrative history forms an introduction to the assignment in which he examined the colony's primary purpose as a penal colony, and the administrative policies in place following settlement.

When analyzing the records of Treasury, Smith identified and analyzed the antecedents of the department established in 1824. In the description of the Treasury records to 1856 held by NSW State Records, the separate series are identified and which point to the development of administrative arrangements within the Department. In the series *Letters Received 1824–1856*, Collector of Internal Revenue – Letters received from the Colonial Secretary, 1827–35 (four volumes), the department of the Collector of Internal Revenue (a sub-department of the Colonial Treasury) is described as being formed in 1827, and responsible for the collection of quit-rents, leases, tolls and dues payable to the government. In 1836 the Collector's office ceased to exist as a separate entity, in order to contain administrative costs, and became the internal Revenue Branch of the Colonial Treasury. The volume of correspondence increased markedly after 1842 because of land occupation, and land matters assumed growing importance. From the earliest days of the Colony, land occupation was represented in much correspondence and exercised the thoughts and talents of many people both in the litigious sense, and in the way land had of equating both power and the raising of revenue.

Increasing correspondence indicated the growth of the department and its activities between 1824 and 1856. The burgeoning administrative structure of Treasury is identified over this period by noting the branches responsible for correspondence. Letters were sent from the Colonial Treasurer from 1824; the Collector of Internal Revenue from: 1827; Revenue Branch from 1830; Treasury Branch from 1830; and on matters concerning Land and Immigration Debentures, 1842 and later Railway

⁴⁸ Smith, Kenneth, 1974, *Record Group Treasury Correspondence to 1856*, Diploma in Archives Administration, University of New South Wales

Debentures, 1855, and Sydney Railway Stock 1855. Letters were received after 1851 from the Gold Commissioners including registers of gold delivered at the Treasury.

Colonial activities are indicated in the licences issued, such as publicans' licences, market dues and tolls. Licensing is recorded in its multiple variations: publicans' licences, depasturing licences, auctioneers' licences, boundary licence fees and occupation licences. Records relating to land are multiple, including records of the sale of Crown Lands and other matters relating to the occupation of land in the colony.

Smith identifies three matters in the Correspondence worthy of special attention. One concerns the extended leave taken by Colonial Treasurer Riddell in 1839–41, whereupon the officer relieving him, P. L. Campbell, sought to be appointed a member of the Executive Council in Riddell's absence. The letters and the reasons for refusal by Governor Gipps are included. The second matter concerns the inquiry carried out in 1846 into the 'contingency account' conducted by Riddell as a convenient monetary 'clearing house' for departmental heads, and which, as he pointed out, 'greatly facilitated the expedition of the government's business'. A further matter concerns the alleged under supply, and possible fraud, of the exploring party of Kennedy at Cape York, and the Marine garrison at the small settlement at Port Essington in 1849.⁴⁹

Hilary Golder's *Politics, Patronage and Public Works, 1842–1900* (2005)⁵⁰ is the first volume of a two-part history of the New South Wales bureaucracy. It is a:

'mildly revisionist reading of government administration under responsible government. Its "disorganization" embraced improvised and (temporarily) effective solutions to the long-standing problems of guaranteeing security, services and communications to a growing but widely dispersed population.'⁵¹

In her preface Golder acknowledges Dr Arthur McMartin's contribution to the study of colonial administration adding that her study overlaps his work beginning in 1842 a time of significant endings and beginnings.⁵² Golder's work is important for its geographical, historical and societal context in which the State's early public service developed. Golder observes that:

⁴⁹ Smith (1974), p.101

⁵⁰ Golder, Hilary 2005, *Politics, Patronage and Public Works 1842–1900*, UNSW Press, State Records NSW

⁵¹ Golder (2005), p.242

⁵² Golder (2005), p.x

‘the dry financial details of revenue and expenditure captured the complexities of imperial-colonial relations. On the one hand the accounts documented Britain’s continuing investment in New South Wales; yet the size of colonial revenue strengthened the arguments for putting it all under local control.’⁵³

After studying the incidence of patronage in colonial appointments during the 1840s, the impression gained was that the colony was an aristocratic dumping ground. This opinion was supported by rumours that William Miles, Sydney Police Superintendent, and J. G. N. Gibbes were offshoots of royal couplings.⁵⁴ Royal patronage was undoubtedly practiced in earlier appointments. When William Balcombe was appointed the first Colonial Treasurer in 1824, it was rumoured that he too had royal connections, he and his brother being the offspring of a British prince.

Golder argued that financial control, that is the legislative power to appropriate colonial revenue, was a pre-condition of responsible government.⁵⁵ The contest over colonial revenue, specifically Crown land revenue, had continued apace with the British Treasury. The colony was tethered with expenditure following the curtailment of British parliamentary appropriations. The establishment of the Legislative Council in 1823 had circumscribed the powers of the Colonial Office in policy making as opposed to its recommendations for financial administration. The Colonial Office and Governor had vied with the Legislative Council for the available revenue between the 1820s and 1855 until it was resolved by the Constitution Act of 1855 when all control of local revenue was ceded to the local legislature. Until then recently established local councils had been unsuccessfully devised to shoulder the costs of local police and public works by the levying of rates on property. A thinly dispersed population ‘was not a realistic response to the perennial problem of providing infrastructure and services to a scattered population.’⁵⁶

The passage of the Constitution Act provided a range of consequences which are analysed in Anne Twomey’s 2004 text, *The Constitution of New South Wales*.⁵⁷ Twomey, with a legal background, depends for much of her analysis on precedent; nevertheless, much is applicable to an understanding of the historical and customary application of Westminster practice in financial administration. Twomey’s chapter on

⁵³ Golder (2005), p.11

⁵⁴ Golder (2005), p.87

⁵⁵ Golder (2005), p.93

⁵⁶ Golder (2005), p.97

⁵⁷ Twomey, Anne 2004, *The Constitution of New South Wales*, The Federation Press, Sydney

appropriation and taxation has a special application for Treasury, as she analysed the provisions for money bills, appropriation, taxation, the Consolidated Fund, and federalism and its relationship to State appropriations and taxes.⁵⁸ The sources of the State's financial system, the basis of responsible government, are the Constitution Act, legislation and custom. The rules concerning taxation and appropriation and the roles of the two Houses derive from the customary practice of the Westminster Parliament. The principles of representative government require that the body that is more directly and immediately representative of the people has the responsibility for financial measures, namely the Legislative Assembly. The Constitution Act of New South Wales provided that laws imposing taxation and appropriating revenue must originate in the Legislative Assembly and that Appropriation Bills must first be recommended by the Governor. This provision concentrated Governor Belmore's attention on the local legislature during his term as governor in the 1860s. George Reid maintained this tradition when entering debate at the Australasian Federal Convention in 1891, argued that one house 'is to be the master of finance'.⁵⁹

Graham's thesis (1972)⁶⁰ examined the then current practice in controlling expenditure in the 1860s which was based on executive action supposedly sanctioned by the Constitution Act rather than on specific Appropriation Acts, however irregularly they had been passed, and legalizing payments already made. (The role of the Legislative Council in the matter of appropriation has been divisive, a matter not discussed here.)

Golder's work (2005) places the constitutional framework of the State in its historical and political context. It also explains how the Parliament, the Executive Council and the Cabinet operated in practice, rather than theory. In 1855, the problems and priorities encountered when considering alternative administrative schemes under the incoming constitutional changes were varied and numerous. In November 1855, Governor William Denison proclaimed the colonial constitution which broadly outlined the elements of the government-to-be. Those elements included the executive and Section 18 singled out the existing permanent positions of the Colonial Secretary,

⁵⁸ Twomey, (2004), p.530

⁵⁹ G. Reid 3rd April 1891, *Official Record of Debates of the Australasian Federal Convention*, Legal Books, Sydney, 1896, (reprint), Sydney, p.710 in Twomey (2004), p.534

⁶⁰ Graham, Neil 1972, 'The Role of the Governors of New South Wales under Responsible Government 1861–1890', Ph.D. School of Historical, Philosophical and Political Studies, Macquarie University

Colonial Treasurer, Attorney-General, Solicitor-General and Auditor-General, now members of a ministry. What remained to be resolved was the machinery of government, the ministerial departments. Schedule A of the Constitution Act included proposed salaries *per annum* for the elected ministers: the Colonial Secretary £2,000; the Attorney-General £1,500; the Colonial Treasurer £1,250; Solicitor-General £1,000; and the Auditor-General £900.⁶¹ This schedule of salaries casts some doubt on Graham's thesis (1972)⁶² and Lamb's essay (1975)⁶³ which argued that Treasury was subordinate to the Auditor-General, the colony's most recognizable financial officer prior to responsible government.

The importance for this analysis of constitutional and administrative change was where Treasury would fit into the administrative structure. A Select Committee of the Legislative Council suggested four ministers plus the law officers: Chief Secretary and Premier, a Secretary for Finance, an Interior Secretary, and a Secretary for Public Works. James Martin suggested that the Colonial Treasurer's position should remain a permanent office under the Chief Secretary who would maintain control over revenue, expenditure, and loans. The Secretary of Finance would be left with 'ways and means', that is, matters such as taxation and currency.⁶⁴ This strategy, if adopted, would have seen the Chief Secretary controlling so many agencies that they were likely to be formally, rather than actually, accountable to him. Deas Thomson's Chief Secretary's scheme proposed six ministers but found it virtually impossible to balance the ministers' workloads while giving each of them duties of a 'homogenous character.'

On 13th October 1856 the outcome of the discussions was revealed when the Parker-Donaldson Ministry provided the blue-print for the administrative establishment: five ministers and four ministerial departments. They looked, according to R. N. Spann, more like 'loose holding companies of semi-autonomous units'.⁶⁵

The Treasurer and Secretary for Finance and Trade were responsible for financial management, that is, the collection and disbursement of revenue, the management of

⁶¹ *British Parliamentary Papers*, Colonies, Australia, 1854–1855, Vol. 20, p.16

⁶² Graham, Neil 1972, 'The Role of the Governors of New South Wales under Responsible Government 1861–1890', Ph.D. School of Historical, Philosophical and Political Studies, Macquarie University

⁶³ Lamb, P.N. 'Early Overseas Borrowing by the New South Wales Government', *Business Archives and History*, Vol. IV, No. 1, February 1964, pp.44-62

⁶⁴ Golder (2005), p.116

⁶⁵ R. N. Spann, 1979, *Government Administration in Australia*, Allen & Unwin, Sydney in Golder (2005), p.118

public debt and the issue of debentures. Other responsibilities included taxation, currency, trade and commerce and Storage (of volatile materials.)

Golder (2005) argues that early Treasurers had difficulty in realizing the administrative and political potential of this office. This assessment is questioned when an analysis is made of the first Financial Statement under responsible government which was delivered by Stuart Donaldson on 6th November 1856. Donaldson indicated he possessed a firm grasp of the colony's financial situation and what the future held. The colony was entering into a new sphere, the financial arrangements, concerning income and expenditure was to be regulated by the Legislative Assembly. But it was to be done 'by ourselves alone' and for the first time 'we are to run on our own legs'.⁶⁶ How it was to be achieved within the volatile arena of colonial politics was the dilemma. The ministers were aware of what awaited them, but indecision and political survival dominated the administrative arena. As they attempted to exercise financial management they were hobbled by the history of the Colonial Treasury. The Treasurer was essentially a paymaster subservient to the Auditor-General who prepared the Estimates of Revenue and Expenditure, presented them to the Legislative Council, and controlled subsequent expenditure. The Treasurer had been marginalized by this pre-1856 arrangement, lacking detailed information about, and, consequently control over public spending.

The new arrangements of 1856 made Treasury responsible for the presentation of the Estimates of Revenue and Expenditure to the Assembly. The question which arose was: would Treasury develop overriding control over departments, a situation which had not been achieved by the British Treasury?⁶⁷ The Department nevertheless remained small and the Treasurer lacked political influence. The big spending departments such as Public Works remained aloof from centralized control. The Treasurer also had the difficult and semi-autonomous Customs Department to bring under his umbrella.

⁶⁶ Financial Statement of the Hon. Stuart Alexander Donaldson, 6th November 1856 in *SMH*, 7th November 1856. *Financial Statements of the Colonial Treasurers of NSW*, Vol. 1. (ML ref: 336.91)

⁶⁷ M. Wright, 'Treasury Control 1854–1914', in G. Sutherland ed. 1972, *Studies in the Growth of Nineteenth Century Government*, Routledge and Kegan Paul, London, pp.195-226 in Golder (2005), p.123. Hamilton, Sir Horace, 'Treasury Control in the Eighties', *Public Administration*, London, Spring, 1955, pp.13-17. Burton, Ann 'Treasury Control and Colonial Policy in the Late Nineteenth Century,' *Public Administration*, London, XLIV, Summer 1966, pp.169-192

In the 1860s, Colonial Treasurer Eagar's reforms removed the Auditor-General from his pivotal role as controller of expenditure. He enforced a policy whereby Treasury made direct payments, thus capturing the colony's public accounts. These changes 'gave Treasury unrivalled knowledge of staffing, contracts and contingencies in all government agencies.'⁶⁸

Echoing Knight's thesis⁶⁹ (see below), Golder argued that Premier and Treasurer Reid in the 1890s took Parkes' policy of retrenchment to a new level, ceding control over the government's workforce to the resolutely retrenching and newly established Public Service Board. The extension of more effective Treasury control over departmental expenditure and the Board's uniform management of public servants were twin aspects of a reform program that supplanted the personalized control exercised by Parkes and Robertson.⁷⁰

In 1964 P. N. Lamb wrote a paper concerning overseas borrowing by the New South Wales Government, post-dating his Ph.D. thesis of 1963.⁷¹ This paper was written in order to clarify the dynamics of government borrowing in the decades before 1885, the year that established and defined the commencement of his thesis of 1963. This paper and his thesis overlap and, combined, provide an introduction to Treasury's dynamic participation in borrowing, domestically and overseas. (Lamb placed suitable reliance on primary material from the *New South Wales Votes and Proceedings*, *NSW Parliamentary Debates*, and the *Dibbs, Parkes and Belmore Papers and Correspondence* in the Mitchell Library. Treasury records were also retrieved from NSW State Records.)

In 1842, Treasury first issued short-term debentures in order to meet government costs arising from increased immigration after the revenue from Crown land sales had declined. This revenue had been targeted by the British Treasury for that purpose. Subsequent gold discoveries in New South Wales in 1851 profoundly affected the colony with concomitant demands by a rapidly expanding population for expenditure on infrastructure, communications, public buildings and port facilities. Rather than

⁶⁸ Golder (2005), p.168

⁶⁹ Knight, Kenneth W. 1955, 'The Development of the Public Service of New South Wales From Responsible Government 1856 to the Establishment of the Public Service Board 1895', M.Ec. Thesis, University of Sydney

⁷⁰ Golder (2005), p.243

⁷¹ Lamb, P. N. 'Early Overseas Borrowing by the New South Wales Government', *Business Archives and History*, Vol. IV, No. 1, February 1964, pp.44-62

increase taxation the government resorted to a fresh borrowing program, seeking capital overseas in London and, later, in France. The government first approached London after it became difficult to float loans in the colony because of a saturated domestic market. Between 1856 and 1868 ‘hope, disillusionment and experimentation’ was experienced in the venture of government borrowing on the international market.⁷²

Lamb’s thesis, *The Financing of Government Expenditure in New South Wales 1885–1900*, identified two periods of relatively large-scale and frequent overseas borrowing by the New South Wales government, between 1856 and 1868 and between 1879 and 1886.⁷³ The core of Lamb’s thesis rests on his examination of Treasury’s responsibilities when the overseas borrowing programs were established and as they became more pronounced. Treasury had to take into account parliament’s emphatic instructions for a much greater rate of new capital formation than ever before.⁷⁴ Lamb investigated Treasury’s involvement after 1885 with concentrated discussion on its policy and practice in the light of diminished and later revival of land sales and the appropriation of the nominal revenue surplus.

The Bank of New South Wales had been appointed the government’s London financial agent in 1855. In 1878 the colony’s liquidity problems led to a near rupture of relations between Treasury and the Bank. Matters were so delicate that the London-based Agent-General was given precise instructions for corresponding with Treasury by coded cable. The relationship soured in the 1880s, leading to a protracted legal battle between the Bank and Treasury over an alleged breach of contract. The dispute between Treasury and the Bank was settled in 1888 only after appeals to the Privy Council, the Bank being highly critical of Treasury’s apparent ‘expediency’. Thomas Walker, the Bank’s Chairman informed shareholders that:

‘the management of the finances of the country had been so erratic; there had been such a want of foresight and precaution in providing funds for the Government expenditure.’⁷⁵

Lamb concluded that Treasury was not concerned about the problems it might create for its bankers. Whether such interference was ‘unintentional, unavoidable or

⁷² Lamb (1964), p.48

⁷³ Lamb, P.N. 1963, ‘The Financing of Government Expenditure in New South Wales, 1856–1900’, ANU Ph.D. Thesis

⁷⁴ Lamb (1963), p.208

⁷⁵ Lamb (1963), p.336

simply the outcome of Treasury views on sound financial management' cannot be proved, but the evidence rests with the official adviser to government, Geoffrey Eagar. Over the entire period under discussion, Eagar advised the Bank of New South Wales of the government's intentions, issuing instructions for the issuing of loans. Treasury closely investigated the question of offering inscribed stock in London, and if the then current practice required altering.⁷⁶

In the 1890s, with the departure of Parkes as Premier and his personal involvement in negotiations, two later Premiers, Dibbs and Reid, directed Treasury operations with 'firmness and considerable secrecy', avoiding explanations of Treasury's transactions in the overseas market. The borrowing programs were also exacerbated by the 'land question' and land reform, which dominated parliamentary debates at this time because of revenue implications and population pressures.

Lamb does not mention Eagar's own personal and desperate financial position at this time arising from his debt with the Oriental Bank. The Bank had foreclosed because of Eagar's failed land speculation, forcing him into bankruptcy.⁷⁷ This was at the same time when he was negotiating Government loans with the Bank of England.

Treasury was also attracting adverse publicity concerning its administration when it became a party to the *Dibbs v Daily Telegraph* hearing, a matter heard in the Supreme Court in 1888. The main antagonists were Treasury's Consultant Accountant, James Thomson, and former Colonial Treasurer, George Dibbs.⁷⁸ Eagar's presence was notably absent from the daily reporting of court proceedings.

Lamb argued that Treasury, whether pursuing an unavoidable course or merely striving to make the most businesslike decision, could and did interfere seriously with the market mechanism through its banking transactions.⁷⁹ Premier Reid defended Treasury, however, where 'there were a number of gentlemen who are most able and experienced officers and whose duty it is to deal not with theories, but with facts.' Following Eagar's death in 1891 Premier Reid, a former Treasury Correspondence officer, established Treasury as the great co-ordinating department of government.⁸⁰

⁷⁶ Lamb (1963), p.325

⁷⁷ NSW PD, Vol. 13, 7 May 1884, *The Oriental Bank*, p.3191

⁷⁸ Hubbard, Nigel and O'Brien, Gerard 1985, *Dibbs v. Daily Telegraph*, Private Publication, Macquarie University

⁷⁹ Lamb, (1963), p.344

⁸⁰ Lamb, (1963), p.398

In 1955 Kenneth Knight, a former Treasury Budget Branch Officer, completed a Master of Economics Thesis in which he analyzed the development of the New South Wales public service between 1856 and 1895 when the Public Service Board was instituted.⁸¹ Although not specifically concerned with Treasury, its activities permeate Knight's analysis of public administration. The depoliticizing of the public service and the establishment of an independent Board was thought necessary in order to banish political patronage, evaluate positions, determine salaries, improve efficiency and supervise recruitment by examination and promotion by merit.

Within his thesis, Knight identified the broad trends that developed after 1856 for ensuring the efficient and economic functioning of the public service prior to the Public Service Act of 1895. Knight recognized the development of Treasury's status, as a sub-text to the role of the Public Service Board, the expansion of Treasury control of the overall finances after 1856 with the withdrawal of the Auditor-General from his position as premier financial officer in the colony. (The Auditor-General's powers went largely undefined until legislation in 1870 and 1895.)

Knight analyzed the progress made by Treasury after responsible government in improving government accounting procedures. Internal accounting difficulties were acknowledged when Treasury prepared the annual financial statements. Under the then prevailing system of government accounting, authorized expenditure was charged against the year of authorization, irrespective of how long after this the expenditure was actually incurred. It had been extremely difficult to ascertain with any degree of accuracy the real expenditure in various years. These problems were alleviated with the passing of the 1895 Audit Act that established, *inter alia*, the 'cash basis' system of accounting and the lapsing of unexpended balances at the close of each financial year.

Recognition was given to the requirement for strong and positive leadership, paramount when bringing about administrative change in Treasury both at the ministerial and departmental level. Treasury's development after 1856 culminated in the recognition of its Under Secretary, Geoffrey Eagar, as senior Under Secretary of the public service, a 'tangible recognition to the position being given in the form of a higher

⁸¹ Knight, Kenneth W. 1955, 'The Development of the Public Service of New South Wales From Responsible Government 1856 to the Establishment of the Public Service Board 1895', M.Ec. Thesis, University of Sydney

salary’.⁸² Eagar had a singularly interesting career; he had been a senior official with the Bank of New South Wales, a former Colonial Treasurer and later Under Secretary from 1st February 1872 to 28th February 1891. Eagar’s influence extended throughout the public service by virtue of both his Treasury position and his appointment as first Chairman of the Civil Service Board in 1885, retaining this position for a second term.

During the 1890s Parliament contained some of the most able politicians New South Wales had known. Five became Premiers and Treasurers: George Reid (a former Treasury correspondence clerk), Richard Dibbs, William Lyne and Joseph Carruthers. Colonial Treasurers included William McMillan whom Alfred Deakin considered the:

‘prototype of the ‘thoughtful, educated businessman, narrow and cold after the manner of the Manchester School ... business-like in manner and incisive in debate... An enlightened conservative, in his public life he did his best to vindicate the uses in government of good management and probity’.⁸³

Another useful Treasurer was Arthur Bruce Smith, who won a Legislative Assembly by-election for Gundagai on 23rd November 1882, the day parliament was dissolved, and re-elected on 13th December. The *Bulletin* commented that Smith added ‘the strong common sense of the experienced commercial man to the acumen of the practised advocate; is socially a favourite, and inherits the vigor of his father.’⁸⁴ John See maintained a reputation for strict business integrity and for regular business habits and attention to detail.⁸⁵

Zafarullah’s thesis follows in the footsteps of Knight’s analysis, contributing further insight into public service inquiries and administrative reforms in Australia between 1856 and 1906.⁸⁶ Between the advent of responsible government and the first decade of the twentieth century there were fifteen inquiries into the colonial public services: five in Tasmania, three in Victoria, two each in New South Wales (1887–1892, and 1894–1895), South Australia and Western Australia, and one in

⁸² Knight, (1955), p.56

⁸³ A. W. Martin, ‘McMillan, Sir William (1850–1926)’, *ADB*, Volume 10, Melbourne University Press, 1986, pp.342-344

⁸⁴ Martha Rutledge, ‘Smith, Arthur Bruce (1851–1937)’, *ADB*, Volume 11, Melbourne University Press, 1988, pp.637-639

⁸⁵ Keith Henry, ‘See, Sir John (1845–1907)’, *ADB*, volume 11, Melbourne University Press, 1988, pp.560-562

⁸⁶ Zafarullah, Habib Mohammad, 1986, ‘Public Service Inquiries and Administrative Reforms in Australia 1856–1906,’ Ph.D. Department of Government, Sydney University

Queensland.⁸⁷ Zafarullah's thesis is, *inter alia*, an analysis of the reasons for their creation, the political drivers, their parameters of inquiry and outcomes, where applicable, for Treasury.

The author argues that in the first half of the nineteenth century a break was made with the past and a new form of public administration had emerged in Britain. The British model of bureaucratic administration had been transplanted to Australia but, because of local conditions, changes were made. More radical reform was invested with energy by the findings of the Northcote-Trevelyan Report of 1853 which was outspoken in its criticisms of the organization and processes of the civil service. It singled out the influences of patronage leading to the recruitment of the unambitious, the indolent or those incapable, to the various departments. Treasury can claim immunity from this criticism. Criteria for selection, including proficiency and honesty, had been introduced by Governor Darling.

In his overview of the administrative structure of the early settlement, Zafarullah concludes that the Commissariat was the forerunner of many latter-day departments such as Treasury, Audit, Stores and Transport. He relies for his account on McMartin's (1983) study of the public service though not agreeing with McMartin's argument that Treasury's precursor was the Gaol and Orphan Funds.

Zafarullah argues that the success of responsible government was contingent on the public service, a 'well-organised bureaucratic apparatus working under the dictates of the representatives of the people according to clearly defined norms'.⁸⁸ In New South Wales there was little dislocation to the business routines of the major departments such as Treasury. The Colonial Treasurer was replaced by a permanent head of Treasury, selected on ability and experience, and providing a continuity of service. The changes occurred in those departments where permanent heads were converted into political positions such as the Colonial Secretary and Colonial Treasurer.

The public servants who were administrative heads established respective secretariats similar to Deas Thomsons' proposed plan for administrative purposes. Their responsibility was to maintain continuity in the business of the departments within its jurisdiction during every change of government. These secretariats were to serve as links between the out-going and in-coming Ministers. Their primary function was

⁸⁷ Zafarullah, (1986), p.xxiv

⁸⁸ Zafarullah, (1986), pp.xii-xviii

initially, however, to administer departmental personnel rather than advise on policy issues. In time, and under more knowledgeable leadership, Treasury became the central organ in formulating and implementing the financial policies of the government.⁸⁹

Geoffrey Eagar's observations of Treasury, led him to send proposals to Cabinet calculated to place the public expenditure and accounts on a 'safe and intelligible basis,' and introduce an improved system of conducting the business of Treasury.⁹⁰ An inquiry was held when Eagar was Colonial Treasurer in the first and second Martin ministries. The Inquiry found fault with the existing system of financial administration, and identified the subordinate role played by the Treasurer in regulating the transactions of the Treasury *vis-à-vis* the Colonial Secretary and Auditor-General. Geoffrey Eagar subsequently introduced major organizational and procedural reforms in Treasury and sub-departments under his control.

Zafarullah argued that in all the Australian colonies the 1870s was a period of lost opportunities to approach rationally the problems of administrative change.⁹¹ Golder (2005), however, indirectly points the way to an understanding of this weakness in administration. In 1872, in New South Wales, Henry Parkes had formed his first government as economic conditions improved. Fresh gold discoveries had boosted confidence, while good weather and rising wool prices had increased pastoralists' access to British capital as well as their willingness to buy land. Parkes had restored public service salaries, reduced tariffs and promised an expansion of public works. It marked a farewell to austerity and offered little inducement for reformist movements.⁹²

In 1895, in the midst of an economic depression, the Public Service Act was enacted—'one of the most momentous measures that could be placed on the statute-book'.⁹³ Administration of the state's public service was to be co-ordinated by the Public Service Board. There is strong evidence to support the argument that the state's public service was led by competent and able public servants and departments functioned reasonably efficiently, as individual units. A wholesale unification of objectives was necessary, however, for universal efficiency and economy. Strong and

⁸⁹ Zafarullah, (1986), p.42

⁹⁰ NSW Journal of the LC, 1864, Vol. XI, p.140

⁹¹ Zafarullah, (1986), p.226

⁹² Golder, Hilary 2005, *Politics, Patronage and Public Works 1842–1900*, UNSW Press, State Records NSW, p.181

⁹³ Knight, Ken 'Patronage and the 1894 Royal Commission of Inquiry into the New South Wales Public Service,' *Australian Journal of Politics and History*, Vol. VII. No. 2, November 1961, p.166

determined leadership at the Ministerial level provided the means, generating administrative change at departmental level. The history of Treasury provided that evidence of sound leadership, administrative reform and administrative change into the twentieth century.

In the previous two theses cited, Lamb analyzed Treasury's dichotomy with government as advisor and Knight examined Treasury's role as an administrative unit. This third thesis examines, *inter alia*, Treasury's relationship with the executive. All three works cited were concentrated in the latter period of the nineteenth century. Once again, Treasury is central to much of Graham's argument, providing evidence of the growing influence and importance of the department, its officials and also that of the Ministers responsible for its efficient administration. Graham⁹⁴ analysed the roles of Governors Young, Belmore, Robinson, Loftus and Carrington and their interaction with government departments. He concluded that governors played an active part in the colony's administration but it was Young, Belmore and Robinson who supervised effectively at a critical period and became closely involved in Treasury's administration and leadership.

Graham argued that all three men had significant experience in British parliamentary and administrative systems. Sir John Young was appointed Governor in January 1861 having spent 24 years in the House of Commons, including six years dealing with Treasury matters, and between 1844 and 1846 as Secretary to the British Treasury. John Ward argued, after reflecting on the active role that an able governor enjoyed in the early years of responsible government, that Young gave frequent advice on policy, making it a practice to see one of his ministers each day.⁹⁵ Parkes wrote of him that he was 'fully informed on political subjects, he was frank and modest in communicating to others the lessons of his experience ... (though) in intercourse with him one received instruction unawares'.⁹⁶ In 1861, the year of Young's appointment, there was a gloomy outlook in the Colony. It was peopled by '... men of turbulent character and ultra-democratic notions ... incessant changes of ministry ... a

⁹⁴ Graham, (1972)

⁹⁵ John M. Ward, 'Young, Sir John [Baron Lisgar] (1807–1876)', *ADB*, Volume 6, Melbourne University Press, 1976, pp.455–457

⁹⁶ Graham, (1972), p.13. John M. Ward, 'Young, Sir John [Baron Lisgar] (1807–1876)', *ADB*, Volume 6, Melbourne University Press, 1976, pp.455–457.

government without capacity for the discharge of legislative or administrative duties'.⁹⁷ Bede Nairn suggested that until 1879 the governor and his senior civil servants may have contributed more to stable governance than either cabinet or parliament.⁹⁸

Young encountered the administrative tensions in Treasury as his incumbency progressed. In August 1866 Colonial Treasurer Eagar suspended his Collector of Customs Duncan because of an administrative disagreement. Duncan was reinstated after Governor Young's intervention.⁹⁹ Again in September Young cleared up a further dispute in Treasury.¹⁰⁰ Young was a devout Evangelical Anglican and he appealed for nonsectarian sympathy and tolerance, raising the ire of some Protestants when he chaired a meeting in 1865 to organize the rebuilding of the burned St Mary's Cathedral. Sectarianism was an element in Treasury which was sustained by Eagar who was a devout Anglican but antipathetic to Catholic practice and belief. Golder (2005) also argued that the strains within the Department of Finance and Trade were structural as well as personal, the number of sub-departments under the Treasurer's mantle permitting the development of factions.¹⁰¹

The Earl of Belmore was appointed Governor of New South Wales in January 1868. His interests lay primarily in the maintenance of administrative efficiency which he considered more important than legislative reform.¹⁰² He had gained experience in civil service matters in England, serving on various committees and between 1866 and 1867, was the Under Secretary for the Home Department, and briefly represented Treasury in the House of Lords. Belmore became involved immediately in colonial affairs through finance.

Upon his arrival Belmore grew suspicious of Treasury's control of financial administration because of Parliament's apparent retreat from financial matters, and its lack of understanding of the intricacies of government finance. Since 1856 the Auditor-General had no clearly defined powers, and Parliament had virtually surrendered its constitutional right to check the Government's expenditure. Belmore recognized that

⁹⁷ SMH, 13.5.1861, p.3 in Graham, (1972), pp.13-20

⁹⁸ Quoted in Graham, (1972), pp.9, 358

⁹⁹ SMH, 23 August 1866, p.5 in Graham (1972), p.369

¹⁰⁰ Young to Carnarvon, 21st September 1866, CO 201/539 in Graham, (1972), p.369.

¹⁰¹ Golder, (2005), p.167

¹⁰² Belmore to Rogers, 30th December 1868, Belmore Letter Book in Graham, (1972), p.104. Bede Nairn, 'Belmore, fourth Earl of (1835–1913)', *ADB*, Volume 3, Melbourne University Press, 1969, pp.135-138.

parliamentary control over expenditure was paramount to stable government and, if lost, 'greater difficulty might present itself hereafter.'¹⁰³ He recognized the inherent dangers associated with this practice. In March 1868 the Secretary of State for the Colonies advised Belmore privately that he had nothing to say 'except to hope that you will keep Sydney out of any [constitutional] mess similar to that now existing in Victoria'. By April, Belmore had realized the urgency of reform of the peculiar financial procedures of the Ministry and Treasury, although he was aware that he had a lot to learn about them. The existing practice in authorising expenditure was based on executive action, supposedly sanctioned by the Constitution Act 1854 (18 & 19 Vic. c. 54), rather than on specific Appropriation Acts, however irregularly they had been passed and had legalized payments already made. Despite protestations from Colonial Treasurer Sir Saul Samuel that the British government was interfering with 'the principle of colonial independence', Belmore wanted to see the system altered. In April 1870 he addressed a Minute to Ministers, couched in as strong and plain terms as he thought prudent, pointing out the necessity for some change. Optimistically, in May, he forwarded to London a copy of the Audit Act (33 Vic. no. 18) that had rectified, so he thought, inappropriate payments. (This ministerial aberration of approving expenditure without the appropriation was not expunged completely and the big spending departments abused the opportunity for further funds for some time to come and Eagar as Treasury Under Secretary ensured that Treasury remained dominant.)

The act had some beneficial effect upon government finance, however, and expenditure could be checked and more realistic estimates made and supplementary estimates decreased. Belmore's successors were not, however, Treasury men and were not disposed to question the signing of warrants in advance, an action which had given Belmore grave concern during his incumbency.¹⁰⁴

Graham examined Belmore's reputation for dispassionate analysis made apparent in the continuing imbroglio between the Colonial Treasurer, Geoffrey Eagar, and his Collector of Customs, William Duncan, because of the latter's alleged insubordination.¹⁰⁵ Duncan was dismissed by Eagar in 1868, with Belmore sympathising with Duncan, citing precedents from his own experience in the Home

¹⁰³ Graham, (1972), p.139

¹⁰⁴ Graham, (1972), p.141

¹⁰⁵ *ADB*, Vol. 3, p.136

Office. He considered the punishment of dismissal involving the loss of a right to a pension too severe and should not be carried out. Belmore assessed the Eagar-Duncan affair as being bedevilled by personal and sectarian animosities. Duncan was a Roman Catholic and Eagar a strong Protestant and very active in church affairs. There was also 'much bitterness in the department between officers of the different persuasions'.¹⁰⁶ His beliefs coloured his dealings with Treasury staff and caused disruption to the peaceful administration of the department. During discussions, Belmore also noted Eagar's lack of tact in his management of Treasury.¹⁰⁷ Eagar was also possibly jealous of Duncan's literary efforts, Duncan being a published poet and essayist and admired by Parkes, also a self-proclaimed poet.

The outcome of this matter was the reinstatement of Duncan who was, however, debarred from receiving a pension under the Superannuation Act because of the temporary removal from office. (Duncan's Superannuation Bill, assented to in April 1880, enabled him to retire upon his pension notwithstanding the temporary removal from office.)¹⁰⁸ Soon after the imbroglio, Geoffrey Eagar lost his seat in Parliament, having been identified by the electorate as a tyrant. He returned to Treasury as Under Secretary in 1872 under the auspices of his former honourable colleagues and by way of political patronage.

Sir Hercules Robinson was appointed Governor in February 1872. In 1859, Robinson, as Governor of Hong Kong, had reorganized the colony's civil list and finances, and in 1863 enquired into the finances of the Straits Settlements.¹⁰⁹ Robinson's dispatches to the Colonial Office had always been models of concise and perceptive information. On 19th September 1878, his report on the political situation in the colony was based on a confidential minute in which he analyzed the paralysis of government and parliament that had resulted from the colonial practice of voting supply in installments; he pointed out that in twenty-one years of responsible government only two Appropriation Acts had been passed on time. His remedy was to refuse dissolutions unless supply was guaranteed.

¹⁰⁶ Belmore to Buckingham/Chandow, 18th May 1868, p.370

¹⁰⁷ CO 201/548 in Graham, (1972), p.370

¹⁰⁸ *NSW PD*, 9th December 1879, p.524 and *NSW PD*, 13 April 1880, p.1928

¹⁰⁹ Graham, (1972), p.21. Bede Nairn, 'Robinson, Sir Hercules George Robert [first Baron Rosmead] (1824-1897)', *ADB*, Volume 6, Melbourne University Press, 1976, pp.48-50.

Graham argued convincingly that Young, Belmore and Robinson kept a sharp and anxious eye on service efficiency, making suggestions for better administration, which points to a lively sense of responsibility. His evidence suggests that senior public servants in office for extended periods and possessing technical or professional expertise, such as Eagar in Treasury, Wilkins in Education and Whitton Chief Railway Engineer, exercised wide executive discretion and influenced significantly the formulation of policy.¹¹⁰ It was certainly true of Eagar, as Graham's thesis argues.

Gerald O'Brien's 1974 thesis, *John See, Colonial Treasurer and Some Developments Affecting the Treasury of New South Wales 1891–1894*, is the fourth example proffered in this examination into administrative policies as they relate to Treasury in the nineteenth century. The three previous theses have considered the relationship between Treasury and the Public Service Board, Treasury and the financial sector, and Treasury with the executive. Attention is now centred on Treasury and its relationship with a Colonial Treasurer, John See, in the period between 1891 and 1894.¹¹¹

See was appointed Colonial Treasurer on 23rd October 1891 and was of a Ministry that O'Brien considered one of the strongest and most able Ministries before 1900. It was the first truly protectionist government in New South Wales and it was See's specific responsibility to introduce and operate protective tariffs.¹¹² Treasurers and Treasury were required to cope with the economic depression of the 1890s and the 'Great Bank Crash' which reached its apogee in 1893. The increasing complexity of the economic situation demanded increasing sophistication in the administration of all government departments, and required that Treasury officers gain greater control over departmental expenditure.¹¹³ The arguments over the size of deficits indicated the type of political manipulation politicians were relying on to prove their own political view. The actual Treasury accounts needed to be removed from such political manipulation and be independent of such pressure. Politically, in the long term, the most vital part of

¹¹⁰ Graham, (1972), p.360

¹¹¹ O'Brien, Gerald, 1974, 'John See, Colonial Treasurer and Some Developments Affecting the Treasury of New South Wales 1891–1894', MA thesis, School of History, Sydney University

¹¹² 'By 1886 protection had become the banner under which organisations and individuals variously agitating for encouragement of local manufactures, direct taxation, democratic land and even political reform managed to coalesce in an association designed to organise the constituencies on a colony-wide basis in the next elections.' Loveday and Martin quoted in Hogan, Michael and Clune, David 2001, *The People's Choice*, Vol. 1, 1901–1927, Parliament of New South Wales, Sydney, p.8

¹¹³ O'Brien (1974), pp.8-9

See's strategy was the necessity to balance the budget and restore to local and overseas investors, financial confidence in the colony.¹¹⁴

O'Brien described See as 'conservative, yet flexible', a man using his ability, ambition and energy to fulfill the practical needs of his own life and those of the community in which he lived. He was also a bold, hard working administrator.¹¹⁵ An alternate impression of See is given in Henry Keith's paper on See.¹¹⁶ When Dibbs formed a ministry in October 1891, See became Colonial Treasurer and Minister for Railways. He acquitted himself well in presenting his first budget in December. After a serious miscalculation of the revenue and underestimate of the deficit, he was compelled to make a second financial statement within a month, on 18 January 1893. In the banking crisis of May 1893, it was Dibbs who moved promptly to restore confidence and who introduced the necessary legislation. See's political reputation had scarcely been enhanced by his performance as Colonial Treasurer, but he suffered no irrevocable damage

In November 1891, See identified three issues intertwined with each other: a budget deficit, the loan account situation and its associated debt, and the need to find revenue to relieve the budget deficits and aid loan repayments. As Lamb (1963) demonstrated, the crux of the problem was the reluctance of governments, and more especially Cabinets to increase taxation to meet public works and commitments, including debt service, and hence the reliance on overseas loans. See's success depended on his ability, Treasury advice, government support and changing economic conditions, internally and externally.

O'Brien, utilizing Treasury records, suggests that Treasury Under-Secretary Kirkpatrick had no hesitation in offering advice to Treasurers, indicating his disapproval, when necessary, of actions taken by Treasurers when dealing with the public accounts. Confusion arises here, however, over the relationship between the Auditor-General and Treasury. See had encountered 'trouble from one of his senior Treasury officials, namely the Auditor-General'.¹¹⁷ The Auditor-General's department was a distinctly separate government agency, with no ties to the Treasury. Indeed, the

¹¹⁴ O'Brien (1974), pp.77-79

¹¹⁵ O'Brien (1974), pp.9, 33-35

¹¹⁶ Keith, Henry, 'See, Sir John (1845-1907)', *ADB*, Volume 11, Melbourne University Press, 1988, pp.560-562

¹¹⁷ O'Brien (1974), p.55

Auditor-General's relations with Treasury were notoriously strained even with the passage of the Audit Act Amendment 1892 which finally defined the Auditor-General's responsibilities and spheres of influence. See had not been able to overcome opposition from Rennie, the Auditor-General. This relationship between a minister and one of his senior civil servants seemed to indicate future trouble 'which called for reform of Treasury's operations and to make clear the relationship between the Minister and his subordinates'.¹¹⁸ The Auditor-General was not a member of Treasury staff and any trouble See had with the Auditor-General was a separate issue to any administrative problems he may have encountered in Treasury.

Important accounting changes occurred during See's incumbency including the separation of the Railway Department's revenue from the general consolidation revenue. Treasury officers also revised and enlarged the Government Telegraph Cipher Code. The code, which combined 'confidentiality with economy' was essential in communications with the London Agent-General. It was vital during loan negotiations to maintain secrecy, reassuring London bankers of the commercial sensitivity of information transferred between the colony and its London agents. See's initiatives, and with advice from Kirkpatrick, shifted Treasury to a more efficient position, more suited to changing financial circumstances, both internally and externally.

See played an important role in Cabinet and within Treasury in framing and carrying out significant banking legislation. Timing was also important. Golder (2005) recognized that in 1891 it was See's close cooperation with the Agent-General, Saul Samuel, that ensured the placement of Treasury Bills to meet debt payment in the following year.¹¹⁹ The subservience of Treasury to Premier Parkes had changed with his departure from the Ministry together with his personalized handling of negotiations with London. Treasury archives support See's role in repaying the London Loans during the panic, in safeguarding public revenue held by the banks, in framing the regulations of the Current Account Depositor's Act, and in appreciating that the path to economic recovery lay in circulation and not in restricting currency.¹²⁰

The events between 1891 and 1894, underscored the role of Treasury in financial matters, placing the Treasurer second only to the Premier himself. See encountered

¹¹⁸ O'Brien (1974), p.79

¹¹⁹ Golder (2005), p.230

¹²⁰ O'Brien (1974), p.260

failure, however, in his battle to account for and control public expenditure. The Treasurer's Advance Vote was abused by Ministers and the big departments such as Public Works, which deliberately under-estimated the cost of their projects, and relied on supplementary estimates. Golder (2005) argued that Treasurers such as Burns, McMillan, Bruce Smith and See were unsuccessful in curbing their colleagues' spending and imposing Treasury standards on their various departments.¹²¹ It was left to Reid as Premier/Treasurer to ensure that Treasury became the controller of public spending and an interpreter of the economy, making adjustments to budget policy depending on economic trends.

O'Brien viewed See's incumbency as Treasurer as a transitional phase, eliminating old Treasury book-keeping practices and the acceptance by the community of direct forms of taxation to provide for public services. The period therefore witnessed an increasing intervention by government and Treasury in the financial operations of the colony.¹²²

Treasury records in the NSW State Records for the period 1856–1900 are disappointingly circumscribed. Rumour suggests that a 'clean-up' in Treasury in the latter half of the nineteenth century and a fire in Treasury's vault in the 1930s created a sizable gap in the surviving correspondence, unlike that for the colonial period. Indexes and Registers to Correspondence 1856–1900 are available but it is only in the post-1886 period that one is on firmer ground when seeking evidentiary material. Treasury Special Bundles that have survived concern public officers, railways, the Agent-General, the Auditor-General and the Executive Council. Treasury Office Minutes provide further insight into this latter period. Other record series directed the author to material relative for Treasury's involvement in Crown Land, Licensing, Immigration, Gold discoveries, Debentures, accounting and financial policy.

Scholarship specializing in Treasury administration in the twentieth century is not well-served, not providing a meaningful analysis of Treasury as a discrete administrative unit. Secondary sources and archival material provided the basis for much of my interpretation for the first period of the twentieth century.

¹²¹ Curnow & Golder (c1900) Chapter 10. Golder (2005), p.231

¹²² O'Brien (1974), p.357

Peter Tyler's *Humble and Obedient Servants 1901–1960* (2006),¹²³ is a commissioned administrative history and concerns the administration of New South Wales between 1901 and 1960. It is a linear progression of Golder's *Politics, Patronage and Public Works* (2005). Tyler examined the impulses that shaped the New South Wales public service and how it functioned in the context of the social, economic and political events of the twentieth century.¹²⁴

Tyler constructed a background for his analysis which included staff numbers in the public service. In 1855 staff totalled 23 in Treasury. In 1900 Treasury employed 98 officers of a population of over 12,000 permanent public servants. (This number differs from that of Tyler: 1017 in 1901)¹²⁵ In 1960, 50,000 public servants were employed but because of administrative restructuring, the number in Treasury had been reduced since 1900 to 75.¹²⁶ Tyler, as had McMartin, *et al*, identified Treasury as a major participant in the administration of the State. Treasury, within the context of the public service administration, dealt with accounting reform and financial administration, gaming and racing and a multiplicity of other activities. Included were notable Colonial Treasurers, including Lang and Stevens and the role of the Public Service Board. Tyler's work also included an analysis of the (mis)management of state finances. One case, over the first two decades of the twentieth century, concerned public works and private contractors. In this matter direct Treasury involvement was, however, limited; its only role was to nominate an accountant for the several projects in order to certify payment of the private company's monthly bill.¹²⁷ Standardised Government accounting practices were re-established by Bertram Stevens in the 1920s, Tyler tracing the development of Treasury's team of inspectors which created another line of departmental supervision additional to the staff inspectors employed by the Public Service Board.¹²⁸

Tyler describes Stevens' sacking by Lang from Treasury as 'most dramatic'.¹²⁹ Many believed that Lang as Premier would purge the higher echelons of political appointments because of his ideological convictions. Surprisingly, this did not happen, thus rendering Stevens' removal more significant. Lang removed members of some

¹²³ Tyler, Peter 2006, *Humble and Obedient Servants 1901–1960*, UNSW Press, State Records NSW

¹²⁴ Tyler, (2006), p.10

¹²⁵ Tyler, (2006), p.16

¹²⁶ *Public Service List* 1959, p.34

¹²⁷ Tyler, (2006), p.51

¹²⁸ Tyler, (2006), p.75

¹²⁹ Tyler, (2006), p.94

statutory boards, but departmental permanent heads continued in their positions unaffected until their retirement or resignation. Tyler argues that Stevens' removal was not retribution for his schemes of retrenchment following his review of the Government Printing Office whilst he was a Board Inspector, but that Lang's action was designed to improve the administration of Treasury. Tyler overlooks Lang's explanation in his recollections *The Turbulent Years*.¹³⁰ Lang remembered that:

'When I reached the Treasury, I found myself confronted with a similar position as happened with Holliman in 1922. During the Fuller Government Sir Arthur Cocks, who had been Treasurer, had appointed two Public Service Board inspectors, John Spence and B. S. B. Stevens to report on and reform the Government Printing Office. As a result of their report, a large number of men had been sacked, while others had been demoted, losing their superannuation rights.

As a reward for their efforts, Cocks had made Spence manager of the Government Printing Office and had appointed Stevens Under-Secretary of the Treasury and Director of State Finance, a new Position. I was satisfied that they were political appointments and my first action on taking charge was to cancel Stevens' appointment as Under-Secretary of the Treasury, and appoint C. R. Chapman in his stead. I allowed Stevens to retain his title as Director of Finance, and then proceeded to give him the silent treatment I had given Holliman, by ignoring his existence.'

It is ironic that Tyler ends his analysis of government administration with a rhetorical question under a photograph of the Treasury building in Macquarie Street. Where did power reside – in the Premier's office in the historic Treasury Building in Macquarie Street, or the undistinguished premises occupied by the Public Service Board in Young Street, and later O'Connell Street?¹³¹ Within 20 years of the conclusion of Tyler's exposition, in 1960, the Board had been dissolved, the Treasury building was an international hotel and Premier's Department the undisputed senior department in the state.

G. N. Hawker's *The Parliament of New South Wales 1856–1965* established, *inter alia*, a political context for the twentieth century.¹³² Within that political context was Treasury's administrative role translating financial policy into action. Hawker's work was described not as a history of legislation, of political parties, or even of

¹³⁰ Lang, (1970), p.45

¹³¹ Tyler, (2006), p.225

¹³² Hawker, G.N. 1971, *The Parliament of New South Wales 1856–1965*, NSW Government Printer, Sydney

parliamentarians, but rather a description of an institution from the inside, and offered an explanation of how that institution met, or failed to meet, the new demands that were placed upon it and, by osmosis, the government departments.¹³³

Federation became a constitutional and political reality and ‘a jump into the uncertain’.¹³⁴ The faction system that characterized the nineteenth century state parliament gave way slowly to the two-party system in the first decade after federation. The Liberal Party win in 1904 and 1907 appeared to establish the two-party system, Labor and non-Labor. There were few clear issues of principle, the fiscal and social reformists having lost interest or impetus. Problems of closer settlement, irrigation, railways and public works generally, and industrial matters and federalism, set the tenor of debate.¹³⁵ Sectarian controversy simmered but did not become pronounced until 1916 aroused by the conscription issue. In Treasury, sectarianism had lain dormant since Eagar’s reign as Under Secretary before his death in office in 1891.

It was not until the 1930s that the Country Party emerged and joined in coalition with the Nationalist Party. The 1902 Women’s Franchise Act (NSW) had given women the right to vote in state elections in keeping with their right to vote in federal elections. All parties had courted the female vote, but it was not until 1918 that women were permitted to contest election to the Assembly, and not until 1926 were they eligible to be appointed to the Legislative Council.¹³⁶ In 1908 the first female typists were employed in Treasury, and in 1918 the first female clerks were employed. This was long after the Auditor-General’s department had employed its first female clerk and typist in 1899. Staff numbers indicate the size of the respective departments: Treasury staff numbered 106 in that year compared with 52 at the Audit Office.¹³⁷

From the early 1930s Premiers came to be associated with Treasury. From 1925, when John Thomas Lang was appointed Premier and Colonial Treasurer, and in the early 1930s, the dictatorial Lang was described by Hawker as being in possession of:

¹³³ Hawker, (1971), p.xiv

¹³⁴ Hawker, (1971), p.195

¹³⁵ Hawker, (1971), p.202

¹³⁶ Hawker, (1971), p.208

¹³⁷ NSW Public Service Lists 1908

‘the keys of the Treasury and a desire to wreck the finances of the State – helped to convince later premiers that the prime financial position should be theirs, as also did the increasingly grave problem of Commonwealth/State financial relations.’¹³⁸

Complementing Hawker’s analysis of the New South Wales Parliament are the first two volumes of *The People’s Choice*, spanning 1901–1965.¹³⁹ In 1901, Federation introduced what was described as ‘a new game’, and the pattern of State politics underwent fundamental changes. For Treasury, Federation established a greater appreciation of external forces influencing its administration and functions. Federation gave government finance a new dimension, with debate as to how the States were to raise their revenue since the Commonwealth had captured the major source of its income by means of import tariffs on goods from overseas. The Australian Constitution had provided (s.87) an interim arrangement of revenue distribution, according to which, in the first ten years of Federation, the Commonwealth would retain only one-fourth of its income from customs and excise, returning the remainder to the States (according to the provisions of s.89). This arrangement, the Braddon clause, was permanently resolved by 1910.¹⁴⁰ By 1924 New South Wales received an annual contribution from the Commonwealth at the rate of £2 5s. per head which increased annually each year, adjusted to the increase of population.

In the previous century, reliance for revenue had been placed on land (from sales, auctions, leases, land taxes) and overseas borrowing for expenditure on infrastructure and services. Although the philosophical arguments attaching to Protectionism and Free Trade had been largely absorbed into the recently emerging party system, the debate continued as to the future source of revenue to be provided to Treasury.

Commonwealth-State disputes persisted through the first decade of the twentieth century, coming to a head in 1907 when a new highly protectionist tariff, a ‘crushing impost’ had been introduced, and salaries of federal parliamentarians had increased from £400 to £600.¹⁴¹ Hogan argues that by the time of the Great War Australia, although unified in its grief for its military losses, was divided over class, ethnic, religious, national allegiance and regional differences. These differences found

¹³⁸ Hawker, (1971), p.233

¹³⁹ Hogan, Michael and Clune, David 2001, *The People’s Choice*, Vols 1-2, Parliament of New South Wales, Sydney

¹⁴⁰ Hogan and Clune (2001), p.94

¹⁴¹ Hogan and Clune (2001), p.81

expression in the doctrinaire approach of Premier Jack Lang in the 1920s and 1930s. These divisions also marked the politics of at least the next generation, eventually disappearing after the Second World War.¹⁴²

Treasury involvement in the parliamentary system became pronounced in the lead-up to the 1927 election. Kevin Cosgrove asserts that Treasury's Under Secretary, Bertram Stevens, had resigned his post at the Treasury in disgust with the methods of finance employed by Lang. Cosgrove argued that:

'public monies had been manipulated for political purposes, for example, finance had been made available for new schools immediately prior to the elections, that public works had been commenced in Wollondilly electorate to "stuff" the rolls in that particular area, and that the Government Printer had published literature, for distribution to the electors, explaining the provisions of labor legislation.'¹⁴³

The conclusion reached was that Lang's policies concerning the public service were politically motivated and influenced Treasury outcomes.

Cooksey argues that no understanding of Lang is possible unless he is regarded as above all, a hard-boiled politician, with, as his first priority, the security of his power-base: control of the Party through his domination of the Inner Group, and through his reputation for militancy with the rank and file.¹⁴⁴ Lang had been a conventional Treasurer in the cautious 1920–1922 Labor government. Cooksey argues that until his first term as Premier of New South Wales in 1925, Lang was not regarded as a militant, a radical reformer, even by the anti-labour parties and press.¹⁴⁵ As Treasurer he was later rebuked for his parsimonious attitude to government spending.

In the collected essays in Radi and Spearritt, (1977) *Jack Lang*, there is little sympathy for Lang the man.¹⁴⁶ He was moderate and even tentative in making substantive changes in Treasury administration. When dismissed by Governor Game in 1932, he made no attempt to take the issue to the streets, but meekly accepted the decision. There is no reason to doubt, however, that throughout his life he had a deep commitment to the constitutional and parliamentary process of social change.

Frank Farrell, in his essay 'Dealing with the Communists 1923–36', observes that by the 1920s the Bolshevik or 'Red bogey' had emerged as a regular part of Australian

¹⁴² Hogan, Michael, '1917', in Hogan and Clune Vol. 1, (2001), p.155

¹⁴³ Cosgrove, Kevin, '1927' in Hogan and Clune Vol. 1, (2001), p.362

¹⁴⁴ Cooksey, Robert 1976, *Lang and Socialism*, Australian National University Press, 1976, p.xi

¹⁴⁵ Cooksey, (1976), p.1

¹⁴⁶ Radi, Heather and Spearritt, Peter eds. 1977, *Jack Lang*, Hale and Iremonger, Sydney

political campaigns. By March 1931, Lang was the central focus for this popular radicalism, working class resentment and conservative paranoia.¹⁴⁷

David Clark, in his essay 'Was Lang Right?', considers that there was a 'striking brevity' in his pronouncements on economic matters, he not being an economic thinker.¹⁴⁸ His speeches and memoirs lacked any serious economic analysis.¹⁴⁹

In his essay 'The Dismissal', John Manning Ward argues that there was good ground in constitutional practice for criticism of Game's decision to dismiss Lang on the grounds that Game stated. He described Air Vice-Marshal Sir Philip Game, nevertheless, as a man of principle; honest and courageous, and for whom Lang had no dislike whatever. Lang was nevertheless ruthless, the practitioner of opportunism, with a willingness to abandon consistent principles as demonstrated at times. He was dangerously, wholly reckless in financial management, and influenced by the Communist, Garden, in his policy of repudiation. Ward considers it noteworthy that Lang failed to prepare a case in law to defend himself against his dismissal. Did he at that moment adhere to the formula for stability: peace, order and good government?¹⁵⁰

Hogan's profile of Jack Lang in Clune and Turner's publication, *The Premiers of New South Wales 1856–2005* (2006), indicated the difficulty of interpreting Lang's career.¹⁵¹ In March 1922, Lang was Treasurer in the Dooley government and, as Hogan argues, few Treasurers adopt the role of innovators, and Lang was no exception. He was a competent, fiscally conservative administrator of his portfolio, in a do-nothing Government. Lang's personality was illustrated when he took over his portfolio as Treasurer. Hogan examines the very public sacking by Lang of J. W. Holliman, a former British civil servant who had been the permanent head of Treasury for fourteen years and had advised seven Treasurers before Lang. Lang recalled his sacking of Holliman in his memoirs, *I Remember*.¹⁵² In his later recollections, *The Turbulent Years* (1970), Lang recalls a similar encounter with Stevens, the Under Secretary of Treasury. After the 1925 election, he adopted both portfolios of Premier and Treasurer. In a retaliatory gesture because of Stevens' part in sacking a large number of men in the

¹⁴⁷ Radi and Spearritt (1977), pp.49, 69

¹⁴⁸ Radi and Spearritt (1977), p.139

¹⁴⁹ Radi and Spearritt (1977), p.158

¹⁵⁰ Radi and Spearritt (1977), pp.174-175

¹⁵¹ Clune and Turner (2006), Michael Hogan, 'John Thomas Lang', p.179

¹⁵² J. T. Lang, *I Remember*, 1956 in Clune and Turner (2006), p.184.

Government Printing Office, Lang refused to accept him as head. Lang possibly relied on statute law to support his argument, but, because of his history of interference in the senior appointments in Treasury, it is an unlikely nicety.

An in-depth study of the political career of Bertram Stevens has yet to be completed, yet he has become synonymous with the political career of J. T. Lang. John McCarthy examined the career of Stevens in his 1967 MA Thesis, *The Stevens-Bruixner Government 1932–1939*.¹⁵³ McCarthy described Stevens as a Methodist lay preacher, the incarnation of the civil servant, shrewd enough, with a suburban homeliness and a semi-refined Croydon accent. He was described by a Treasury officer who worked under him as a ‘climbing and ambitious man’. He took to Parliament a knowledge of public finance and possibly was a financial wizard who transformed accounting in the State public service. Less complimentary was the impression that he was a trickster and budget manipulator who faked budget accounts.¹⁵⁴ In Parliament he could be quite ruthless, treating parliamentarians and his own back-benchers in a cavalier and autocratic fashion, who could threaten, bully or cajole in order to get his own way. In November 1930 he was elected Deputy Leader of the Nationalist Party and helped remove Bavin in 1932 to secure the leadership of the new United Australia Party.¹⁵⁵

McCarthy viewed Lang’s economic policy as unorthodox and Stevens offering ‘if nothing else, sane finance’. In 1932 the state finances were in a chaotic state with a deficit of £14,200 million. Stevens had achieved a balance by the 1936–1937 financial year with substantial reductions in government expenditure and production costs. He transformed the budget accounts which, as McCarthy claimed, was the most noteworthy feat of Stevens’ government.¹⁵⁶

In Clune and Turner’s collection of essays on State Premiers (2006),¹⁵⁷ McCarthy revisited his earlier thesis and described Stevens as being an ambitious self-made man—he had been born in non-fashionable Redfern in 1889. In 1912 Stevens, having qualified as an accountant, transferred from Manly Council to Treasury. By 1920 he was an Inspector of the Public Service Board, and at the age of 35 was appointed Under-Secretary and Director of State Finance, Treasury. Stevens reorganized Treasury

¹⁵³ McCarthy, J.M. 1967, ‘The Stevens-Bruixner Government 1932–1939’, MA Thesis, UNSW

¹⁵⁴ McCarthy, (1967) p.90

¹⁵⁵ McCarthy, (1967) p.88

¹⁵⁶ McCarthy, (1967) p.92

¹⁵⁷ John McCarthy ‘Bertram Stevens’ in Clune and Turner (2006), p.217

and redundant staff retrenched. After Lang won the 1925 election, as Labor Premier and Treasurer, he dealt with Stevens in a retaliatory gesture. McCarthy suggested that 'it must have seemed to Lang (that) the disposal of Stevens had been well settled'.¹⁵⁸

In his history of the New South Wales public service in the twentieth century, Tyler ascribed Stevens' sacking to Lang's insistence that the administrative duties of Treasury should be separated from the advisory and accounting function carried out by Stevens in his capacity as Director of Finance and Chief Account.¹⁵⁹ Lang's rationale was to improve administrative arrangements, not in retaliation for Stevens' involvement in the restructuring and retrenchment of staff in the Government Printing Office before his appointment as Under-Secretary of Treasury.

In 1927, following his departure from Treasury and entry into State parliament, Stevens was appointed Assistant Treasurer in the Bavin Ministry and, by mid-1929, Treasurer and Minister for Railways. In October 1930, the Bavin Government was defeated at the October election and Lang became the Labor Premier and Treasurer. Stevens was again in the Shadow Ministry and Deputy Leader of the National Party.

Upon Stevens' death in 1973, a portrait of Stevens was rendered in the condolence motion of Premier Askin who described him as having an unusual talent in the fields of accountancy and finance and possessing a remarkable memory. There is no other instance in Australian parliamentary life, of a Treasury Under Secretary becoming Treasurer in such a short space of time. As a Treasurer, he was able to use his great financial talents and unique background to rehabilitate the State Treasury and restore confidence in government.¹⁶⁰ It was the worst of times for the State.

Bede Nairn, in his study of Jack Lang *The 'Big Fella'*, observed that:

'Lang was now firmly at the head of the irrational forces in the Labor Party that were seized by the belief that the pervasive economic woes could be banished by some kind of incantatory formula.'¹⁶¹

The world economic disaster was confirmed when the New South Wales Government Savings Bank, a State institution founded in 1871, was forced to close on 23rd April 1931. This act had been precipitated by a sequence of factors: Lang's plans

¹⁵⁸ McCarthy (2006), p.218

¹⁵⁹ Tyler, Peter 2006, *Humble and Obedient Servants*, 1901–1960, Vol. 2, UNSW Press, Sydney, p.94

¹⁶⁰ NSW *Hansard* 27 March 1973, pp.3989-3991

¹⁶¹ Nairn, Bede 1995 ed. *Jack Lang The 'Big Fella'*, Melbourne University Press, p.222

for repudiation, Prime Minister Scullin's Deputy Treasurer Theodore's alarmist statements during the East Sydney by-election; and Lang's default on overseas interest on 1st April 1931.¹⁶² Nairn described Lang as being purposive and manipulative and acting according to his personal dictates. In May 1931 he refused to allow Treasury's Under Secretary Chapman to be involved in the important preliminaries to the coming Premier's Conference. Lang sent Joseph Lamero, Attorney-General, barrister and Langite, to the Loan Council's meeting in Melbourne on 5th August 1931 to negotiate finances, rather than Chapman or his Chief Accountant.¹⁶³ Treasury's Chief Accountant had advised Chapman throughout the financial crisis of 1931 and offered predictions and strategies to adopt when accommodating Lang's political manoeuvres. In January 1931 he had advised Chapman on the financial crisis facing the State, highlighting a serious drop in revenue when compared with the previous financial year. He advocated a policy of strict economy; that the State must balance its budget and live within its income.¹⁶⁴

When discussing the turnover of permanent heads in the public service in the 1860s, Golder (2005) observed that political patronage had led her to argue that the system:

‘seemed to mimic the American spoils system, (and) raised questions. Were respected senior officers being edged out to make way for cronies who would not resist the politicians’ control (and especially their grab for departmental patronage)?’¹⁶⁵

In 1932, lecturer at Sydney University in Public Administration, F. A. Bland, addressed members of the Constitutional Association. He made a scathing attack on the development of the ‘spoils of the victors’ system in public administration. He regretted that there had been no spontaneous protests at the dismissal of Stevens from Treasury, and of the 1931 appointment of some of the Dole Inspectors in New South Wales.¹⁶⁶ Bland followed up this address with a paper published in June 1932.¹⁶⁷ Bland argued that there were few actions more calculated to demoralize the public service than the

¹⁶² Nairn, (1995), p.232

¹⁶³ Nairn, (1995), p.247

¹⁶⁴ Advice to Under Secretary, 7th January 1931, NSW Treasury, Finance Guard Book, p.465a, (SRNSW ref: 7/2249)

¹⁶⁵ Golder (2005), p.166

¹⁶⁶ SMH 24 May 1932

¹⁶⁷ F.A. Bland ‘The Spoils System in the Public Service’, *The Australian Quarterly*, 14th June 1932, p.p.34-43

scandalous policy of dismissing and appointing leading public officials on party political grounds. If this policy was not abandoned then ‘we may saddle ourselves indefinitely with the nefarious Spoils system, with all its concomitants of corruption and inefficiency’.¹⁶⁸ Bland defended rigorously the assistance of thoroughly trained and scrupulously honest public servants in the State’s administration. The NSW Public Service Act, 1895, the model for public service legislation throughout Australia had revolutionized public service management.

Bland argued that ‘Parliamentary patronage abounds’ and ‘Parliament House had become a kind of out-door relief department of the Public Service.’ ‘M.P. tended to be synonymous with ‘employment broker.’¹⁶⁹ Bland observed that if the public service had not been inflicted with indifference and complacency then there would have been spontaneous protests statewide at such incidents as the 1925 dismissal of Stevens from the public service. Bland recommended that no Member of Parliament be appointed to an office of profit under the Crown until six months after he had ceased to be a Member. This condition should apply to appointments to the judiciary as well as to administrative posts. The fiction must be destroyed that only loyal party supporters can be trusted to administer efficiently a specific policy.¹⁷⁰ As a post-script in a later, 1979, text, *Government Administration in Australia*, Professor R. N. Spann argued that ‘one important result of the British connection was that Australia did not develop an Australian ‘spoils system’ in public employment’. There was not a legacy of political suspicion or hostility directed towards the bureaucracy.¹⁷¹ (This subject remains conjectural and judgment uncertain in the political climate of 21st century Australian politics and bureaucracy.)

The process and form of recruitment into the public service has been analyzed by Parker (1942), Schaffer and Knight (1963), Moore (1981), and McMartin, (1988).

Arthur McMartin in his paper, ‘The Emigrant Public Servant’, pre-empted Sarah Vallance’s thesis (2000) and her analysis of culture and administration by quoting Davison, who, in 1987, observed that ‘the most enduring forms of colonization are cultural’.¹⁷² McMartin observed that that argument was certainly true of forms of

¹⁶⁸ Bland, (1932), p.34. Bland estimated that in 1932 there were 20,000 full-time government employees

¹⁶⁹ Bland, (1932), p.37

¹⁷⁰ Bland, (1932), p.43

¹⁷¹ Spann, R. N. 1979 *Government Administration in Australia*, George Allen & Unwin, Sydney, p.34

¹⁷² McMartin, Arthur, ‘The Emigrant Public Servant’, *AJPA*, Vol. 48, No. 4, December 1989, pp.388-410

government and government administration. McMartin succeeds in his study of the emigrant public servant to understand and appreciate the contribution of that class of emigrant to Australian development. His first step was to identify their place of origin, then education. One outstanding emigrant was F. L. S. Merewether, acting Colonial Treasurer, a Cambridge graduate and the first university graduate employed in Treasury. Railway construction and the need for engineers attracted a group of talented men to develop the interior and means of improved communications. Education attracted the gifted emigrant as reformers, innovators and administrators. Omissions in McMartin's lists of those emigrant public servants who were appointed Under-Secretary, include Henry Lane born in Ireland and appointed Under Secretary of Treasury in 1856, and Francis Kirkpatrick, also born in Ireland, and appointed in 1891. Kirkpatrick served under 24 Colonial Treasurers. McMartin's omission of the names of these two men is an interesting oversight.

Robert Parker was for over four years employed in Treasury's Bureau of Statistics and Economics. In his 1942 monograph of *Public Service Recruitment in Australia*, he studied the existence and application of methods and standards of recruitment techniques and principles in the Australian public service.¹⁷³ Parker identifies the use of the term 'civil servant', first used in 1785 and applying to that part of the service of the East India Company carried on by the covenanted servants not belonging to the army or navy.¹⁷⁴ In Australia, the principles of recruitment to the permanent public service were adopted in the 1870s by legal enactments and 'civil servants' became 'public servants'. There is no specific analysis of recruitment into Treasury; nevertheless, Parker identified the major commissions of inquiry into the public service and the outcomes which established the principles of recruitment to the public service in New South Wales. By the twentieth century a system of secondary schooling had been established, and the principle was introduced that heads of departments and senior officers should receive liberal remuneration as a strong inducement to qualify themselves for the discharge of their important duties and that vacancies should be filled by officers in the service of the highest attainments and mature experience with a practical capacity for business. It was thus recognized that the public service required an administrative class

¹⁷³ Parker, Robert 1942 *Public Service Recruitment in Australia*, Melbourne University Press.

¹⁷⁴ Parker (1942), p.17

of high intellect and educational attainments.¹⁷⁵ In Treasury, as indicated, Darling had personally selected clerks for their proficiency in accounting, honesty and integrity, major prerequisites for selection.

A third contribution to the study of recruitment to the public service was the 1963 paper by Schaffer and Knight.¹⁷⁶ The authors selected for study 129 heads and deputy heads of major departments and authorities in two states, Queensland and New South Wales. They studied, *inter alia*, the significance of certain positions, the significance of various qualifications, the importance of experience rather than professional qualifications, ages at entry to departments and at the time of appointment to the senior positions. Of importance for this literature review is the inclusion of the Public Service Board inspectors and officers of the Treasury's Budget Branch. They concluded that probably there was a lesser degree of representation of Roman Catholics at the top of the New South Wales Public Service than was the case in Queensland.

I have established that, of the 23 Under Secretaries appointed between 1856 and 1997, the religion of 36 per cent was Church of England, 12 per cent were Presbyterian, 8 per cent Catholic, 4 per cent Wesleyan, 4 per cent Methodist, and 36 per cent unknown.

When considering education, the Queensland authors concluded that in the Budget Branch an economics degree may lead to promotion to the Treasury executive.¹⁷⁷ A further finding was that both the Public Service Board inspectorate and the Budget Branch inspectors possessed prestige, but the Board inspectorate had total prestige in the Service as a whole – greater than those in the Budget Branch.¹⁷⁸ The authors took as a case study the career of Treasury Under Secretary, Aub Coady, and concluded that his career might typify the career of a bright officer in the Service. His war-time administrative experience brought him to the attention of Wallace Wurth, Chairman of the Public Service Board, and subsequent rapid promotion in Treasury, through the Budget Branch to the position of Under-Secretary.

The final contributor to this study of elite groups in the public service was Barry Moore. His paper, 'Top Administrators in New South Wales', assessed the changes

¹⁷⁵ Parker (1942), p.99

¹⁷⁶ Schaffer, B.B and Knight, K.W. 1963 'Top Public Servants in Two States', *University of Queensland Papers*, Vol. 1, No. 1, 1963

¹⁷⁷ Schaffer, B. B. and Knight, K.W. (1963), p.32

¹⁷⁸ Schaffer, B. B. and Knight, K.W. (1963), p.34

which had occurred among the senior officer group between 1977 and 1980.¹⁷⁹ He concluded that within a short period there had been a significant movement of women into senior public service positions. There was also evidence to suggest that as a whole the senior officer group was becoming slightly younger, better educated, with wider experience. (It must be left to further analysis to determine the cause. Further analysis of senior Treasury officers does support the superficial evidence, that the conclusions of Moore may be ascribed to Treasury.)

When compared with the latter half of the nineteenth century the twentieth century is better served with surviving archival material.

Treasury, *Finance Guard Books*, 1901–1941 provide insight into the economic outlook as reported by Treasury Accountants.

Documentary evidence of Bertram Steven's contribution to administrative reform is found in his original report, 'The Report on the Re-Organization of Accounting Activities of Government Departments by B. S. Stevens, Under Secretary and Director, Department of the Treasury, 25th May 1925.' Stevens views were original, 'born of a strong conviction that a powerful Treasury organization, wielded tactfully and with thoroughness, can and must be instrumental in securing efficiency and great economy in the government of the State ... the first essential, then, is to find the organization 'well designed', and then to staff that organization with men of integrity, capacity and courage.'¹⁸⁰ The Ledger of Treasury bank operations and Cash book, Treasury Operations, 1932, are reminders of the period in which J. T. Lang, during a disagreement with the Commonwealth Government, withdrew all State Funds from the banks and placed them in the Treasury vault. The Treasury then acted as a bank for a short period.¹⁸¹ The State's crisis that occurred with the approach of the Second World War is made apparent in *The Premier's Department Correspondence*. Civil defence activities, including the protection of government staff, are located here as with Wallace Wurth's records, important for an understanding of administrative arrangements made in case of invasion by the Japanese forces. Card Indexes to Correspondence and

¹⁷⁹ Moore, Barry 1981, 'Top Administrators in New South Wales', *AJPA*, Vol. XL, No. 4, December 1981, pp.350-354

¹⁸⁰ SRNSW ref: 9/1700

¹⁸¹ SRNSW ref: 7/2157/8, 7/2172

Treasury Working Papers traverse such matters as state lotteries, defence works, the use of motor cars, Treasury resignations, and office instructions.

David Clune's Thesis (1990), *The Labor Government in New South Wales 1941 to 1965*, was a Ph.D. Thesis, submitted to the Department of Government and Public Administration, Sydney University. Clune's thesis analyzed State politics and government administration post Second World War.¹⁸² In previous sections, the relationship between Treasury and the ministry was examined by O'Brien (1974). Clune's thesis analyses Treasury's relations with this parliamentary wing in the twentieth century. It was during a period of political stability, that the Treasurers, together with Wurth and Goodsell at the Public Service Board, established Treasury as an instrument for frugality, efficiency and effectiveness in government departments.

Treasury's post-war ascendancy was accompanied by a stable and robust phase of Labor government. Between 1941 and 1965, the Labor Party won eight successive general elections in New South Wales. (For 24 years there was no alternation of power between the Labor Party and the Coalition to disturb this continuity.) This political stability gave rise to the 'long boom' attending the post war years; the 'quietness' of politics; the rise of the 'ideological respectability' of the State Labor Party; and strong Ministerial leadership.¹⁸³ Clune argued that in 1952, under the capable administration of Premier John (Jo) Cahill, and supported by the Board's Chairman Wallace Wurth, Treasury gained a position of influence and authority within the public service. Its growing reputation in administrative matters was equated with the authority of the Board.¹⁸⁴ (A dual approach was instigated by the Board, utilizing the expertise of the Board's Inspectors and Treasury Budget Officers.) The Board's Inspectors possessed a detailed knowledge of the functions and staffing of individual departments. In collaboration with Treasury, they reviewed departmental annual estimates of expenditure. The Board's inspectors ensured efficiency, effectiveness and frugality and acted as Treasury watchdogs. The outcome was a firm control on expenditure, coupled with appropriate and expected levels of performance.¹⁸⁵ Ministers and departments

¹⁸² Clune, David March 1990, *The Labor Government in New South Wales 1941 to 1965*, Ph.D. Thesis, Department of Government and Public Administration, University of Sydney

¹⁸³ Clune, (1990), p.10

¹⁸⁴ Clune, (1990), p.75

¹⁸⁵ Clune, (1990), p.17

were monitored, the Board's inspectors reporting back to the Board's Chairman and hence to the Premier and Treasurer.

Official publications and educational texts contributed to an understanding of Treasury's role in the Budget process and where reform was necessary. Pertinent to the administrative arrangements and functions within Treasury was the 1946, 4th edition of the standard text of Professor E. A. Bland, *Budget Control, an Introduction to the Financial System of New South Wales*.¹⁸⁶ This publication added to an understanding of matters at a federal level including the consolidation of the power of the Australian Loan Council, the Premier's Conference and, at a state level, the problem of the State Budget.

Bland argued for further and constructive reform of the Budget process. Bland cited Premier Stevens who had commenced the process but those reforms needed to be consolidated and extended. In 1928 Stevens had recognized that extensive reforms were possible and desirable in the form and substance of the Budget. His main objection to the form of the then Budget was that it was unintelligible to any but the trained mind; it was very difficult to follow. Of equal importance was an alteration to the substance of the Budget. This could be achieved by appointing a Budget Committee, responsible for presenting a clear and accurate account of the estimates and financial statements.¹⁸⁷

Bland also described the Budget and the Estimates, and identified the various Accounts operating in 1946. The manner of financing the Funds was laid out. He gave, as an example, Crown land records. In 1946, 190,000 persons were either buying land by installment or paying rent on Crown land. In 1943 conditional purchase and lease accounts were transferred from Treasury to the Lands Department where all work connected with collecting debts from settlers was undertaken.¹⁸⁸ This transfer of responsibilities had a future bearing on the careers of returning Treasury defence personnel. They held the opinion that the administration of the land accounts meant a loss of their valuable expertise, which, before the war, had been diverted to those registers, away from essential core activities.

¹⁸⁶ Bland, E. A. 1946 4th ed. *Budget Control an Introduction to the Financial System of New South Wales*, A&R, Sydney. The author requested a diagram from Treasury of the current budget process but was informed that it was confidential and not available for circulation.

¹⁸⁷ Bland (1946), pp.1-5

¹⁸⁸ Bland (1946), p.124

Bland recognized in his conclusion that, at the administrative level, there was an urgent need to strengthen the Budget Sector, to enable it to examine effectively the Estimates presented by departments and to prepare the data essential for a proper disclosure of the financial position of the state and country.¹⁸⁹ In his 1946 text, Bland consolidated plans for the future administration of Treasury's Budget Branch.

In 1948 a detailed review of the organization, methods and work of Treasury was carried out. Various reforms were effected including the issue of a Treasury Handbook written by Treasury officer, Bill Matheson, and first issued in 1949. This handbook was issued for the guidance and instruction of Accountants and Accounting officers throughout the public service of New South Wales. The handbook incorporated important provisions of the Audit Act 1902, Treasury Regulations and Treasury instructions. (Matheson became the permanent head of Treasury in 1959 and then Auditor-General of New South Wales.)¹⁹⁰

Professor R. N. Spann, Professor of Government and Public Administration, University of Sydney reviewed and updated his text *Public Administration in Australia* with his 1979 text *Government Administration in Australia*.¹⁹¹ Spann included a chapter on Budgeting and Financial management in this revision. He viewed the Budget as having a dual purpose: 'acting as a plan and a device for monitoring departmental expenditure and correcting anomalies, financial planning and control were basic to government'. Spann considered that the Budget, although theoretically a rational process was also the 'outcome of political bargaining between interested parties and of other similar processes, all of which the Treasury officer must accommodate in the Budget process'.¹⁹² Spann addressed both Commonwealth and State Treasuries and indicated that the New South Wales Treasury in 1979 was the 'best developed' of all the state Treasuries.¹⁹³ Spann encapsulated neatly the functions of Treasury and analyzed clearly the budgetary process including a specimen page of departmental budget estimates.¹⁹⁴

¹⁸⁹ Bland (1946), p.169

¹⁹⁰ In 1954 and independently, the Auditor-General B. Campbell produced *Australian State Public Finance*. It dealt principally with the New South Wales system and was aimed at public servants and those having a broad interest in public sector finance.

¹⁹¹ Spann, R. N. 1979, *Government Administration in Australia*, George Allen & Unwin, Sydney, p.439

¹⁹² Spann, (1979), p.439

¹⁹³ Spann, (1979), p.439

¹⁹⁴ Spann, (1979), p.449

A Treasury Handbook, a later edition of the 1949 Handbook (above) was updated by Treasury and re-titled, *An Introduction to Government Finance and Accounting in New South Wales* (1987).¹⁹⁵ In the preface, the then Treasurer Kenneth Booth stated that one of his main objectives as Treasurer was to improve the management and accountability of the public sector and introduce many administrative and financial reforms. In July 1991, Don Nicholls, former Deputy Secretary of Treasury, was commissioned by Percy Allan, the head of Treasury, to write a history of the management of the State's finance, *Managing State Finance*.¹⁹⁶ The text of *Managing State Finance* (1991) covered the wide-ranging financial administrative reforms that occurred after 1987. The author indicated in his introduction that the text went beyond a description of formal procedures, discussing the entire financial decision-making process and the environment in which it occurred. It also foreshadowed directions to be taken in the management of the state's finances. The future role of Treasury was to be de-emphasised, recognizing the new responsibilities of public sector agencies. Percy Allan, in the Preface, considered the book to be perhaps the most comprehensive treatise on modern state budgeting principles and practice published either here in Australia or overseas, incorporating the latest ideas in public finance.

The text is divided into sections: in the first section Nicholls defines the context of government finance, state and federal, and presents the historical development of the financial system in New South Wales first introduced in 1788. Nicholls argues that with self-government in 1856 most of the trappings of the British Parliamentary financial procedures were in evidence, including a budget speech, detailed annual Estimates, appropriation bills and independent audit of the Treasurer's books. The first Audit Act of 1870 tended to confirm existing arrangements but it failed to clarify sufficiently the role of audit. The Audit Act of 1902 clarified the role of the Auditor-General and his powers, specified the contents of the Public Accounts, set short deadlines for the presentation of those Public Accounts to Parliament (three months) and provided for the establishment of a Public Accounts Committee.¹⁹⁷ This Act resolved the dispute between Treasury and the Auditor-General who was now required

¹⁹⁵ NSW Treasury, 1987, *An Introduction to Government Finance and Accounting in New South Wales*

¹⁹⁶ Nicholls, Don 1991, *Managing Sate Finance*, NSW Treasury, Sydney. The following information was extracted from the forward to that publication. p.xiii

¹⁹⁷ Nicholls (1991) pp.24-27

to certify the Treasurer's accounts.¹⁹⁸ Important developments in the 1920s included the decentralization of the accounts and payments system from Treasury to departments, and articulating the scope of the Consolidated Revenue Fund with the removal of the major utilities, such as Railways and the Maritime Services Board, and their operations controlled through separate funds. This change led to major accounting problems and confusion, ameliorated by the later incorporation of an 'Aggregate Statement'. Other changes included the improvement in the form of presentation of the budget, for example, standard line-items were included in a report by the 1928 Budget Committee.

Nicholls recognized the establishment of the Budget Branch as being of significance in the administrative history of Treasury. On 13th May 1938 Ernest Payne, Chairman of the Public Service Board, advised Premier Stevens that, following mutual discussions, a special staff had been constituted at Treasury to deal with Budget and allied problems. The Budget Branch established in Treasury was an original concept of Premier Stevens who had considered strengthening Treasury staff in order to ensure that necessary information was made available for the Premier and Colonial Treasurer.¹⁹⁹ This model was adopted by the Commonwealth and every state in one form or another. The catastrophes of two World Wars and economic depression had severely affected the state's finances but had little direct effect on the form of the budgetary process, on financial administration or accounting practice.

Major reforms in the late 1970s brought a revolution in public sector financial management in New South Wales. Behind the change were the Wilenski Reports²⁰⁰ and the Report of the New South Wales Commission of Audit, *Focus on Reform, Report on the State's Finances*, 1988.

The emphasis was not only on improving the presentation of the budget and the budgeting procedures, but on reforming all activities encompassed by the term financial administration. The source of innovations and reform was derived now from budgetary models in the United States of America rather than from the British Treasury.

¹⁹⁸ Nicholls argued that the 1902 Audit Act was so successful that it remained largely unaltered until replaced in 1983 by the Public Finance and Audit Act. Nicholls (1991) p.29

¹⁹⁹ Copies of the original documents and correspondence dealing with the establishment of the Budget Branch were attached to copies of the *Introduction to Government Finance and Accounting in New South Wales* (1987) and circulated to Treasury staff, such was the importance attached to the foundation of the Budget Branch.

²⁰⁰ Wilenski, Peter November 1977, *Review of New South Wales Government Administration: Direction for Change—Interim Report*, NSW Government. Wilenski, Peter, May 1982, *Review of New South Wales Government Administration: Further Report—Unfinished Agenda*, NSW Government

In the 1925–1926 *NSW Year Book*, in a section devoted to ‘Financial Relations Between the States and the Commonwealth’, it was recognized that one of the most difficult problems to be solved in formulating a constitution of the Commonwealth of Australia was the determination of the relative shares to the Commonwealth and States of the proceeds of taxation from Customs and Excise.²⁰¹ Under the system of federalism introduced in 1901 the states suffered a range of consequences, from inequalities of revenue distribution, per capita grants, the Financial Agreement of 1927, the Commonwealth Grants Commission established in 1933, Uniform Tax Legislation of 1942 and Specific Purpose Payments. Treasury was cognizant of these consequences of federalism as Under-Secretaries accompanied Premiers to Canberra for each and every meeting when finance was on the agenda.

In June 1970, Professor Russell Mathews addressed the Committee for Economic Development of Australia Forum. His subject was ‘Horizontal Balance in the Australian Federation: The Reduction of Inequalities’.²⁰² At that forum, Mathews spelt out the genesis of the mendicant approach of state Premiers in their annual pilgrimage to Canberra seeking financial relief. Mathews’ conclusion was that the existing basis of distribution in 1970 had resulted from a mixture of historical accidents, arbitrary decisions and political bargains, and demonstrably unfair to the three larger States of New South Wales, Victoria and Queensland. In a further discussion of the federal/state financial problems, Mathews issued a paper in 1974 on *Intergovernmental Relations in Australia*.²⁰³ Mathews argued for the necessity for a logical method of distributing Commonwealth grants among the States, based on systematic analysis instead of the arbitrary and inequitable decisions that had characterized Commonwealth policies in this field.

When officers of Treasury were inducted or underwent further training, a number of documents were circulated and accompanied lectures given internally. A Staff Training lecture was given on the Budget, including its origins in the Westminster system and the concept of accountability and transparency in governance.²⁰⁴ The lecture commenced with an historical overview including early contributions to the

²⁰¹ *NSW Year Book* 1925–1926, p.283, in *Treasury Working Papers*, (SRNSW ref: 10/48361)

²⁰² Mathews, Russell, 1970, ‘Horizontal Balance in the Australian Federation: the Reduction of Inequalities’ in *Treasury Working Papers* (SRNSW ref: 10/48366)

²⁰³ Mathews, R. L. ed. 1974, *Intergovernmental Relations in Australia*, A&R, Sydney

²⁰⁴ *NSW Treasury Lecture Notes*, ‘The Budget’, c1962

administration of finance in the medieval period and the establishment of a sense of public financial responsibility introduced by the Normans. Early British and colonial financial administration, as adopted in the colony; the impact of the Bigge Report, the establishment of the Colonial Treasury, and appointment of the Colonial Treasurer. Detailed estimates as they were first presented to the Legislative Council in 1832 were outlined and, in order to provide a comparison with the 1960s, the seven heads of services were identified, they being: the Civil Establishment, the Judicial Establishment, the Clergy and School Establishment, the Colonial Military Establishment, the Colonial Agent, Pensions and Miscellaneous Services. After the establishment of responsible government Treasurers were not served by a Budget Branch, but set up *ad hoc* committees or appointed individuals to provide advice on financial matters.

In order to indicate the growth in responsibilities of Treasury the 1913-14 appropriations for the Treasurer and Secretary for Finance and Trade were listed under sixteen heads. The Treasury salary estimates were divided into three, the first officer under 'Administration' being the Under Secretary (£1,000 pa), the 'Financial' section under the Comptroller of Accounts (£900 pa) and a 'General' section which comprised the messengers and other staff. The estimates of the numerous sub-Departments followed which numbered fifteen.

The years between 1929 and 1933 were termed years of reform and experiment under the firm hand of Bertram Stevens, former Treasury Under Secretary and subsequently Colonial Treasurer. By 1962 there had been no thorough-going review of the State's budget system. Changes and modifications had crept in at odd intervals to meet exigencies and were absorbed. The future for Treasury was anticipated as being led by Automatic Data Processing and new concepts of budgeting which had been under experiment in other countries (e.g. performance budgeting, current and capital budgets). It was anticipated that within ten years, major changes could occur in the methods of public accounting and some remodeling of the budget documents. There would be a greater need in the future for officers trained in government financial procedures to fill senior positions in Departments, and for Treasury to advise on policy matters, accounting methods, cost control and budgetary prospects.²⁰⁵

²⁰⁵ NSW Treasury Lecture Notes, 'The Budget', c1962

Other lectures which give some indication of the priorities in Treasury education included: Preparation of Estimates, Notes on the Appropriation Act, Notes on the Purpose and Content of Budget and on the Budget Branch.

The impetus for training and reform was in evidence in the early 1960s, a decade before the Wilenski Reports that brought a revolutionary change in government and financial administration.

Barry Moore's thesis, *Administrative Style: Its Effect on the Functioning of an Organisation* (1985),²⁰⁶ argued that the administrative style of the head of an organization affects, to a special degree, the functioning of that organization. Moore's analyses incorporated Treasury's relationship with the administrative wing of the public service, the New South Wales Public Service Board. His hypothesis concerning administrative style was tested by an empirical study of three men: Wurth, Goodsell and Dickinson, who administered the Public Service Board between 1936 and 1979.

Moore demonstrated by statistical and biographical methods that certain organizational outcomes were unlikely to have been the result of factors other than the presence of a chairman with a particular style. Moore's conclusion was that 'administrative style' was a useful concept in analyzing and explaining the functioning of the Public Service Board. This concept might very well be applied to a closer analysis of past heads of Treasury which may well explain more clearly the peaks and troughs experienced in Treasury's development.

Sarah Vallance's doctoral thesis, *The influence of Culture Upon Administrative Practice in Singapore, Thailand and the Philippines with Particular Reference to Performance Appraisal and Performance Auditing*, was presented to the Department of Government and Public Administration, University of Sydney. This thesis complemented that of Moore in that it concerned the influence of culture upon public administration. Vallance defined culture for the purpose of public administration and proposed a framework by which it may be possible to draw some preliminary comparisons between administrative cultures in different national settings. Vallance explored whether or not culture may be a useful variable for helping practitioners to distinguish between administrative systems, practices and behaviors in different countries.

²⁰⁶ Moore, Barry 1985, 'Administrative Style: Its effect on the Functioning of an Organisation', Ph.D. University of Sydney, Faculty of Economics.

Vallance's conclusion may be applied to an analysis of the history of Treasury. Could changing cultural values, if any, be reflected in associated changes in methodology, functions, procedures and staff selection? Were the cultural values immersing the British system transposed to the penal colony and, if not, in what form and how was adaptation managed in the colonial situation? With increased immigration, and in subsequent staff selection, was there a discernible difference in the cultural and social aspirations of the Treasury executive and staff arrangements?

Vallance identified the importance of environment in her thesis. There are important differences between administrative systems, depending upon the location, the tasks, the environment and the inhabitants of the system. The concept of culture plus-knowledge assists one to view administration in any particular society in relation to all factors which surround and condition it.²⁰⁷ A chapter, 'The Dilemma of Evaluation', may be applied to an analysis of Treasury and its *modus operandi*.²⁰⁸ Vallance defines the purpose of evaluation, which is to reinforce notions of public accountability; to review and scrutinize government activities; to inform the policy-making process; and as a genuine means of attempting to improve the performance of government administration.

In 2001 the Federal Treasury issued a congratulatory and celebratory administrative history of that institution, *The Centenary of Treasury 1901–2001*.²⁰⁹ The federal Treasury was one of the few departments mentioned in the Constitution establishing the Australian federation. It was the smallest of the seven Commonwealth departments established at the time. It was not until July 1901 that the Executive Council appointed the five men who comprised Treasury. The publication is descriptive rather than analytical containing a chronological history and time line of the department's establishment and development, with pictorial evidence of Federal Treasurers and the permanent heads of the Treasury. The text covers the pre-federation debates, the establishment of the federal public service in 1901, and the federal treasury, initially the smallest of the departments. The publication was people oriented, tracing Treasury's metamorphosis from 'ugly duckling' to the 'leader of the pack' due to the 'dedicated efforts of several generations of Treasury people'. The purpose of the

²⁰⁷ Vallance (2000), p.11

²⁰⁸ Vallance (2000), p.183

²⁰⁹ Department of Treasury, 2001, *Centenary of Treasury 1901–2001*, Canberra, ACT

publication was to identify those people, ‘the mighty and the humble’, the Bookkeepers who became major policy makers, Federal Treasurers, Treasury’s permanent heads and their time and place in federal politics. It is an illustrated chronology of the Federal Treasury, its permanent heads and personnel with little reference to the ministerial level of government other than context.

The Tasmanian Treasury’s *From Commissariat to Treasury: the Story of the Tasmanian Department of Treasury and Finance 1804 to 2004* (2004) was issued to celebrate the bicentenary of the founding of Tasmania.²¹⁰ Its purpose was to appeal to people with a general interest in Tasmanian history as well as to those whose specific interest was the history of public administration. In a skilful manipulation of facts, the authors (it was a team effort) claimed a distinct, unbroken line of Treasury involvement from 1804 to the present day. This assertion challenged the claim of the New South Wales Treasury, established in 1824, to be the oldest Treasury in Australasia. It claimed the antecedents of the Tasmanian establishment were found in the operations of the Commissariat, contrary to McMartin’s 1958 thesis that Treasury’s precursor is the Gaol and Orphan funds operating in both New South Wales and Van Diemen’s Land. Nevertheless, neither Treasury can claim an administrative foundation prior to 1824 and 1825 respectively. This institutional history includes numerous illustrations, a time-line and thumbnail sketches of people and buildings. The culture and organizational imperatives that shaped the course followed by the Tasmanian administrators are established. The template was originally British, as in New South Wales, and adapted and modeled according to the dictates of an agricultural, pastoral and penal colony, this latter characteristic influencing other activities for much longer than in the mother colony. The Hobart Treasury building is located in a popular historical precinct and is presented to tourists as a viable and invaluable constituent of its colonial past and dynamic present.²¹¹

Although dealing with the federal level of administration, studies by Hyslop and Day provide valuable insights into Government administration and both authors offer

²¹⁰ Felton, Heather 2004, *From Commissariat to Treasury, The Story of the Tasmanian Department of Treasury and Finance 1804–2004*, Department of Treasury and Finance Tasmania

²¹¹ I doubt if a random number of people off the street could tell you where the New South Wales Treasury is housed. Governor Macquarie Tower, Farrer Place.

diverse examples of the genre.²¹² In two volumes (1973) (1990), Robert Hyslop dealt principally with the political and administrative aspects of Australia's naval defence.²¹³ Both volumes explored the relationship between ministers and advisors in the formation and execution of policy.

Of particular interest was the introduction that analyzed the Australian navy's antecedents, followed by an investigation of the decision-makers and the interplay between the politicians, the Navy executive and the administrative system and its characteristics. A chapter on Personnel included an examination of the discipline, care, recruitment public opinion accommodation, pay and health of its recruits, an examination with application to the policies that prevailed in Treasury.

In Chapter 8, 'Ministers and their advisers', Hyslop contributed to the debate on the usefulness of administrative history. In examining politics and administration he quoted from an American publication suggesting that:

'the mere words "policy" and "administration" provide no basis for distinguishing the roles of ministers and public servants ... Administration is the capacity of co-ordinating many and often conflicting social energies in a single organism so adroitly that they should operate as a unity'²¹⁴

Hyslop concluded that 'conflict lies at the heart of politics and administration aids in its resolution'.

Hyslop's second volume, *Aye Aye Minister* (1990), contains a brief listing of Ministers, Chiefs of Naval Staff, Permanent Heads and Glossary, specific reference tools for the researcher. Hyslop asserts that less study has been made of the relationship between advisers and politicians, pre-1939, and little analytical writing has been published on these issues.

Scholarship under-scored Treasury's role in advising Colonial Treasurers in the 1880s and 1890s. Another observation is that much depended on the personality and capacity of the Minister at the top in the early stages of naval administration a feature demonstrated in the analysis of the New South Wales Treasury.

²¹² It is interesting that both authors dealt with maritime matters, an important element in Australia's history,

²¹³ Hyslop, Robert 1973, *Australian Naval Administration, 1900–1939*, The Hawthorn Press, Melbourne and Hyslop, Robert 1990, *Aye Aye Minister Australian Naval Administration 1939–1959*, AGPS, Canberra

²¹⁴ Adam, Brooks in Jaleel Ahmad, 1959, *The Expert and the Administration*, University of Pittsburgh, p.4, Hyslop, (1973), p.195

A graduate of Melbourne and Cambridge universities, David Day provided a further contribution to the genre from the federal sphere and a valuable reference for a writing of the history of the New South Wales Treasury.²¹⁵ Day, in his preface to an administrative history of the Australian Customs Service, *Smugglers and Sailors* (1992), directs his history to a wider audience; it is not just a history of the Australian Customs Service but a Customs history of Australia: not a narrow institutional history but in some sense a history of Australian society as seen through the windows of the Custom House.²¹⁶ The Customs Service devolved from the British system and Day analyses its early antecedents including an examination of the earliest sources of revenue in New South Wales when duties were paid to the Naval Officer, later the Collector of Customs. There is a distinct correlation between the Customs service and the Colonial Commissariat with scenes of disorder and dissipation as officers fought against the temptations of alcohol, sex and corruption.

Dating from 1953, Correspondence Registers are arranged in the A and B series with cross reference cards to both series arranged alphabetically and according to subject. In the A series matters such as decimal currency and deceased officers are included. The B series ranging between 1953 and 1979 and listed alphabetically refer to matters including: appointments, clubs, newspapers, resignations, housing, circulars, payroll tax, salaries, wages and allowances, shipping, and staffing arrangements. Papers of senior Treasury officers, Cabinet Minutes and Records concerning Commonwealth-State relations are located in *Submissions to the Commonwealth Grants Commission*, 1933–1985.²¹⁷ The Public Service Board Records are important for this period for an understanding of the relationship between the Board and Treasury and the leadership styles of Chairmen and Treasury Under-Secretaries.

Public administration has attracted a considerable body of literature covering many aspects of the subject and many articles that give a feeling for the nature of the different processes involved.²¹⁸

²¹⁵ Day, David 1992, *Smugglers and Sailors*, AGPS, Canberra

²¹⁶ Day (1992), p.xxix

²¹⁷ State Records NSW ref: 12/14305-23, 12/14330-68)

²¹⁸ Administrative history is one aspect of public administration; its parameters found within the genre of public administration or as its contemporary description imply, public policy. My bibliography, that includes references on this topic, provides an overview of the subject. Scholarly texts, books and

The paucity of writing in Australia until recent times was explained by G. R. Curnow in 1975 as being in the 'least erogenous zone' of historiography.²¹⁹ Professor R. N. Spann an administration theorist outlined administrative history's usefulness in 1979 in his classic study, *Government Administration in Australia*.²²⁰ For him, administrative history was a humbling experience, being a study of actual power held by administrators, to a lesser or greater degree. It offered a study of sensibilities, the pragmatism of administration faced with limited resources. It helped administrators to cope; to understand that change is a part of the never-ending history of administration and has all happened before. Organizational histories are useful because they document and preserve corporate memories. Professor Spann's other reasons for writing an administrative history included an opportunity to criticize popular assumptions based on misconceptions of the past and how to avoid the repetition of errors. It offers a valid explanation of the present situation and may offer predictions for the future.

L. J. Hume argued in a journal article of 1980 that administrative history must be linked to reform if it were to be useful, as reformism is the predominant ideology in public administration today.²²¹ His rationale was that governments generally, had been forced to cut current and capital expenditures, the emphasis now on making government more relevant and accountable on the one hand and more efficient and effective on the other.

Dr Arthur McMartin in the preface to his seminal work on the early public service and patronage in New South Wales, *Public Servants and Patronage* (1983), thought that administrative history 'has not been pursued with the same vigor in Australia as it has been in England and the United States of America'.²²² This lack of local knowledge, he contended bred 'cynicism and distrust of an institution without which a democratic society cannot function'.

papers published are located there and provide an indication of information available, applicable generally to the Australian context, in both the public and private sector.

²¹⁹ Spann, R. N. and Curnow, G. R. 1975, *Public Policy and Administration in Australia: A Reader*, John Wiley and Sons Australasia, Sydney, p.214

²²⁰ Spann, R. N. 1979, *Government Administration in Australia*, George Allen & Unwin, Sydney.

²²¹ Hume, L. J. 'Administrative History', *Australian Journal of Public Administration*, Vol. 39, September, 1980, pp.422-436. The British Royal Institute of Public Administration was placed in receivership in 1992, 70 years after its foundation.

²²² McMartin, (1983), p.ix. An example of the multiple entries for administrative history in the United States is that found on <http://libraries.mit.edu/archives/collections-ac/ac4/ac4-scope.html> Massachusetts Institute of Technology Office of the President. MIT Administrative History, pp. 1-5

More recently, Jos Raadschelders, in *The Handbook of Administrative History* (1998), argued that the study of administrative history is indispensable for the training of public servants and politics; it develops an understanding of government development and limitations placed on reform.²²³ Raadschelders consolidated scholarly opinions in his definition as to what constitutes administrative history, that being:

'The study of structures and processes in and ideas about government as they have existed or have been desired in the past and the actual and ideal place of public functionaries therein.'²²⁴

As recently as 2001, Gray and Jenkins argued that:

'Studies of policy implemented have for long probed the policy/administration dichotomy and indicated that while vision, clearly articulated goals and political determination are crucial to policy delivery they are often far from enough.'²²⁵

Evidence that the writing of administrative history has been legitimized in Australia is found in examples cited above and over the previous thirty years.

The organizational history of the New South Wales Treasury has attracted piecemeal academic research with major interests concentrating, analytically on the nineteenth century. Except for scattered items in public administration journals, no overview of the Department, its purpose, its structure, its peripatetic search for permanent accommodation, its methods and procedures and its personnel has been attempted, unlike its British counterpart. Little information is available concerning the Department's permanent heads, or its junior officers who shouldered the basic accounting functions of this senior financial department. Economic policy has determined the direction of most researchers when dealing with Treasury but a core analysis has not been attempted or achieved.²²⁶

For the administrative and economic historian, Treasury records provide a lode of information. Other than the Treasury record group, a useful source of biographical information was located in the Supreme Court, Probate Records. Wills provided

²²³ Raadschelders Jos (1998), *The Handbook of Administrative History*, Rutgers University, New Jersey, 'The Study of Administrative History,' p.3

²²⁴ Raadschelders (1998), p.7

²²⁵ Gray, Andrew and Jenkins, Bill 'Government and Administration: The Dilemmas of Delivery', *Parliamentary Affairs*, Oxford University Press, Vol. 54, No 2, April 2001, p.206

²²⁶ No comprehensive administrative history has been attempted before the author's research into the subject. Following a study of the theoretical aspects of writing an administrative history of the New South Wales Treasury the author was led to research the antecedents of Treasury and that material rested in Britain and the British Treasury which provided the linear pattern of descent.

biographical material not forthcoming in the official records. The financial impoverishment of Geoffrey Eagar in his final years was indicated in the Probate records. A reading of the records of the Premier's Department, the Public Service Board and the Auditor-General were essential for an understanding of the interaction and organizational functions of government agencies interacting with the Treasury.

The Treasury (and the first financial administrator, the Commissariat) has functioned as a financial institution in New South Wales, Colony and State, for close on 200 years. The broad time frame presents an unparalleled opportunity to look at the responses by Treasury to varying internal and external forces.

Any analysis of Treasury contains, firstly, an administrative history of a Government institution. Secondly, it is the story of a department.²²⁷ Treasury is a village embedded in an existing village, a component of the social, cultural, political and economic evolution of a community. The 'Whitehall village' comprises of 'people united by coherent patterns of praxis, the shared experiences that facilitate learning.'²²⁸ As described by Wildavsky *et al*, the features of a government department such as Treasury include mutual trust, expertise, an identified political climate, internal and external influences and a shared exclusive life in government. This exclusivity is founded on mutual confidence, whilst developing a reputation and symbiotic relations with other government departments.²²⁹ An examination of the above facets contributed to an explanation for Treasury's apotheosis.

There cannot be a distinctive technique in the writing of a thesis covering a broad period in an ever-changing geographical and historical setting.²³⁰ A valuable model was extracted from Moore's thesis (1985). Moore set out to test whether the administrative style of individual chairmen had a particular effect on the Public Service Board during the years of its greatest influence. Leadership style was as important in Treasury's development, quality determining the efficiency and efficacy of its administration and organizational outcomes. It was important to contemplate the

²²⁷ The research and writing of this thesis followed a schema the first point defining the public service.

²²⁸ Heclo, Hugh and Wildavsky, Aaron, 1974, *The Private Government of Public Money*, Macmillan, London, p.xxii

²²⁹ Wildavsky (1974) p.3

²³⁰ There were a variety of approaches to follow and an appreciation of problems to be encountered in any methodology adopted in its writing; exploring what to investigate and over what time-frame. Coherence in the analysis of Treasury's history was important thus an amalgam of methods was utilized in its writing.

transitional phases between the appointments of its permanent heads and if particular Treasury officers had been identified for succession because of their ability or outsiders considered for the appointments because of a dearth of professional expertise.

The Thesis has been divided into five time periods: Phase one: to 1788 – Establishing the British antecedents. Phase two: 1788 to 1856 – Settlement and its adaptation of British norms. Phase three: 1856 to 1901 – Conflict and reform. Phase four: 1902 to 1945 – External forces influencing Treasury including Federalism, two World Wars and an economic depression. Phase five: 1946 to 1976 – Analysing the apotheosis of Treasury in a political and stable environment.

Phase One established a short history overview of the developments in the topic researched and the writing of a Literature Review including a brief overview of the current interest in administrative history. Basic concepts of a government department, structure, functions and functionaries were introduced. The theme of the Thesis was also introduced, that is, the introduction into the concept of financial administration of the precepts of accountability, transparency, efficiency and economy. Accountability accompanied Governor Phillip to the colony in his Instructions and how that precept was introduced, absorbed, sustained and improved is the essence of the Thesis. It was the transplanting of the English institutions of political freedom and self-government into New South Wales and the resultant success which rested on the colony's acceptance of that orthodoxy that gave Treasury its stability and substance. Ideas concerning government in the past and present, its legitimacy within the societal context and between the private and public sectors are analyzed in that context of accepted orthodoxy.

Phase Two includes an overview of the geographical and historical setting of the evolution of the British Treasury, identifying the uniqueness of each period and utilizing a comparability process with past activities. The context was examined for its influence on structures and functions within the British Treasury and choices made in the past (and future) under similar conditions. An examination was made of the impact of those decisions on the structure, function and personnel of the imperial Treasury. Administrative practices were transferred in totality or piecemeal to the Colony; the vectors for adaptation commencing with the Colonial Commissary.

An analysis of the administration of Treasury as it developed was made with a description of functions and causal links. The chains of cause and effect were identified and considered in an analysis of the British Treasury's system, its survival, its freedom within the 'village', its security against impropriety and its mission, purpose and aim. Subsequent chapters contain an analysis of each phase of Treasury's development following its institution in 1824.

Phase Three analyzes the significant impact on all the states of Australia of federalism and the ongoing and unsatisfactory financial relations between the Commonwealth and the States. Federalism produced a seismic shift in the priorities in Treasury. It was no longer just the accounting and chief budgeting office for the government of the day. It entered into negotiations with the federal government over funding and senior executives were closely involved in the preparations for such Premiers' conferences and other Ministerial meetings with Canberra officials.

With economic depression of the 1930s came a change in leadership both at the executive level of Treasury and in the Ministerial post of Colonial Treasurer. The constitutional involvement of Treasury and the Colonial Treasurer Jack Lang and Bertram Stevens brought Treasury's fundamental purpose to the public attention. For the first and only time in its history it acted as a bank, the Treasury Bank, terminating the experience with balanced books. Reform came with Bertram Stevens and his knowledge of government finance. The Second World War interrupted any plans for reform in financial administration. The experience of many Treasury officers in the defence forces brought back to Treasury a maturity and vigor directed to Treasury efforts.

Phase four, 1946–1976, analyzes the re-construction period and the changes wrought by accelerating technology in the form of computerization. It was a period of relative economic and political stability, with a growing awareness of the impinging global economy. Dominating both phases after 1901 were the Commonwealth/State financial relations and the development of the personified 'mendicant' States.

The Budget branch experienced its ascendancy in the financial administration of the State departments, supported by the Inspectors from the Public Service Board. They maintained a strict control over departmental expenditure, ensuring accountability, transparency, compliance, efficiency and economy. The Economics branch was

established in 1969 in order to enhance Treasury's capacity to research and advise the Treasury Executive and Ministry on complex and ongoing budgetary and financial matters. The period concludes with an analysis of the Treasury as it stood before Wran's administrative revolution. It was a suitable time to pause.

The absence to date of a comprehensive study of the New South Wales Treasury has meant that judgments have often been made of the organization's historical role on the basis of an incomplete understanding of its nature, objectives and activities.²³¹ Treasury, since its establishment, and with increasing certainty since federation has played a major role in the history of the public sector in this State. Apart from its core function as the State's accountant, recording incoming revenue and expenditure, it has been intimately involved in each step of the economic development of this State. It has been involved in most activities pertaining to government regulation: land development, gold discoveries, immigration, licensing, gaming and racing, the development and improved provision of more accurate and transparent financial statements, and the formulation of economic advice for Cabinet based on all available information.

This thesis sets out to provide a better base from which a more informed judgment may be made of the organization and its involvement in the economic, political, social and cultural history of this State in the first two hundred years of European settlement. This interpretation will provide future researchers with ideas to apply to future scholarship.²³²

²³¹ Kildea's assessment of the Catholic Federation of New South Wales (2000) is pertinent to this administrative history of Treasury. Kildea, Jeff 2000, 'Troubled Times: A History of the Catholic Federation of New South Wales 1910–1924,' Ph.D. Thesis, School of History UNSW, pp.447-8

²³² It is also hoped that it has illustrated the style, variety and underlying continuity that renders administrative history such a useful, relevant and indeed a necessary bridging subject for research, teaching and addresses concerns expressed by administrators and the loss of the corporate memory

CHAPTER 2

TREASURY ANTECEDENTS

McMinn, in the preface to his constitutional history of Australia, argued that any attempt to understand his study must start from a distant point. So it is with an analysis of the history of Treasury's administrative structure, policies and procedures.¹ The origins of Treasury's organisation, policies and practices spring from the British Treasury. In Britain, no written British constitution exists, only a pattern of 'constant principles', so it was with the British Treasury; administrative principles developed prior to and subsequent to settlement at Botany Bay.² In turn the British Treasury itself evolved from ancient principles empowering government financial administration.

The administration of financial institutions was recognized as a concept in the ancient world of Mesopotamia and was possibly one of the first areas of administration to be codified. Treasuries developed into key institutions, corner stones of government administration, taking pre-eminence in formalised communities.

Western European financial institutions developed practices derived from this ancient lineage. An administrative hiatus followed the withdrawal of the Roman bureaucracy in Britain, but was re-established within the royal households of the Angles and Saxons following their settlement of Britain in 449AD. Because of the ambiguities of the medieval financial administration no firm synthesis can be offered of this early administration in the period prior to the ninth and tenth centuries.³ What is certain is that the Chamberlain of the King's bedchamber and wardrobe was in a position to offer advice to the sovereign, giving a reliable accounting of the sovereign's wealth and

¹ McMinn, Winston G. 1979, *A Constitutional History of Australia*, Oxford University Press, Melbourne, p.ix. It is difficult to pick up the threads in colonial adaptation and development, without a knowledge of past endeavours in progressing ideas of improved government administration as it occurred in the British administrative system.

² British administrative principles were established within a system exercising authority over a political unit, a government department, which in this case was the British Treasury.

³ Roseveare, Henry 1969, *The Treasury*, Allen Lane, The Penguin Press, London. Chrimes, S.B. 1966, *An Introduction to the Administrative History of Mediaeval England*, Oxford University Press, p.2. Tout, T.F. 1934, *The Civil Service in the Fourteenth Century*, in *Collected Papers*, Vol. III. 1934, Publications of the University of Manchester, Historical Series

expenditure. It is here that is found the origins of the future financial hierarchy of the royal court and later Parliament. The domestic offices of the pre-Norman royal household provided the first rudimentary financial administrative organizations of government and were absorbed into the Norman administration after 1066.⁴ The medieval Treasury had a single function; it was an accounting and financial centre and was concerned only with the collection and disbursement of the kings' moneys and not of control.⁵

When the office of royal Treasurer was formally established is in dispute. Some evidence suggests that the office was established prior to 1130 during the reign of Henry I. The first identifiable holder of the office was a layman, William de Pont de l'Arche.⁶ The first Treasurer to the royal court, differentiating the position from that of the custodians to the royal treasure, has been accepted generally as Bishop Nigel, Roger of Salisbury's nephew.⁷ The earliest Treasurers in Britain possessed, however, a responsibility for the British sovereign's finances and their management. They also provided secure places for the royal treasure, the Treasury.⁸

The English Treasury had emerged as an entity, separate from the royal household by the twelfth century during the reign of Henry I. A permanent Treasury was located at Winchester and later transferred to the Tower of London.

Desiderata applying to financial administration emerged in the late twelfth century. The celebrated *Dialogus de Scaccario*, *The Course of the Exchequer*, written by Richard Fitz Nigel, is considered the earliest treatise upon the working of a government department in England, describing the structure, function and operation of

⁴ Chrimes, (1966), pp.3-7

⁵ Campbell, W.J. 1954, *Australian State Public Finance*, Law Book Company of Australasia, Sydney, p.17

⁶ Chrimes, (1966), p.28

⁷ Chrimes, (1966), in Hollister, (1978), p.lv

⁸ The Treasury and royal treasure contained both coined money, bullion, plate and other valuable items stored in the custody of the Treasurer and Chamberlains and in habitual use, for example The Great Seal, Domesday Book, and the Roll of Farms. Note: The receipt of revenue. The language of the Imprest Roll was Latin and the 'Sums' expressed in characters '... in use no where that we can find, but in the Exchequer.' These arcane procedures remained part of the British Treasury tradition until the nineteenth century. In 1817 English and common numerals were officially required in Government documents but the Exchequer refused to abandon the official use of Latin figures and the Latin language until 1832. Lipson, E. 1956, *The Economic History of England*, 6th ed, London, Vol. 1, pp.603-609. Taxation on personal property was introduced in the 12th century by Henry II to finance the crusades.

an administrative unit in the Anglo-Norman court.⁹ It included an analysis of the workings of the English Treasury and the Exchequer with its divisions and functions.¹⁰ Remnants of the traditional role of the Exchequer remain with the current British Chancellor of the Exchequer.¹¹

The Magna Carta of 1215 gave rise to the concept of parliamentary government. This document included the suggestion of an ‘executive budget system for holding government accountable’ and was the first occasion when this concept was articulated. The barons’ concerns revolved around the King’s taxing powers an issue giving impetus to the constitutional, political and financial development of England.

The fourteenth century witnessed general progress in commercial credit, public finance and business organization. Theories of economic management were percolating through the royal courts of Europe. Nicole Oresme (1325–1382), Roman Catholic Bishop, Aristotelian scholar and economist was at this time expounding his theories of the lawfulness of taxation and its necessary permanence, coupled with the indispensable stability of national coinage.

Subsequent centuries indicated a discernable weakening of the power of the sovereign to control taxation and expenditure. Powerful restraints were being imposed on the royal prerogative by the growing independence of the nobility, laity and the ecclesiastical establishment.

In 1545 Henry VIII, exercising political expediency in resolving financial as well as conjugal matters, legalized the payment of interest on loans titled usury.¹²

⁹ Fitz Nigel, Richard *Dialogus de Scaccario, The Course of the Exchequer*, Oxford University Press, 1983, first published c.1176, p.3. The British jurist and historian of English law Frederic William Maitland considered the *Dialogus* ‘one of the most wonderful things of Henry’s wonderful reign’. *Encyclopaedia Britannica*, 1973, 15th Edition Macropaedia, Vol.8, p.765

¹⁰ The corpus of the principles of revenue receiving and accounting as identified by Fitz Nigel were later recognised by the English Lords of the Treasury and relayed by Instruction to the Treasury in New South Wales. Fitz Nigel, (c1176), p.xxii .

¹¹ In general, the office of the Exchequer, the financial and accounting office of medieval England consisted of the Upper Exchequer (*scaccarium superius*) a court of account in which the royal revenue was managed, the accounts of its collection and disposal audited, and questions affecting it heard and determined. The Lower Exchequer (*scaccarium inferius*), or Exchequer of Receipt was concerned only with the actual receipt and issue of money, a survival from the Anglo Saxon period. The Exchequer Ordinances of 1323, 1324 and 1326 brought under Exchequer control most revenue of the realm. The latter of these ordinances provided for the auditing of selected accounts by barons assigned to audit accounts. *Guide to the Contents of the public Record Office*, 1963, Volume 11, HMSO, p.45

¹² Usury in the financial market had been disguised as foreign exchange transactions but the practice of paying interest had become overt. Henry followed the European practice.

Revenue required for the defence of the kingdom was now derived from three sources: taxation, the dissolution of the religious houses and debasement of specie, necessary at a time when the accepted revenue income was no longer sufficient.¹³ The Common's constitutional role, at the accession of Elizabeth was to vote supply and to submit petitions of local grievances in their localities.¹⁴ Elizabeth considered, however, that the management of central finance was the exclusive concern of her Executive and not the Parliament.¹⁵ In a conciliatory move, the Queen passed responsibility for the control of public revenue to the Auditors of Imprest, the nascent Treasury Department or Board of Treasury, which possessed limited control over public accounts, a central idea in a future parliamentary democracy.¹⁶

The concept of the British Treasury as an administrative department possessing the capacity to advise and guarantee accountability was developed by Lord Burleigh, Treasurer in 1572. He appointed a Secretary of the department to receipt income and enter into discussions concerning expenditure with representatives of the departments of the navy, army and the royal household.

Between the invasion of Britain by William the Conqueror in 1066 and the reign of Elizabeth 1 (1558–1603) personal monarchical control of the revenue remained a significant feature of British government administration. The Tudor 'Revolution' in Government introduced, however, a major weakening of this crown control.

By 1612, a Board of Treasury Commissioners with a secretary had been appointed instead of a single Treasurer, its first responsibility being to contain expenditure. By the mid-seventeenth century two authorizations, or warrants, were required to be signed before the Treasury made payment for expenditure incurred.¹⁷ This control was imposed upon the King by Parliament following the financial transgressions of Charles 1 (1625–1649).¹⁸

¹³ Davies, Glyn 1994, *A History of Money*, University of Wales, Cardiff, p.196

¹⁴ Johnson, Paul 1974, *Elizabeth I: a study in power and intellect*, Weidenfeld and Nicolson, London, p.128

¹⁵ Johnson, (1974), p.414

¹⁶ Cohen, Emmeline 1941, *The Growth of the British Civil Service 1786–1939*, George Allen & Unwin Ltd. London, p.30

¹⁷ Craig, Sir John 1955, *A History of Red Tape*, Macdonald & Evans, London, p.78. The issue of Warrants is considered a complex matter and has been addressed at statutory level on a number of occasions in New South Wales

¹⁸ His disastrous personal scheme to raise revenue by the imposition of Ship Money in 1634 to pay for the Royal Navy narrowed further the monarch's personal claim on the public revenue. Craig (1955), p.78

By the mid-seventeenth century, Treasury Minutes had been introduced and a Register of activities located in revenue collecting departments. The Treasury Commissioners also attempted to accelerate the process of audit by imposing a twelve per cent penalty for late payment of public money to the Exchequer. A series of Treasury Minutes in 1667 underlined the determination of a Treasury Commission to secure acknowledgement of its authority from the King, the Privy Council and the Secretaries of State. Treasury control was confirmed by an Order in Council signed on 31st January 1688 when faced with challenges concerning departmental expenditure.¹⁹

The Restoration of King Charles II (1660–1685) witnessed the continued evolution of the British Treasury and its subordinate revenue departments and the introduction of new banking techniques. This period saw the transition from the medieval system of public finance to full parliamentary control. Administrative reform continued when in 1667 Charles II appointed Sir George Downing the Secretary to the Commissioners to radically reform the British Treasury and the collection of taxes. Downing organized Treasury records and introduced an ordered system of departmental administration.

Parliamentary independence and control of the public purse was achieved with the Glorious Revolution of November 1688 and the promulgation of the subsequent Bill of Rights of 1689. The financial arrangements made by the post revolutionary parliament allowed for annual sessions of Parliament and it was taken up as a general maxim, that warrants granting revenue for a certain and short term was the best security that the nation could have for frequent parliaments. Appropriations became regular, public loans were guaranteed by statute, and more public expenditure was brought into the realm of specific parliamentary grant, leaving by the Act of 1697, the Civil List responsible only for the civil administration and the royal household.²⁰ These governmental changes obtained a parliamentary right to a role in the arrangement of the finances of the Crown. Conflict remained, however, between the residual executive

¹⁹ Roseveare, Henry 1973, *The Treasury 1660–1870*, Allen & Unwin Ltd. London, p.111

²⁰ Williams, E.N. 1970, *The Eighteenth Century Constitution*, Cambridge University Press, p.4 Each sovereign since George II (1727–1760) has surrendered to the nation the hereditary revenues, (the profits of Crown lands, etc.) thereafter Parliament has made pecuniary provision for each sovereign for the period of his or her reign by an Act known as the Civil List. The hereditary revenues of the sovereign were surrendered to Parliament in return for an annual grant. Sums so named were accepted by the monarch in place of the Sovereign revenues.

powers of the king, and the right of veto by the parliament. The monarch remained in a position to 'manage' parliament in order to achieve his or her own ends.

Parliamentary procedures were adopted and, of profound significance, the introduction of the process of initiating expenditure, which power rested solely with Parliament. The British Treasury was involved in a search for more orderly and rational scientific techniques of government administration. External interests were shaping the policies of the British Parliament which was now functioning in a political context sympathetic to mercantilism, commercial protection and imperial interests.

At the beginning of the seventeenth century the British Treasury now had a separate set of offices in Whitehall and was developing into a self-contained state department. This period also saw the abandonment of the tenet 'the king should live of his own'. What could now be discerned was the slow but 'unmistakable development' of Parliamentary financial control, freed from the excessive dependence on the Privy Council, the final abandonment of tax farming as a major instrument of government finance, and the emergence of well organized revenue agencies under Treasury direction. There was a marked increase in efficiency in the main branches of financial administration: the Customs, Excise, the Hearth Tax branches, and direct taxation. Government administration was aligned with a financial revolution in banking techniques as the infrastructure of taxation was established.²¹ At the same time there developed a responsible relationship between the Treasury and the House of Commons in debates on public income and expenditure.

The system of Treasury control now rotated between Lord Treasurer, Treasury Commission and Treasury Board. Various Treasurers and Boards existed until the last Lord High Treasurer, Lord Shrewsbury, appointed by Queen Anne, was replaced on 13th October, 1714 by a permanent Board of Commissioners. The commissioners were referred to as Lords of the Treasury. The First Lord of the Treasury was recognised as the natural head of any government and from Robert Walpole on, was known unofficially as the prime minister.

In 1695, the first permanent head of the British Treasury, William Lowndes, was appointed Treasury Secretary and permanent head having entered the British Treasury as a clerk in 1679. Lowndes was an exceptional administrator, serving no fewer than

²¹ Chandaman, C.D. 1975, *The English Public Revenue 1660–1688*, Oxford, p.253

five sovereigns and, together with Edmund Burke and William Gladstone in later centuries, contributed significantly to administrative and economic reform in the British Treasury and, by osmosis, colonial financial administration. The appointment of Lowndes offers the first evidence of an emerging civil service. He rejected the traditional removal of trained and experienced staff with the fall of each ministry and, by 1762, the permanent nature of public appointments had become recognized. Lowndes, a disciple of rigorous financial management, was the author of the maxim ‘Take care of the pence and the pounds will take care of themselves’, and in the House of Commons he devised the financial procedure known as Ways and Means.²² He also defended the precept that appropriations or annual grants were to be made by Parliament, accelerating Treasury’s mastery of parliamentary finance and its reach for power and authority.²³

The Committee of the Whole House on Supply was established as a device to secure freedom of discussion in matters of finance.²⁴ During the reign of Queen Anne (1702–1714), the Treasury adopted an administrative structure, elements of which lasted until the twentieth century. Staff consisted of Chief Clerks, Under Clerks, Under Clerks for Keeping Accounts, an Office Keeper, a Doorkeeper, a sweeper, a bag-carrier, a letter-carrier, four Messengers of the Receipt with three deputies and one Messenger of the Chamber. After 1714 Treasury clerks were identified as belonging to the most influential government agency in the country.²⁵ They were, in the main, well-connected gentlemen, with gentlemanly expectations.²⁶ Fees provided the lifeblood of the Department acquired through charges for warrants of authority for expenditure, or appointments. By the time of Captain Cook’s expedition, salaries were paid from pooled receipts or from the Civil List. The official position of Head of the British Treasury was considered a political sinecure commanding a salary of £3,000 per year plus £270 from New Year’s gift boxes. Treasury clerks were no longer threatened with removal upon the appointment of a new Treasury Board. Clerks in the Revenue Branch

²² Bridges, Edward 1964, *The Treasury*, Allen & Unwin, Lon, p.25. In the Committee of Ways and Means, resolutions naming the sources of the funds necessary to make good the supply are arrived at. The Parliament’s proposals for raising money are also considered. New money raising measures are also considered in Committee of Ways and Means. Campbell, (1954), p.39

²³ Gill, Doris 1931, ‘The Treasury 1660–1714’, *HER*, XLVII, pp.600-619. Roseveare, (1969), p.80

²⁴ ‘Report of the 1918 Select Committee on National Expenditure’, United Kingdom, Campbell, (1954) p.39

²⁵ Roseveare, (1973), p.78

²⁶ Roseveare, (1973), p.79

were trained by the 'Accountant' in the recording of financial accounts and it was considered the 'most professional element in the whole department'.²⁷

Minutes of the British Treasury meetings recorded between 1714 and 1782 reflect the continuing concern for the efficiency and professionalism of the clerical establishment. Shelburne, ('the Jesuit of Berkley Square', and First Lord of the Treasury between July 1782 and April 1783) initiated administrative reforms, the most important reorganization of the British Treasury in the eighteenth century. This was achieved in November 1782, with the assistance of George Rose, an able Secretary to the Treasury. Shelburne's administrative reforms foreshadowed elements recommended in the future Northcott-Trevelyn Report of the following century. The promotion of clerks was based on merit, absenteeism was proscribed, a restructure undertaken, and salaries were fixed from a Fee Fund. When Pitt took office as First Lord of the Treasury in December 1783 he focused on reforming sinecures, fees and audit and to make further efficiencies. In 1785 the Auditors of Imprest, established in 1560, were replaced with a professional Board of Audit with semi-judicial status.

Between the Parliamentary Revolution of 1688 and the introduction of Edmund Burke's 'economical reform' of 1780, Parliament had progressively adopted policies of accountability for the public revenue. The ancient office of the Exchequer or financial controller had seceded control to the British Treasury now the government agency responsible to Parliament. Parliamentary control of the public purse had developed to a stage in the late eighteenth century that the English Consolidated Fund Act of 1787 provided for an elementary executive budget system.²⁸ The Consolidated Revenue Fund was the central fund into which was intended to be directed every stream of the revenue received and from which was intended to issue the supply for government expenditure for every public service including the colony at New South Wales.²⁹

²⁷ Roseveare, (1973) p.82

²⁸ It was not until the 1820s that the Second Lord, the Chancellor of the Exchequer became an entity of power and by Gladstone's administration he had become the Minister for Finance. The first recorded use of 'budget' in the financial sense appeared in 1733 when referring to Sir Robert Walpole's financial policy and was in common use by 1760. 13th Report of the Commission of Public Acts, 18th March 1785; Bridges, (1964), p.25

²⁹ Lee, Robert D. Jr. Johnson, Ronald W. 1977, *Public Budgeting Systems*, 2nd ed. University Park Press, Baltimore, p.5. Not before 1822, prior to the appointment of the first Colonial Treasurer of New South Wales was a complete account of revenues and expenditures presented to the British Parliament.

The ‘classical economists’ of the late eighteenth and early nineteenth century and members of parliament were familiar with the arguments central to the management and administration of public finance. Political scientists such as Adam Smith, David Hume and Voltaire referred specifically in their discussions to revenue, expenditure, public debts, political economy and the problems of taxation, components central to public finance.³⁰ Adam Smith’s major work *An Inquiry into the Nature and Causes of the Wealth of Nations* was published in 1776 the year during which preparations were being made for the expedition to Botany Bay.³¹ Book Four in Smith’s *Systems of Political Economy* focused on Colonies and their part in the creation of wealth. His argument was familiar to Britain’s policy makers. His texts provided the theoretical lode for parliamentary consideration in a period of economic reform in Britain and subsequent settlements in the late eighteenth century and early nineteenth century.³²

The genesis of administrative reform has been attributed to Smith who introduced this ‘new dawn of intellectual endeavour’.³³ He defended economic liberty, free trade, open competition and minimum government interference.³⁴ His text was the antithesis of the then current policy of government support for monopolistic and subsidised commercial activities, the mercantilist system. Smith encouraged a reduction in Government intervention; those remaining controls required an efficient and effective centralised administration to control commercial activity. After 1780 there was a rapid spread of private banking in England and Wales which provided the impetus for the Industrial Revolution in Britain and Europe.

The years between 1786 and 1812 marked a watershed in British administration.³⁵ In 1780, Edmund Burke, Whig politician affirmed in a celebrated speech before the

³⁰ Prest, A. R. 1974, *Public Finance in Theory and Practice*, 5th ed. Weidenfeld and Nicolson, London, p.14

³¹ Smith, Adam 1776, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Book Four: Of Systems of Political Economy, Adam Smith Institute 2001 Created and Maintained by: [Cyberpoint Limited](#)

³² Prest, (1974), p.13

³³ Whatmore, Richard ‘Adam Smith’s Role in the French Revolution’, *Past and Present*, No. 175, May 2002, p.66

³⁴ Smith, Adam 1776, *An Inquiry into the Nature of Causes of the Wealth of Nations*, 5 Vols. Edinburgh. Book Four of the *Wealth of Nations* investigates systems of political economy which includes a discussion on colonies and the motives behind the establishment of colonies.

³⁵ Young, Maxine ‘The British Administration of New South Wales 1786–1812’, in *From Colony to Coloniser, Studies in Australian Administrative History*, 1987, Hale & Iremonger, Sydney, p.23

House of Commons a need for 'economical reform' in the administrative departments of the Parliament. Burke complained that:

'neither the present, nor any other first lord of the Treasury, has ever been able to make a survey, or make even a tolerable guess of the expenses of government of any one year, so as to enable him with the least degree of certainty, or even probability, to bring his affairs into compass.'³⁶

He demanded that Treasury should be 'assured of an unfettered superintendence of public income and expenditure'. Its control was obstructed by independent 'subordinate treasuries', the empires of departmental paymasters and by an 'anachronistic Exchequer'.³⁷ The major targets of both Burke's and Pitt's reform movement included the unwarranted expenses of government, the political influence of the Crown, which had unwittingly supported inefficiency and corruption, and finally incompetent Ministers supported by the King. Despite efforts at reform, general confusion still prevailed throughout most of the revenue raising government departments with little expectation of public accountability for collections and government expenditure. Officials relied on fees rather than salaries as remuneration for service. It was impossible for the First Lord of the Treasury to estimate the expenses of government for any one year.

Burke outlined fundamental rules for the conduct and administration of the public service including directions for the supervision and control of government revenue. These principles included, *inter alia*, the overall efficient budgeting for all government expenditure, its correct application by departments to its proper purpose, and Departmental and ultimately ministerial accountability for expenditure.³⁸

Under the aegis of Pitt who became Prime Minister and First Lord of the Treasury in December 1783 at the age of 24, financial administrative reform became the guiding principle of his Cabinet. He became involved personally with his own ministerial portfolio, the British Treasury and colonial matters were left primarily to the Secretary of State. Pitt had a talent for finance, pursuing his objective to place Treasury in firm control of public revenue and expenditure. His administrative reforms had a direct impact on the planning for and settlement of the distant colony in New South Wales.

³⁶ *Parliamentary History* (1780), vol. 21, p.29 Cohen, (1941), p.22

³⁷ Roseveare, (1973) p.63

³⁸ *NSW V&P*, 1894–1895, Vol. 3, p.53

Improved and broader control by the British Treasury over the public revenue strengthened its internal administrative influence, supported by fresh approaches to financial administration. Because of Pitt's political and personal interest and leadership, the British Treasury was in the vanguard of reform. Salaries were paid to officers in Treasury, who were ranked and graded according to duties and merit.

Opposition to administrative reform stemmed mainly from the beneficiaries of financial funds and personal maladroitness. Revenue collectors now came under departmental control whereas before they had, in their private capacity taken a percentage of revenue raised as remuneration or fees. Fees and costs were no longer extracted by the major departments directly from the revenue, but as directed by the Treasury, improving accountability.

The British Treasury was, at this time, responsible for all matters relating to revenue and for issuing:

‘directions for the conduct of all Boards and persons entrusted with the receipt, management, or expenditure of the said revenues; to sign all warrants for the necessary payments thereout and generally to superintend every branch of revenue.’³⁹

In 1784 the British Treasury, the Exchequer, and the British Treasury's subordinate boards and offices included the Boards of Customs, Excise, Stamps, Salt, Taxes, Hackney Coach and Chair Licences, Hawkers' and Pedlars' licences, the two Surveyors General of Crown Lands and of Woods and Forests, the Post Office, and the Mint.⁴⁰ The responsibilities of the British Treasury in 1784 were similar to those responsibilities of the New South Wales Treasury in 1856.

The expense and prolongation of the American War increased general public discontent, trade suffered and taxation increased. Economic and ‘collateral difficulties had put the people out of temper little by little.’⁴¹ Pitt's schemes for financial and administrative reforms were introduced following the findings of the reports of various Parliamentary Commissions and Committees of Inquiry, particularly those of the Commissioners for Examining the Public Accounts, which had been set up originally by Lord North.⁴² These Reports of the Commissioners of Accounts, 1781–84,

³⁹ *Report from the Commissioners on Fees and Gratuities*, pp.1806, vii, p.51, in Cohen, (1941), p.43

⁴⁰ Ehrman, John 1969, *The Younger Pitt*, E.P. Dutton & Co. Inc. New York, p.282

⁴¹ Pitt quoted in Ehrman, (1969), p.59

⁴² Ehrman, (1969), p.88

identified the technical shortcomings of departmental accounting, and an understanding of 'public interest'. The Commissioners submitted their initial findings in 1782 to the House of Commons with recommendations for sweeping fundamental reforms in basic management of office-holding, remuneration and organization in British government.⁴³ Their findings met with a 'constructive response' and approval, and government anticipated an immediate offensive on public maladministration.

A Commission of Inquiry in 1785 enquired into the fees, gratuities, perquisites and emoluments received in public offices and abuses associated with revenue gathering.

The Commissioners also established general principles to govern account keeping ensuring accountability which were:

'Simplicity, Uniformity, and Perspicuity, (are) Qualities of Excellence in every Account, both Public and Private; and Accounts of Public Money, as they concern all, should be intelligible to all.'⁴⁴

An auditing system was introduced that provided for a more efficient and timely audit, checking financial transactions and accounts. Private individuals were no longer permitted to use the public revenue for their own profit.⁴⁵

Pitt established a professional Board of Auditors working under Treasury supervision, an arrangement that lasted late into the nineteenth century when an independent Audit Office was established. The auditors were to be paid a fixed salary in order to prevent delays, frauds, and abuses, with an allowance for stationery, coals, candles and other incidental charges incurred in the office, to be paid for out of the aggregate fund.⁴⁶ It was not, however, until 1797 that a 'coherent domestic budget for England became available.'⁴⁷

Focusing on the Treasury the Commissioners examined the mode of selection for appointments of officers, accepting seniority in the junior ranks of clerks but that appointments in the senior ranks should be on ability.⁴⁸ Another weakness identified

⁴³ Roseveare, (1973) pp.61, 149

⁴⁴ 8th Report from the Commissioners on Public Accounts, vol. ii, p.38, in Cohen, (1941), p.37

⁴⁵ Cohen, (1941), p.43

⁴⁶ 25 Geo. III, C, 52, SL xxxv, 225, in Williams, E.N. 1960, *The Eighteenth Century Constitution*, Cambridge University Press, p.103

⁴⁷ Roseveare, (1973), p.61

⁴⁸ Report from the Commissioners on Fees and Gratuities, 2nd Report, p.56, 5th Report, p.184, in Cohen, (1941), p.41)

was that the Treasury incumbents in position of trust were not required to take an oath of secrecy, fidelity, or surety given. This situation was remedied shortly when all offices of financial trust, including those in the Treasury, were required to lodge a bond to the amount of three times their annual salaries. Officers were required to take an oath of secrecy and fidelity and undertake not to receive a fee, gratuity or perquisite for work executed in the office, other than their established salaries.⁴⁹ All recommendations made by the Commissioners reflected the reformist platforms of the political economists.

Before any action could be taken to implement reform throughout the service the French Revolution and its excesses brought about a general reluctance in the British government for administrative change. Pitt, now isolated, personally tackled the administrative and economic reform of his own department the Treasury. He improved revenue collection, reduced administration costs; checked abuses in Treasury collections and achieved significant reform within his department. Corruption was countered and revenue-collecting officers, many who came under Treasury patronage, were distanced from Treasury. There were, however, remnants of the feudal court in operation. The department's fees were pooled in a fund to provide for higher salaries. The Treasury and Exchequer, the 'brain and body' were still inseparably linked. The one regulated the finances; the other received them and paid them out. Far reaching reform across all government agencies remained remote, however, because of parliamentary patronage, the Crown's influence and the obscurantist legal structure

At the time of the establishment of the colony in New South Wales the Treasury was identified as a bureaucracy, divided into a revenue branch with a number of divisions and a staff of thirty-seven.⁵⁰ Before the end of the eighteenth century four fundamental principles had evolved underpinning the *modus operandi* of the Department: personal responsibility for work allotted, training by rotation through the various branches, promotion based on merit, though not always honoured, and the remuneration of Treasury officials. It remained, however, in the domain of 'gentlemanly amateurism'.⁵¹

⁴⁹ Cohen, (1941), p.42

⁵⁰ In 1797 Treasury's Chief Clerk, Thomas Pratt, had been with the department for seventy-three years with the head of the Revenue Branch flagging only fifty-three years service. Roseveare, (1973), p.86

⁵¹ Roseveare, (1969), p.14

It was against this background of what has been described as ‘bureaucratic awkwardness’ and ‘administrative incoherence’ that Captain Arthur Phillip prepared to establish and administer a gaol in New South Wales, nine months sailing time from Whitehall.⁵² What was apparent was that the inherent structure of the British Treasury allowed it to survive and withstand, at times, poor leadership. There was a discernible institutional pattern which included policies of anti-corruption, good leadership, flexibility, a dynamic methodology and of course longevity ensuring its survival. The British Treasury had been allowed to develop within a relatively stable community with limited disarray and a general will to succeed materially.

The principles of administration as recognized by the British Treasury were thus transported to the Antipodes where they were to be applied and adapted to local conditions where possible. New South Wales was, however a penal colony so that the template could not be applied in its entirety, its inheritor being the Colonial Commissariat a surrogate Treasury and financial structures, the colonial funds, unique to the colony.

The establishment of the New South Wales penal colony was cast in a set of circumstances unique to British administrative practice. Direct Government control and intervention was the administrative and legal characteristic of the new colony.⁵³ Government administrative involvement in other British settlements was intended only to support Britain’s political hegemony and mercantilist strategy. The Secretary to the British Treasury drafted Commissions and Instructions for Governors and senior administrators sent to the American colonies, clerks copying out the formal documents until 1823.⁵⁴ The powers of early New South Wales Governors were similarly outlined in personal Commissions and Instructions giving them a constitutional position similar to that which had existed in the American colonies.⁵⁵

A by-product of early imperial commercial activity was the transportation and assignment of felons to the American colonies, an activity involving the British Treasury. Between 1719 and 1772 approximately fifty thousand convicts were

⁵² McMartin, Arthur 1983, *Public Servants and Patronage*, Sydney University Press, p.7

⁵³ Ehrman, (1969), p.405

⁵⁴ McMartin, Arthur ‘The Payment of Officials in Early Australia 1786–1826’, *Public Administration*, Vol. XVII, No.1, March 1958, p.49

⁵⁵ Greenwood, Gordon 1975, *Australia*, Angus & Robertson, Sydney, p.7

transported from England, Scotland and Ireland to the American colonies.⁵⁶ Whitehall interfered little in county or borough.⁵⁷ The justices of the peace, sheriffs and mayors of the counties formed the repository of law, order and confinement of prisoners and each county bore the local costs accruing for the maintenance of felons.⁵⁸ Under the American plantation system individual counties made arrangements for the shipment of convicts with contractors trading with the plantations in the Americas. A subsidy was sent from the British Treasury to the county courts or the shipmasters for the 'convicts and vagabonds they took out'.⁵⁹ The cost to transport a convict to the American colonies after the Transportation Act of 1718 was estimated to be £3 a head from London and £5 from 'other parts' and after 1727, '£5 for all' no matter their destination. A good profit was allowed taking into account losses through sickness or death on the voyage.⁶⁰ Even after the revolt of the thirteen American colonies convicts were transported to America. Transportation warrants dated 1783 and 1784 and addressed to the Superintendent of the hulks in the River Thames, required him to deliver nominated convicts under his charge to the contractor, for the purpose of conveyance to North America. It was only after the independence of the American colonies was recognized by England, in the provisions of the Peace of Versailles, that overcrowding of the hulks and gaols became a danger and an embarrassment.⁶¹

At the time of Cook's exploration of the east coast of Australia, all British colonies were administered by the Council of Trade and Plantations, established in 1672, and the office of the Secretary of State for the Colonies, created in 1768.⁶² The Treasury was second only in importance to the Department of the Secretary of State for the Colonies in the administrative hierarchy, ahead of the Board of Trade.

⁵⁶ Shaw, A. G. L. 1966, *Convicts and the Colonies*, Faber and Faber, London, p.35

⁵⁷ Watson, J. Steven 1960, *The Oxford History of England, The Reign of George II, 1760–1815*, Oxford University Press, pp.42-50.

⁵⁸ McMartin, (1983), *Public Servants and Patronage*, p.10

⁵⁹ Shaw, (1966), pp.32-35. Treasury made direct contracts only for prisoners from the Home Counties; in other counties the justices made their own, and sent a copy of the contract to Treasury. Treasury repaid the subsidy to the Justices in the Counties upon receipt of a certificate of arrival in America. Contracts for transportation pre-1786 were arranged by two agents, in London and the Home Counties.

⁶⁰ Shaw, (1966), pp.32-36

⁶¹ Coghlan, Timothy 1918, *Labour and Industry in Australia*, Vol.1, Oxford University Press, p.4

⁶² The office of Secretary of State was of singular importance, descending directly from the thirteenth century office of the King's principal secretary. The Secretary of State was responsible for the ancient instruments of government being the keeper of the sign manual, the king's formal instructions issued, and of the signet, the king's personal seal. Young, D. M. 1961, *The Colonial Office in the Early Nineteenth Century*, Longmans, London, p.8

The responsibilities of the Secretaries of State and the administration of British colonies changed after the loss of the American colonies. (The political blunder, which led to their loss, also led to a re-evaluation of New Holland's potential and possible occupation).

In 1782 the office of the Secretaryship for Colonies was closed after the War of American Independence by the Burke Act, and foreign and domestic affairs were shared between the Secretary of State for Foreign Affairs and the Home Department (or Office), the latter having executive responsibility for, *inter alia*, colonial administration.⁶³ Matters of detail concerning the colonies were transferred to a subordinate branch of the Home Office called the Plantation Branch of the Home Office, comprising an Under Secretary and three clerks. Prime Minister Pitt involved himself in its administration, personally selecting competent and intelligent senior and junior staff for the Home Office.⁶⁴ Sir Evan Nepean was the first permanent Under-Secretary of the restructured Home Department, Plantation Branch, with responsibility for colonial affairs. All correspondence later addressed to the Principal Secretary concerning New South Wales passed initially through his hands.⁶⁵

Between 1794, following the outbreak of war with France, and 1812 the administration of the colonies was shuffled between competing Secretaries of State for the Home and War Departments, until 1812, when responsibility was conceded permanently to the Home Office.

The Botany Bay debate has attracted significant scholarship.⁶⁶ Interpretation by historians including Blainey (flax and market garden),⁶⁷ Frost (cost, legal arguments),

⁶³ After 1782 the title Secretary of State for the Home or Foreign Department was used. The titles 'Foreign Office' and 'Home Office' did not come into general use until the 19th century. See Eddy, J.J. and Nethercote, J.R. 1987, *From Colony to Coloniser, Studies in Australian Administrative History*, Hale & Iremonger, Sydney, Endnote, and p.247. Young, (1961), p.8

⁶⁴ William Pitt, the Younger (1759–1806), Chancellor 1782, 1783–1801, 1804–06 also Prime Minister. Ehrman, (1969), p.324

⁶⁵ Nepean later succeeding Philip Stephens as Permanent Secretary for Marine Affairs on 3 March 1795 Phillip losing a personal and important link in administrative communications. Letters addressed personally by Phillip to Nepean were perused by Lord Sydney. The Principal Secretary of State for Plantation Affairs was another title for the Principal Secretary of State for the Home Department. *HRA*, S1, 1, Note p.713.

⁶⁶ Atkinson, Alan, Book Review in *Australian Historical Studies*, 106, 1996, p.197; Atkinson, Alan 'The First Plans for Governing New South Wales, 1786–87', *Australian Historical Studies*, Vol. 24, No. 94, April 1990, p.22; Frost, Alan 1994, *Botany Bay Mirages: Illusions of Australia's Convict Beginnings*, Melbourne University Press, Melbourne; Martin, Ged ed. 1978, *The Founding of Australia: The Argument about Australia's Origins*, Hale & Iremonger, Sydney

⁶⁷ Blainey, Geoffrey 1970, *The Tyranny of Distance*, Sun Books, Melbourne, p.33

Shaw (transportation),⁶⁸ and Ged⁶⁹ have been examined.⁷⁰ The final decision was undoubtedly opportunistic given British interests in Africa, North America, India and the Far East. This multi-layered policy was underscored by the competitive nature of other European states interested in unclaimed overseas possessions such as France. Suffice to say the reasons for the decision to site the penal settlement at Botany Bay are multifaceted with 'layers of incentive'.⁷¹

After seven years of deliberation the King and his Cabinet, on 18th August 1786, gave approval for Botany Bay to be the site for the new gaol.⁷² In 1786 the Secretary of State for the Home Office was the 'volatile and rather unscrupulous' Lord Sydney, Tommy Townshend. He was a mediocre Secretary of State, an 'average politician of the second rank, assiduous, a fair debater, but noted less for his ability than for his interest and connections.'⁷³ This was his second term as Secretary of State, spanning the period 1784 to 1789. He was a member of the Pitt Cabinet shouldering responsibility for the establishment and administration of the proposed settlement at Botany Bay.⁷⁴

After the decision was taken to mount the expedition to Botany Bay Lord Sydney advised immediately his Under-Secretaries and the British Treasury of the King's approval for the expedition. The schedule or 'Heads of a Plan' drawn up in mid-August 1786 and sent to the Lords Commissioners of the Treasury included proposals for the organization and administration of the settlement. Prime Minister Pitt, who as Chancellor of the Exchequer with ultimate responsibility for the financial conduct of the expedition, was otherwise distracted and did not give the subject his full attention but

⁶⁸ Shaw, (1966), pp.50-52. Shaw argues that contemporary criticism of the venture was concerned with it being an efficient and expensive solution for penal punishment, and ignored any possible commercial value it might have.

⁶⁹ Martin, (1978), p.135

⁷⁰ Hughes, Robert 1988, *The Fatal Shore*, Pan Books, London

⁷¹ Martin, Ged 'Explanation and Significance in Australian History: The Founding of New South Wales', *Australian Studies*, vol. 1, 1988; 'The Founding of New South Wales', in P.Statham ed. 1989, *The Origins of Australia's Capital Cities*, Cambridge, pp.45-6 in Atkinson, Alan 'The First Plans For Governing New South Wales, 1786-87', *Australian Historical Studies*, Vol. 24, No. 94, April 1990, p.23

⁷² Spate, in Frost, (1994), *Botany Bay Mirages*, p.40

⁷³ Ehrman, (1969), p.184 This author is aware of one historian sympathetic to Sydney who is undertaking a reappraisal of his life

⁷⁴ Roseveare, (1969), *The Treasury*, p.98. Note: William Pitt's elder brother Chatham married Mary Townshend, daughter of Lord Sydney. Interconnecting dynastic ties were established frequently between members of the aristocratic Parliament.

fell in with the plan. Covering a projected period of three years, in December 1786 he eventually called for a statement of proposed expenditure for the expedition.⁷⁵

Evan Nepean of the Home Department was the primary facilitator for the organisation of the various departments involved in the preparations for the expedition. The British Treasury, with the capable Thomas Steele as Secretary,⁷⁶ the Admiralty, the Navy Board, with Sir Charles Middleton as Comptroller of the Navy, the Transport Board and the Victualling Board, the prisons, the hulks, the Board of Trade and the myriad departments of state, all had to be informed and all efforts co-ordinated.

The British Treasury set out to provide ‘a proper number of vessels for the conveyance of 750 convicts to Botany Bay, together with such provisions, necessities, and implements for agriculture as may be necessary for their use after their arrival ...’.⁷⁷ The British Treasury was effectively the financial controller of the Botany Bay expedition, meeting the costs and giving an accounting to Parliament of all expenditure. It was directly involved in the contractual arrangements made to transport convicts from county gaols to the convict ships. Under a revised system of transportation the Home Office now had the responsibility for the selection, escort and delivery of the prisoners to the convict ships and the British Treasury arranged direct payments. An administrative and financial problem arose immediately. Information from the two hundred gaols located throughout the country was difficult to access. Lists of convicts or indents were difficult to obtain from distant Chairmen of Quarter Sessions, clerks of the peace and other officials, and the effort time consuming.⁷⁸ The exact costs associated with delivering individual convicts to the assembly points prior to sailing could not, therefore, be determined. The centralisation of the administrative machinery came at a cost and, coupled with the use of paid rather than unpaid officials, the overall costs associated with transportation increased.⁷⁹

⁷⁵ Expenditure amounted to £45,572. *HRNSW*, S1, 1, 1783–1789, p.470. Note: Pitt’s concentration was possibly focused less on a future penal colony and more on the Eden Commercial Treaty with France, the United Provinces crises and the impeachment of Warren Hastings.

⁷⁶ His term of office was between 27th December 1783 and 26th February 1791. Treasury Secretaries had an opportunity to exert a great influence upon British Treasury policies as they were experts in matters of government finance and treasury administration. Clark, Dora Mae ‘The Office of Secretary to the Treasury in the Eighteenth Century’, *American Historical Review*, XLII, 1936-7, p33

⁷⁷ Lord Sydney to the Lords Commissioners of the Treasury, 18 August 1786. *HRNSW*. S1, 1, Pt 2, pp.14-19 Clark (1972), p.33

⁷⁸ McMartin, (1983), p.18

⁷⁹ McMartin, (1983), p.11

The anticipated costs of the Botany Bay scheme⁸⁰ were considered in great detail by Evan Nepean at the Home Office and at the British Treasury by officers such as George Rose and Thomas Steele.⁸¹ The establishment of the colony at Botany Bay was, however, ‘as risky (and as expensive) as modern efforts to send a man to the moon’.⁸²

The British Treasury had prior experience in transportation and experienced with meeting the costs of transportation and was aware of potential costs. Duncan Campbell, superintendent of the convicts on the Thames, an established ‘Merchant and Transporter’ of convicts to America had a long association with the British Treasury. Campbell’s statement of anticipated costs to the 1785 Select Committee on Transportation was based on his previous experience.⁸³ Campbell estimated in January 1786 that the cost for shipping 260 or more convicts to New South Wales was £50 8s. 2d. each, an estimate that did not offer any prospect of a great profit for the agent responsible. In April 1787, four weeks prior to sailing the estimate had risen to £50 10s. per convict. By February 1790, the estimate had escalated to £153,544 or £63 per convict. The approximate difference in the annual cost of keeping a convict on a hulk as against maintenance in New South Wales was 63:29.⁸⁴ Britain was living in a reduced economy thus constant demands by the British Treasury to defray the costs of transportation, maintain the convicts, reduce expenditure and encourage a climate of financial self support caused future unremitting discord between colonial administrators and the Treasury, nine months sailing time away. Transportation appeared to be a costly solution to overcrowded gaols. Major Robert Ross remarked ‘it would be cheaper to have fed the convicts on turtle and venison in a London tavern.’⁸⁵ In summary there were ‘some ambiguities and inconsistencies and an under-estimation of the costs of the proposed scheme’ but that is common to many modern undertakings.⁸⁶

⁸⁰ Note: Shaw (1966) has included a schedule of convict costs in New South Wales 1786–1800 in his scholarly and useful work, *Convicts and the Colonies*, p.61

⁸¹ In the interests of cost and efficiency convicts were transported under private contract by ship owners after 1801 thus obviating the need for the government’s direct administration of the scheme and the involvement of multiple government departments. Bateson, Charles, 1969, *The Convict Ships 1787–1868*, Brown, Son & Ferguson, Glasgow, p.13

⁸² Boot, (1998), p.74

⁸³ Frost, Alan 1995, *Botany Bay Mirages*, Melbourne University Press, p.11

⁸⁴ This was an exceptionally large increase compared to the associated costs of housing convicts on the hulks on the English waterways. Abbott. G. ‘The expected cost of the Botany Bay scheme’, *JRAHS*, Vol. 81, Pt.2, December 1995, p.171

⁸⁵ Frost, (1995), p.172

⁸⁶ Abbott, Graham ‘The Expected Cost of the Botany Bay Scheme’, *JRAHS*, Vol. 81, Pt. 2, December 1995, p.164

The Treasury determined most administrative policies attaching to the penal colony. It set the scale of salaries and the size of the civil establishment responsible for the civil administration in the penal colony. The colony was considered minor on the administrative scale approximating that of civil establishments such as Nova Scotia or Cape Breton.⁸⁷ An initial amount of £1,479 10s. was allowed for the salaries of seven civil servants accompanying Captain Arthur Phillip. This Civil List was adjusted prior to sailing, allowing for eleven civil administrators. The list included the Governor, Lieutenant-Governor, Deputy Judge-Advocate, Provost-Marshal (who did not sail with the First Fleet), Chaplain Surgeon, three surgeon's mates, Surveyor of Lands, a Commissary, and the London Agent. £2,877 10s. was appropriated for defraying the cost of the civil establishment for the settlement. Phillip received £1,000, no table money and few perquisites.⁸⁸ Provision was also made in the Instructions for Phillip and Andrew Miller, the first Commissary of the colony, to discharge bills to the amount of £2,652 7s. 3d. drawn on the British Treasury.⁸⁹ The Commissary, a relatively minor official, was to play a pivotal role in the colony's financial administration before the appointment of a Colonial Treasurer in 1824.

The First Fleet, comprising eleven ships, sailed from the Mother Bank near Portsmouth on 13th May 1787, Phillip in the *Supply* arriving off Botany Bay on 18th January 1788.

The British Treasury's close involvement in the future settlement was not well defined in Phillip's first Commission issued on 12th October 1786 and granting him the authority of a military governor. At contemporary law New South Wales was neither conquered nor settled, rather Terra Nullius, or unoccupied, but nevertheless to be administered 'according to the rules and discipline of war ...'. Phillip was directed, *inter alia*, to observe and follow orders and directions from the Cabinet, superior officers and such orders and directions sent under the royal signet or sign manual or 'by our High Treasurer or Commissioners of our Treasury for the time being ...'.⁹⁰

⁸⁷ McMartin, Arthur 'The Payment of Officials in Early Australia 1786–1826', *Public Administration*, Vol. XVII, No.1, March 1958, p.48

⁸⁸ The comparatively inadequate salary offered by the British Treasury and accepted by Phillip suggests that he was selected not for his administrative expertise but because of his parlous financial position; an unexpected success story in administrative appointments. McMartin, (1958), p.50

⁸⁹ Andrew Miller was appointed Commissary of Stores and Provisions by the King's Constitution and signed by William Pitt. National Library of Australia (ref: MS1679)

⁹⁰ Clark, (1972) p.39

A Second Commission issued to Phillip on 2nd April 1787 elucidated his responsibilities, reinforced by Instructions issued on 23rd April. Accountability for all activities expected in a penal colony was implicit in the Instructions. The Commission issued to Phillip imputed numerous responsibilities. It is an uncommon list for a naval officer who sailed with a military Commissary now a civil officer. Did the authorities see clearly that the idea of a penal settlement and a free colony at the same place and under the same government was an impossible one? Did they foresee at this early stage a dual purpose for the colony, an 'industrial' colony and a gaol?⁹¹ The requirement for an efficient administrator of financial activities was inherent in the Instructions but overlooked by the British administrators.

Phillip was also required to regulate the supply of rations and land grants, assign convicts to those who could afford to employ and maintain them, give assistance to settlers and establish government stores. He was required to fix the prices of commodities, the rates of wages, and the hours of labour; authorise tolls and duties, issue and cancel licences to trade and to establish and control markets, check the weights and measures, strike a currency and fix the rate of interest.⁹² Phillip possessed the authority to raise funds for local purposes and to establish institutions (banks) and procedures in order to control the collection and disbursement of public funds.⁹³ Locally raised revenue was to be appropriated to meet local government expenditure and for defraying the cost of the settlement.⁹⁴

These provisions indicate a clearly intentioned plan for a free settlement in conjunction with a gaol. Phillip was not only the commandant of a gaol, but he was also required to manage and administer public finance as practiced in the American plantations without a finance or Treasury department or a Legislature to control budgetary matters.

Phillip was also responsible for sending to Britain for examination and auditing by professional auditors, the colony's public accounts.⁹⁵ His Instructions included clear directions as to financial reporting standards to be followed, and the submission of the

⁹¹ Coghlan (1918), p.4

⁹² Butlin, S. J. 1968, *Foundations of the Australian Monetary System 1788–1851*, Sydney University Press, p.11

⁹³ McMartin, (1983), p.126

⁹⁴ HRA, S1, 1, p.7

⁹⁵ Act 25 Geo. III, c.52. McMartin, (1983), p.127

colony's accounts to the British Auditors. Pitt's Act of 1785 had abolished the two ancient Offices of Auditors of the Imprest at the Exchequer, and established a board of professional auditors working under the supervision and control of Treasury.⁹⁶

Further Instructions, which were issued to Phillip on 25th April 1787, reasserted that the British Treasury's financial administrative policy as followed in the American plantations was to be replicated in the penal colony with few differences.⁹⁷ Reinforcing the requirement for accountability official directions insisted that 'only authorized financial procedures were (to be) observed' indemnifying Treasury officers against fraudulent claims or malfeasance.⁹⁸

Details were included of other information to be returned to the Commissioners of the Treasury, including the purchase of provisions. Phillip was urged to use every degree of economy and ensure that the Commissary transmitted an account of supplies issued, enabling the Treasury to 'judge of the propriety or expediency of granting further supplies'. Every attempt was made in the Instructions to cover most activities associated with the administration of a colony and ensure financial accountability. For example, copies of land grants made to emancipated convicts were to be kept and a regular return sent to the British Treasury and Home Office. The Commissary was entitled to draw bills of exchange, properly certified by Phillip or the Lieutenant Governor, and a summary was to be sent to the British Treasury, indemnifying Phillip against personal responsibility for any debt the purchases might attract.⁹⁹

There were thus anticipated two sources of colonial funding for which an accounting had to be made: firstly the receipt and expenditure of funds supplied by imperial appropriation, the responsibility of the Commissary, and secondly, local revenue gathered by the Governor who also determined its expenditure. Influential colonists later questioned successive Governors' constitutional powers to impose imposts on the community that were deposited in colonial fund accounts.¹⁰⁰ The first Colonial Commissary, Andrew Millar, was also provided with similar Instructions. He

⁹⁶ Roseveare, (1973), p.63. McMartin, (1983), p.127

⁹⁷ McMartin, (1983), p.126

⁹⁸ McMartin, (1983), p.127

⁹⁹ *HRA*, S1, S1, p.10

¹⁰⁰ These instructions or rather, interpretations of the instructions later became the focus of judicial and constitutional dispute raised initially by Judge Advocate Forbes. The British Under Secretary sent to early Governors estimates for defraying the cost of the civil establishment for the ensuing financial year. Owing to distance the vote was usually passed before the Governor could submit any additional costs.

was to transmit all information concerning transactions involving the drawing of Treasury bills to the Commissioners of the Treasury. After discharging their human cargos, three convict transports were directed to fulfil prearranged commercial contracts in the East.¹⁰¹ This arrangement indicated Treasury's commercial acumen and one initiated to minimize transportation costs.¹⁰²

The public's interest concerning the Botany Bay expedition was stimulated by speculation in the *Daily Universal Register*, later *The Times*. Objections to the expedition were raised by the East India Company, for commercial reasons, and by philosophers who were generally opposed to the concept of colonisation. New South Wales was considered uninhabitable and humanitarians were opposed to the emigration of the labouring classes. This latter criticism was based on the argument that to export a valuable capital resource (labour) was not sound economic policy.¹⁰³

A group of women called at the British Treasury begging to accompany the convicts, including the wife and mother of a convict. Evan Nepean intervened, but Pitt considered that 'oeconomy' weighed more heavily than a scriptural obligation to bind one to the other and passage was denied.¹⁰⁴

Phillip landed in a country without major opposition from the inhabitants. The territory was occupied, but possession was not acquired by treaty or military action. The Europeans found the tribal traditions and interrelationships of the indigenous population difficult to analyse. The overall population of Australia at that time is not easy to estimate as no written records exist. Recent estimates of the population of Australia in 1788 range between 350,000 and 500,000, spread irregularly over the land mass. The aboriginal basic economic unit was the small tribe depending on 'resource availability, technology and cultural circumstances. Fire-stick farming was a resource

¹⁰¹ Lieutenant King's Journal of the voyage, *HRNSW*, Vol. 1 1783–1789, p.490

¹⁰² Treasury had earlier addressed the reduction of the costs of transportation under the plantation system. The Treasury transferred the sentence of convicts to the contractors, who transported them for the requisite term. The contractor sold them to the colonists or planters as virtual slaves for the unexpired period of the sentences. Treasury was thus relieved of any further expense in supporting the convicts. *HRA*, S1, 1, Note 96, p.738

¹⁰³ It was recorded that Phillip suffered from frequent seasickness, hence: 'I cannot bear this, I am as sick as a dog': *Adventures and Recollections of Captain Landman*, late of the Corps of Royal Engineers, 1852, vol. I, p.121. *HRNSW*, Vol. 1, 1783–1789, p.498

¹⁰⁴ Martin, Ged 'A London Newspaper on the Founding of Botany Bay, August 1786–May 1787', 1982, *The Founding of Australia*, Hale & Iremonger, Sydney, p174. *HRA*, S1, S1, p.xix. On board were 19 officers, 24 non-commissioned officers, 8 drummers, 160 privates, 30 wives, 12 children, 568 male convicts and 191 female convicts.

management tool.’¹⁰⁵ Privileges and obligations permeated their culture; their social organisation was complex depending on locality and kinship. There was a division of labour between the sexes, the men hunted and guarded the religious code and the women undertook food gathering and child rearing. With age came prestige and authority. There was no discernible hierarchical social structure, no tribal chiefs, government institutions, no warrior class to which the Europeans could relate. If those social formations had existed then the fate of the settlement would have been quickly and adversely affected by armed opposition as they had been in the initial stages of the North American colonies. Differences rendered both societies generally impervious to the cultural and administrative regimes then existing.

The First Fleet carried no Treasury chest containing legal tender or coin apart from £300 official currency and coins in the pockets of the passengers and convicts.¹⁰⁶ (This may not have been an oversight because in Britain there was at the time a serious shortage of silver and copper coins in England, the basis of every day exchange.) British officials may not have considered it necessary to supply extra coinage as they could not conceive what use money would be in a settlement where there were to be no retail outlets. (Indeed the first retail outlet opened in Sydney Town four years after settlement in 1792). The public stores would supply all that officers, settlers and convicts required and where accounts would be adjusted in the books of the Commissary, and balances liquidated by drafts on the Paymaster’s Office in London. Phillip wrote for a supply of money one thousand pounds, all in silver sent four years later. Total remittances of coin to the colony between 1788 and 1801 amounted to £3,500 circulating at a nominal value of £6,000.¹⁰⁷

Treasury had assumed therefore, incorrectly, that a gaol had no call for a medium of exchange. This assumption was contested by Phillip shortly after landing at Port Jackson. He was compelled to draw Bills on the Treasury for amounts as small as £8 2s. to pay for work done by ships’ carpenters from the *Sirius* and *Supply*, amounting to £192 17s. 6d. They had been employed between May and September 1788 to construct huts for the Marines and were entitled to an immediate payment.¹⁰⁸ He advised Nepean

¹⁰⁵ Butlin, N.G., ‘Contours of the Australian Economy 1788–1860’ *AEHR*, Vol. xxv1, No. 1, March 1986, p.103

¹⁰⁶ Phillip to Nepean, 28 September 1788, *HRA*, S1, 1, p.86

¹⁰⁷ Coghlan (1918), p.67

¹⁰⁸ Austin, Alan March 1998, *Coin Web*, passim, privately produced on CD

that ‘these small bills will give the Treasury some trouble, but this country has no Treasury.’¹⁰⁹

Butlin has argued that ‘the story of Australian money in the first fifteen years is the story of the introduction of forms of money and money-substitutes, conditioned primarily by the absence of a local Treasury and only secondarily by the emergence of a market economy.’¹¹⁰ An absence of coinage was partially relieved by administrative arrangements: the use of government bills on the Treasury, store receipts issued by the Commissary after accepting produce, coins that were available and promissory notes. An important component of this early monetary structure was the barter or exchange system, this mechanism providing ‘the framework for the earliest systematic economic arrangement’ in the colony’.¹¹¹ Although money was scarce as a unit of exchange the barter of certain provisions provided the common unit of value, bookkeeping providing the means for remembering and proving the details of lengthy exchanges.¹¹²

Credit was also necessary because of the paucity of banking institutions. The few established private trading companies in the colony offering the only private banking facilities.¹¹³ The colony thus survived commercially between 1788 and 1817 depending partially on the primitive but effective barter system and the use of rum in the colony as a currency of exchange.

One of the earliest attempts by Phillip to locate funds, other than imperial funds available through the Commissariat, was the issuing of liquor licences. Phillip issued porter licences in October 1792 to the master of an East Indiaman to set up shops ashore and sell porter, thus permitting the first legal sale of liquor in the colony. The duties collected were intended for government expenditure.¹¹⁴ This licensing was done without the permission of the Home Office and, for a number of years, tacit approval was given to the taxing of such activities. The troubling social consequences were that ‘under the cover of this, spirits found their way among the people, and much

¹⁰⁹ Phillip to Nepean, 28 September 1788, *HRA*, S1, 1, p.86

¹¹⁰ Butlin, (1968), p.13

¹¹¹ Butlin, (1968), p.12

¹¹² Parker, R.H. ‘Bookkeeping Barter and Current Cash Equivalents in Early New South Wales’, *Abacus*, Vol. 18. No. 2, 1982

¹¹³ Merchants trading privately on government account reduced government expenses. Examples of the entrepreneurs are: Robert Campbell, the first colonial resident merchant and ‘Father of Australian Commerce’. ‘Simeon Lord and others’, and Thomas Raby. See Steven, Margaret 1965, *Merchant Campbell 1769–1846*, Oxford University Press, Melbourne, passim

¹¹⁴ Phillip to Nepean, 18th November 1791, *HRA*, S1, 1, p.309

intoxication was the consequence.’¹¹⁵ A colonel in the colony observed how difficult it was to prevent the military or convicts bartering their supplies for spirits, despite the prohibitions against such common practices

‘... The passion for liquor was so predominant among the people that it operated like a mania, there being nothing which they would not risk to obtain it and while spirits were to be had, those who did any extra labor refused to be paid in money (but insisted on) pay in spirits, which were now from their scarcity sold at six shillings a bottle ...’¹¹⁶

Philip Gidley King, the Lieutenant-Governor of Norfolk Island, also recognized the potential for raising funds on spirits imported into the colony. In 1793 King imposed a duty of three shillings on every 10 gallons of rum landed and two shillings on every 10 gallons of wine. He also imposed fines for breaches of the peace, all revenue directed to the building of schools and other public works. An elementary scheme of Government accounting and accountability was thus established in the colony, separate from the Commissariat and independent of imperial funds.

Governor Captain John Hunter, who succeeded Phillip in 1794, followed suit in April 1796 when he issued the first 10 liquor licences to the various districts for the retailing of spirits under the control of the Bench of Magistrates. A bond of £20 each was required and two sureties of £10 each for good behaviour.

A dual financial system emerged which required financial administration of the local revenue raised and the imperial system under the stewardship of the Colonial Commissaries. In 1799 Hunter imposed the first duty on any goods coming into Australia, a levy of one shilling a gallon on spirits landed under permit, sixpence a gallon on wine and threepence a gallon on strong beer.¹¹⁷ A levy of sixpence per bushel was imposed on wheat delivered to the Government Store. This revenue was deposited into Hunter’s Gaol Fund, his intention being to fund the rebuilding of the gaol which had been burnt down by the convicts. This Gaol Fund was managed by a Committee, with Samuel Marsden the appointed Treasurer.¹¹⁸

¹¹⁵ Note *HRNSW*, Vol. 2, p.225

¹¹⁶ RAHSJ, Vol. XVIII, p.85 quoted in Joel, Asher 1958, *A Survey of, and Report upon, The Hotel Industry of New South Wales*, Asher Joel Advertising, Sydney, p.14

¹¹⁷ The annual consumption of spirits was five gallons of ‘rum’ and 2 gallons, three quarts of wine for every man, woman and child in the colony, a population of 5807. Shann, Edward 1938, *An Economic History of Australia*, Cambridge University Press, p.33

¹¹⁸ James Bloodsworth, Australia’s first designer and building craftsman, contributed his expertise to this project before his death in 1804. The total cost of this first secure and ‘proper’ gaol built in the Colony with local funds amounted to £3,954 when completed. McMartin, (1983), p.96

Hunter capitalised on the growing commercial market by raising further funds for building purposes, introducing levies on spirits, wharfage dues and taking out a loan of £1,000 from the Crown, the revenue raised placed in the Gaol Fund.¹¹⁹

Captain Gidley King, appointed Governor of the colony in 1800, followed Hunter's policy for raising revenue and quickly introduced:

'port charges for the entrance and clearance of ships; fees for permission to trade; fees to procure water on 'Orphan Lands'; fees to cut wood; duties on coal and timber obtained from the new Hunter River settlement; and finally a duty of five per cent on all wares and merchandise brought from any port to the eastward of the Cape, as well as other goods not of British manufacture.'¹²⁰

The precursor of the Customs officer was the Naval Officer who collected port duties and deposited the funds into the locally managed colonial fund. By 1800 there was a considerable development in both trade and cultivation that required the employment of some 500 or 600 labourers whose daily or weekly wages necessitated remuneration.

Agriculture, stock raising, the timber industry, whale fisheries and sealing (for sixty years an important Australian industry), coal-mining, flax, hemp, woollen cloth and other industries, all contributed to the growing wealth of the colony. The incoming revenue increased steadily from £2,783 0s. 9d. in 1805 to £8,000 per annum in 1810.

Increased revenue required further guidelines for authorised expenditure. In 1800 King established a second unauthorized fund, the Orphan fund, its contents used to support and house the destitute and abandoned children within the colony. The locally raised revenue was now deposited into two funds: the Gaol Fund and the Orphan Fund, the funds in each designated for specific expenditure. It is from these two funds that a direct link may be traced to the Colonial Treasury established in 1824. Until 1809 import duties on spirits, wine and wharfage fees were received into the Gaol Fund to finance unspecified public works for which formal appropriations for designated projects were not necessary as they were organized by the Commissary. Between 1800 and 1810 revenue raised from liquor and auctioneer licences, fees from land grants¹²¹

¹¹⁹ McMartin, (1983), p.130

¹²⁰ This last imposition, according to La Nauze, introduced the tariff system into New South Wales. McMartin, (1983), pp.130-131

¹²¹ Shann argues that when Dundas instructed Phillip to grant land, assign convicts and issue provisions to officers and others who became settlers with a view to establishing a permanent settlement this opened the way to a new economic policy. *HRA*, S1, Vol.1, pp.328, 365, in Shann, (1938), p.15

and loans, quit rents and fines; profits from certain cargoes and specified export duties were all paid into the Orphan Fund.¹²²

Rum was an important medium of exchange.¹²³ The Governor fixed the price of rum on ships coming into the colony, before landing, at nine shillings per gallon, with one shilling going to the Orphan Fund. This latter fund did not confine its expenditure on orphans for it also financed the purchase of tools and implements used in public works.¹²⁴ In 1801 licensees paid £3 into the Orphan fund and two shillings and sixpence to the Clerk who made out the licence.¹²⁵ Liquor licences confirmed the importance liquor now played in the social and economic life of the colony, providing a continuous, unbroken thread in colonial income and expenditure.¹²⁶ Many profited except those individuals, men and women, felon or free, who chose to drink the liquor rather than use it as a form of currency, for fundamental leverage in acquiring government contracts and subsequently founding private fortunes.

No objection to this system of unspecified, unorthodox form of taxation was recorded in the British Parliament. Indeed, various items of expense, such as civil officers' salaries, were now charged against local revenue. The revenue was derived by the formal application of the Governor's prerogative, not parliamentary sanction. It was not until 1819 that a legal challenge was made to the collection of such imposts, intervening Secretaries of State not having raised objections to the policy or the designated funds. Indeed regulations governing the collection of port duties were issued to Collins prior to his departure to found a settlement in Port Phillip in 1803, and his eventual foundation of Hobart on the Derwent in Van Diemen's Land in February 1804.

Governor Macquarie, appointed in 1810 and replacing the vanquished Bligh, abolished the Gaol Fund in that year, replacing it with the Police Fund, a fund from which a greater diversity of payments were made and not directed specifically to the maintenance of convicts. Both the Police and Orphan funds were managed by Trustees, each with its own Treasurer; the ubiquitous D'Arcy Wentworth appointed Treasurer of

¹²² Butlin, N.G. 'What a Way to Run an Empire, Fiscally!' *Working Paper No.55*, Department of Economic History, ANU, August 1985, p.37

¹²³ Greenwood, Gordon 1975, *Australia*, Angus and Robertson, Sydney, p.31

¹²⁴ HRA, S1, X1, note, p.914

¹²⁵ 10 March 1801, *HRA*, S1, IV, p.36

¹²⁶ Joel, (1958), p.14

the Police Fund. It was from this Police Fund that Governor Macquarie was given 'some freedom to build and order his environment' attracting the attention and criticism of the exclusives, or free settlers, and the Secretary of State, Earl Bathurst.¹²⁷ Macquarie had been compelled to use rum as payment in kind for clearing and making sections of George Street, and paying the contractors for the Sydney Hospital (the Sydney Infirmary, Macquarie Street) when short of colonial funds. This method defrayed the expense of constructing public buildings by granting them a monopoly over imports of rum for three years.

Salaries of the colony's civil service now commanded a sizeable proportion of what remained in the Police Fund. Three quarters of all incoming local revenue was now directed to the Police Fund and one quarter to the Orphan Fund, reduced to one eighth in 1817.¹²⁸ Because of the complexity and increasing magnitude of the system of local revenue raising and expenditure, improved accounting procedures were introduced. This was in marked contrast to the state of affairs prevailing at the Commissariat's Office.

The Naval Officer, responsible for the collection of the port and customs duties forwarded a statement of net receipts and commission in a prescribed manner to the Governor.¹²⁹ After receiving the Governor's approval, a required proportion was paid into each fund, the Naval Officer receiving a receipt from the Treasurer of each of the two Funds. Payments were paid from the funds by the Treasurers on the Governor's Warrant.

It was apparent that the administrative policies of the British Treasury were being applied when and where the local conditions permitted their adoption. Basic book-keeping principles were applied. The revenue collected was identified separately from the disbursements. It also became mandatory that an audited quarterly statement of accounts be inserted regularly in the *Sydney Gazette*.¹³⁰ Embryonic models of a Colonial Treasury and Auditor-General's Office were operating in the colony prior to the conclusion of the Bigge Inquiry in 1822.

¹²⁷ La Nauze quoted in McMartin, (1983), p.133

¹²⁸ McMartin, (1983), p.131

¹²⁹ McMartin, (1983), p.131

¹³⁰ 16th August and 22 November 1817. McMartin, (1983), p.133

There is little evidence to show whether the official orders concerning government accounting procedures were followed as records sent from the colony by the Commissary were not retained in Britain. Secretary of State, Lord Bathurst, issued instructions to the various colonies in 1822 prohibiting the removal of official correspondence with personal papers and that all official papers were to be ‘most carefully and methodically maintained and transferred to relieving officers’.¹³¹ Scattered references to Commissariat expenditure in Governors’ Despatches give some indication of the volume of Treasury Bills drawn in the colony between 1788 and 1821.¹³² In the colony, correspondence and returns were kept only for immediate reference and then either disposed of or kept as personal papers by the individual Commissary.¹³³

The forms of accounts that do survive continuously from 1791 relate only to those transactions that could be described as net cash transactions (including bills). They do not indicate the gross cash or barter transactions. They are mere summaries covering irregular periods of account.

There is no evidence of the double-entry system of book-keeping, and accounting practices were neglected, indicating a need for order and method to reduce the confusion. The store accounts were ‘incapable of any regular examination, and having every appearance of having been framed with the express view of frustrating all inquiry.’¹³⁴

There is evidence that the incoming settlers were not ignorant of accounting practices. The first accountant in New South Wales was the purser on the First Fleet who brought an understanding of accounting practice to the colony. The early Commissaries also possessed the expertise to adopt double entry bookkeeping. Commissary Palmer possessed some knowledge of double-entry bookkeeping as all junior naval officers were taught bookkeeping at the naval college at Greenwich.¹³⁵ The

¹³¹ Richardson, G.D. ‘The Early Archives of New South Wales Notes on their Creation and their Keepers’, *JRAHS*, June 1973, vol. 59, Pt 2, p.80

¹³² Abbott, G.J. ‘A Note on the Volume of New South Wales Treasury Bill Expenditure 1788–1821’, *Business Archives and History*, Vol. VI, No.1, February 1966, p.80

¹³³ The Commissariat, *Abstract of stores and persons victualled, and accounts 1792–1794*, (SRNSW ref: X21)

¹³⁴ *Historical Records of NSW*, S1, VII, p.569 in Butlin, N. (1994), p.66. Parker, R.H. ‘Bookkeeping Barter and Current Cash Equivalents in Early New South Wales’, *Abacus*, Vol.18, No. 2, 1982, p.146

¹³⁵ A definition of double entry accounting is an organizing device, which facilitates the recording, classifying, and summarizing of financial data into accounts such as the journal. As a mathematical

surviving records of the New South Wales Corps cash book, dated 1789–92, also indicate a knowledge of the Italian system or double entry bookkeeping. The preferred accounting system was not, therefore, practised in the colony before 1817 with the establishment of the Bank of New South Wales. The system practiced before this time amounted to single entry accounting or simple bookkeeping of a type involving the maintenance of lists of stocks and lists of creditors and debtors. There was little incentive for businesses and the Commissariat to adopt the Italian system in a penal colony offering, *ex officio*, commercial opportunities, on and off-shore.¹³⁶

Overall, the Commissariats' accounts surviving after 1791 were unserviceable, grossly deficient and accounting principles ignored. They offered no disclosure and compilation and remittance delayed. There were no audits, there was little accountability and they were not accompanied by public statements.¹³⁷ That this situation was allowed to continue indicates that Whitehall's interests in the colony were stifled temporarily by Continental affairs.¹³⁸ The location of the colony, although distant, proved in many ways advantageous for the colonists. For nearly thirty years after Phillip's arrival England was at war during which for several years, sea communications were threatened and dangerous, and the voyage to the colony was extended with few ships available. Distance precluded, therefore, strict application of the principles of financial administration. The colony was considered remote from interference, the climate excellent, and aborigines few and comparatively harmless unless wantonly provoked.¹³⁹ Financial administration, therefore, remained basic to the colony's needs.

Butlin refers to the 'obscure' nature of the 'accounting record', to 'the remarkable modes of accounting' adopted in support of an essentially 'incoherent' system of public

device, double entry involves a process of recording two aspects of each transaction, such that two cross-referenced entries are made. Craig, Russell and Jenkins, Sarah 'Conjectures on Colonial Accounting History in Australia', *Abacus*, vol. 32, No. 2, 1996, p.216

¹³⁶ Craig and Jenkins, (1996), p.232. Craig, Russell, 'Jeremiah Murphy: bank account No 1', *Australian CPA*, December 1998. Gibson, Robert 'Early Double Entry Records in Australia', *Accounting History Newsletter*, No. 13, Summer, 1986-87, p.5

¹³⁷ Craig, R.J. and Jenkins, S.A. 'The Cox and Greenwood Ledger of the New South Wales Corps 1801–1805: The Account of Captain John Macarthur', *JRAHS*, Vol. 82, Pt.2, December 1996, p.142

¹³⁸ See *Guide to Commissariat Records*, SRNSW

¹³⁹ Coghlan (1918) p.19

finance, and to the accounting systems being ‘outmoded’ and helpful to the colonial authorities in avoiding ‘being subjected to close oversight’.¹⁴⁰

It was sensible of the Commissary and the officers of the NSW Corps to pursue a strategy of obfuscation, neglect and concealment in accounting procedures to prolong their entrepreneurial activities. It must be concluded that it was design rather than ignorance or tardiness that obscured the true state of accounts in the colony prior to the establishment of a Treasury in 1824.

Administratively the British Treasury’s agent in New South Wales was the Commissary a junior member of the colonial civil establishment. In a short time his position became essential for the survival, both economically and physically, of the settlers. He was the British Treasury’s representative in the network of Commissariats throughout the settled Empire. The Commissariat was, traditionally, a military office working more or less according to the procedures and regulations covering military commissariats on foreign stations.

The Commissariat’s fundamental responsibility as a government agency was to provide and organise the supply of stores and provisions for the penal colony. In the colony its role was manifold, forging a link between the civil and penal establishments of the colony; supporting the Governor and administering, controlling and accounting for the financial upkeep and maintenance of the colony. It provided the machinery for the administrative and financial control in the colony, being the primary co-ordinator of imperial funds. The Commissariat was one of the two progenitors of the New South Wales Treasury and has been ascribed with the title Australia’s first bank.¹⁴¹ The Commissariat’s importance in the initial economic development and financial administration of the colony was substantial and not to be underestimated.¹⁴²

The Commissary came under the direct control of the Governor and was of such administrative importance that he ranked second only to the Governor’s own household. This administrative arrangement changed on 11th June 1813 when the Commissariat became a branch of the Army Commissariat, a sub-branch of the British Treasury. This

¹⁴⁰ Craig and Jenkins, (1996), p.216

¹⁴¹ Butlin, (1968), p.48

¹⁴² Parsons, T. G. ‘Public Money and Private Enterprise: The Administration of the New South Wales Commissariat, 1813 to 1820’, *JRAHS*, Vol. 60, March 1974, pp. 1-11. Note: SRNSW, the custodian of the records of the NSW Commissariat, describes the major functions of the Commissariat in the *CGSA*. Few records sent to Britain were ever returned to the Colony ‘

was because of the expansion of the colony's economic activities and the requirement by the British Treasury for greater control of imperial funds. Thereafter the Commissary was controlled by the Lords Commissioners of the British Treasury, whose instructions superseded those which the Governor gave in his capacity as Captain-General. This directive was inherently imprudent given the nature of the penal colony and the opportunity for the development of corrupt practices given the isolation from direct Treasury superintendence. The hierarchical nature of the administration and the requirement for local control over all Government activities this decision of 1813 indicated a lack of understanding of local conditions and a failure by the British Treasury to comprehend the opportunities for maladministration by its agent. The Commissary was theoretically beyond the Governor's direct jurisdiction and led to administrative abuse and difficulties.

Administratively, the Commissariat developed a network of financial mechanisms, providing a direct link between the civilian ranks and the British Treasury as purchases were paid for by bills on the British Treasury. This interactive role of the Commissariat is probably one of the reasons why it was not thought necessary for a supply of specie be sent with the First Fleet.¹⁴³

The Commissariat supported the development of a dual economic system, a government-controlled and imperially financed convict economy and a private enterprise system developed by the military, free settlers and convicts. The supply of foodstuffs and other manufactures to the Commissariat became the staple of the small private sector, the Commissariat developing therefore into the central economic institution in the early colonial economy.¹⁴⁴ Access to the Commissariat store was essential to economic and financial survival for free and convict interests alike.

Because of its facility to act as banker, credit agency, trader and lender the Commissariat simultaneously provided the financial basis for a nascent private enterprise system with a primary dependence on convict labour. Thus the Commissariat was the colony's only bank and Treasury. Loans, in kind, were made against other produce to be delivered at a later date. Store receipts issued by the Commissariat were the colony's substitute for banknotes, issued in broken amounts in return for a deposit

¹⁴³ McMartin, (1983), p.127

¹⁴⁴ Abbott, G. C. 'Staple Theory and Australian Economic Growth, 1788–1820', *Business Archives and History*, Vol. 5, No. 2, August 1965, p.11

of local produce.¹⁴⁵ It was not until the 1820s when wool developed into an exportable economic staple that the private sector was economically empowered to retire from its symbiotic relationship with the New South Wales Commissariat.¹⁴⁶

Between 1788 and 1824 when the Colonial Treasury was established there were five Colonial Commissaries: Andrew Miller, John Palmer, David Allan, Frederick Drennan and William Wemyss. Their reputations as administrators were disparate: Miller diligent and honest; 'Little Jack' Palmer, enterprising and opportunistic; Allan, 'a compound of perfidy, hypocrisy and ... dishonesty'; Drennan, incompetent and dishonest and Wemyss, honest and competent.¹⁴⁷ The Commissaries defined the economic culture of the colony in the first three decades of settlement. The careers of those attached to the Commissary were corrupted generally, however, because of their proximity to opportunities for making personal fortunes and manipulating public funds for personal gain at the expense of the public stores.

With its record of dishonesty, compounding incompetence and irregular activities, its existence after three decades was limited. Moreover, direct Government control had become antithetical to the emerging theories of the classical economists, free enterprise, and the concomitant demise of mercantilism.¹⁴⁸

Commercial activity in the colony continued at a surprising pace. In the 1820s the outcome was a growing demand for suitable land but restrictions applied to settlement beyond the settled districts. Incoming settlers with capital to invest extended beyond the nineteen counties and the rush to occupy unsurveyed land commenced. The pastoral industry gained a foothold after the crossing of the Blue Mountains in 1815 leading to the settlement of the rich Bathurst Plains. Sheep numbers increased from 139,000 in 1822 doubling in four years and by 1838 had increased to 2,750,000. Cattle in 1825 numbered 135,000; in 1838, 750,000.

Government revenue also increased from multiple sources. In 1810 port duties yielded approximately £8,000 per annum. Of the total government expenditure in the colony in 1819 a little over 10 per cent of the total expenditure of the colony was met by local revenue and by 1822, the year following the Bigge Report, the yield was in the

¹⁴⁵ Smith, Ken, *Treasury Correspondence to 1856*, Unpublished thesis, School of Librarianship, University of New South Wales, 1974, p.4

¹⁴⁶ Abbott, (1965), p.16

¹⁴⁷ *ADB*, Vols. 1 and 2, passim

¹⁴⁸ Burchill, Scott 'A Short History of Self-defence', *Australian Financial Review*, 21 July 2000. p.6

vicinity of £30,000. Ten years later, in 1832, all revenue raised in the colony amounted to £120,512 8s. 10d.¹⁴⁹ The growth in the economic development in the colony was the outcome of private enterprise, the Government taking the opportunity to take a percentage of most transactions to cover colonial expenditure. In 1831 the total expenditure appropriated from the Colonial Treasury amounted to over £87,000. In that same year, Treasury Bills drawn by the Commissariat on the British Treasury amounted to £117,766 5s. 1d. though imperial funding had been severely curtailed in 1827. The British Treasury retained the financial responsibility only for the convict system.¹⁵⁰ The colony's contribution to the colony's maintenance expanded rapidly, and by 1856 government expenditure was fully dependent on colonial funds.

With peace restored in Europe and the British economy in a parlous state action was necessary to reduce the reliance by the colony on imperial funds. Whitehall realized that the long established means of maintaining fiscal control through the Commissary and his officers was inadequate and administratively inapt. It had become almost impossible to reveal 'effectively to British administrators the state of colonial financial affairs'.¹⁵¹ A restructure of the colonial administration including those functions concerning financial administration was essential if not overdue.

Two elements of the colony's early economic expansion, the Commissariat and the New South Wales Corps had contributed in a unique fashion to the economic history and financial administration of the colony. Their entrepreneurial activities were finally subverted by administrative reform flowing on from the Bigge Report and its recommendations.

¹⁴⁹ NSW Blue Book 1831, in McMartin, Arthur 'The Treasury in New South Wales, 1786–1836,' *Public Administration*, Sydney, 17 September 1958, p.219

¹⁵⁰ McMartin, (1958), p.219

¹⁵¹ Butlin, (1968), p.17

CHAPTER 3

THE BIGGE REPORT AND BEYOND, 1824–1829

Thirty years after the penal colony was established at Botany Bay the Bigge Inquiry was appointed. John Thomas Bigge was required to make an assessment of the progress of New South Wales and Van Diemen's Land after a close examination of conditions prevailing in the colony, to inquire into the administration of Governor Macquarie and to make recommendations for institutional changes that would accommodate the free and felon alike.¹

In 1818, thirty years after settlement, the British Government was unable to determine a true estimate of the extent of its obligations concerning the colony in New South Wales. Despite the vicissitudes experienced by the British parliament and people with its involvement in the Napoleonic wars, the rationalising of the financial administration of the penal colony was given priority when the first opportunity presented itself. The autocratic administration of the colony had been sufficient for a gaol, but with an emerging capitalist class and a growth in revenue, a more systematic approach was required to administer the needs of the colony. Secretary of State Bathurst, with prescience, assumed the responsibility to introduce the means for this transition from penal colony to one of self-sufficiency. He had recognized the potential of the colony to be self supporting, with a capacity for settlement and expansion. He required objective confirmation of that potential and to prepare for administrative change.

The principles of administrative reform as developed by the political scientists and reformists such as Pitt the Younger, had not been adequately established in the administration of the colony to provide accountability of funds and resources. Reasons included the geographical distance between itself and the colony and the nature of its administration- a dual system regulating a free and convict population. There had, however, been meritorious efforts at improvement.

¹ Governor Lachlan Macquarie, a capable but proud and sensitive man, had been appointed in January 1810, replacing the disputable Governor William Bligh.

Governor Lachlan Macquarie described the colony upon his arrival in January 1810 ‘as barely emerging from infantile imbecility ... commerce in its early dawn; revenue unknown; ... no public credit nor private confidence’.² Under his administration the colony’s character had been gradually transformed from a penal colony to a mixed economy; a dual system dependent on convict labour and free settlers, importing capital and anxious to avail themselves of the opportunities offered by government land grants.

A major factor exacerbating the British Exchequer’s inability to deal with colonial concerns had been the economic burden of the Napoleonic Wars and Napoleon’s defeat in 1815. This war had come at a crippling financial cost. The gross national debt which stood at £232 million in 1783, in 1815, at the end of the conflict, it exceeded £840 million.³ Social conditions in England were deteriorating with a fear of revolution prompted by social unrest and misery, political tension, economic dislocation, food shortages, unemployment, crime and the stresses of the penal system.⁴ An industrial depression compounded the financial crisis, forcing the British Parliament to impose strict economy on all government departments.⁵ A third factor influencing the imperial authorities was continuing parliamentary debate on administrative and economic reform, and hence, accountability of the public purse.

This debate was driven by influential thinkers such as the reformist parliamentarian Joseph ‘Economy’ Hume. During his parliamentary career, between 1812 and 1855, he regularly questioned the Government’s public accounts and was responsible for bringing to a direct vote every single item of public expenditure.⁶ Parliament’s objective, conforming to the precepts of political economy, was to reduce if not eliminate the national debt, including the growing cost of maintaining the colony of New South Wales, by means of stricter accountability and sharper financial administration.

A policy of economic reform and retrenchment across the government departments was subsequently introduced by Vansittart, the Chancellor of the

² Coghlan, T. (1918), p.18

³ The national debt stood at £700 million on the eve of the First World War. Roseveare, (1969), *The Treasury*, p.187

⁴ Ritchie, John 1970, *Punishment and Profit*, Heinemann, Melbourne, p.16

⁵ Grose, Kelvin ‘Sir George Gipps: Prince of All Skinflints?’, *JRAHS*, Vol.50, Pt.6, Dec. 1964, p.459

⁶ *Dictionary of National Biography*, Vol. X relied on in Fletcher, Brian 1984, *Ralph Darling A Governor Maligned*, Oxford University Press, p.297

Exchequer (1812–23), Harrison, Assistant Secretary to the British Treasury (1805–26) the ‘official’ spokesman for the Treasury who vigorously promoted his concept of the British Treasury as the ‘superintending and directing’ heart of central government, Lushington, Joint Secretary to the British Treasury (1813–27), and Arbuthnot, Joint Parliamentary Secretary to the British Treasury (1809–23)⁷ To a lesser degree, Bathurst at the Home Office and the Law officers complied and endorsed economic restraint without due concern for the circumstances of New South Wales. A small consolation for the imperial administrators was the increase in colonial contributions to overall colonial expenditure, which amounted to over £40,000 per annum, 40 per cent of total expenditure in the colony.⁸ This compared with the earlier expenses of 1798 which amounted to £111,514, in 1811, £143,783 and which by 1814 had risen to £231,363.

Improving colonial financial administration depended on a number of factors: the Secretary of State accommodating the British Treasury’s superintendence; the proscribing of ministerial patronage from staff appointments thus guaranteeing the appointment of suitably qualified staff; an appreciation of the societal transition of the colony from a penal to a free enterprise economy; and, of importance, the realization that the colony was entering into the early phase of total domestic control over its financial resources. Vansittart and his Treasury colleagues sought an inquiry into the state of the colony to reduce expenditure in view of the colony’s optimistic economic prospects.⁹

This Inquiry was the most significant in the administrative history of the colony between 1788 and 1838, considering its influence on the economic management and development of New South Wales and Van Diemen’s Land.¹⁰

Prior to Bigge, limited inquiries had been made by the House of Commons concerning colonial administrative affairs but they had been carried out in haste.¹¹ An additional issue of some constitutional complexity, and brought to Bathurst’s attention

⁷ Ritchie, John ‘John Thomas Bigge and His Reports on New South Wales’ *JRAHS*, Vol.60, Pt.1, March 1974, p.14. Smith, (1974), p.6

⁸ McMartin, Arthur ‘The Payment of Officials in Early Australia 1786–1826’, *Public Administration*, Vol. XVII, No.1, March 1958, p.70

⁹ Roseveare, (1973), *The Treasury 1660–1870*, p.88

¹⁰ Note. Van Diemen’s Land was a dependency of New South Wales administered locally by a Lieutenant-Governor until it became a separate colony in 1825. Contrary to some claims its financial administration was directed from Sydney and all returns were sent to the Governor to be transmitted to London

¹¹ British Parliamentary Papers, 1812, Select Committee on Transportation

by colonial judge, Baron Field, was the right of Governors to levy taxes on imports, an alleged usurpation of parliamentary powers regulating trade.

Allegations concerning Macquarie's extravagances in building programs and unusually high administrative costs had also been relayed to Britain by colonists and disgruntled officials. Macquarie had been corrected repeatedly over excessive expenditure and advised to adopt a more respectful attitude towards the British Treasury when seeking permission to pursue his various and ambitious programs of public works.

Macquarie's policy was necessarily bifurcated, administering as he was a dual system: the penal colony and a free settlement. The colonists were critical of his spending programme which had been implemented to maintain law and order, substantiate his authority, and provide the necessary infrastructure for the colony. His taxing powers provided him with the means to do so and had not been questioned by the home parliament. Macquarie depended increasingly on local imposts to supplement the inadequate parliamentary appropriations. Improving accountability required specialist staff. Consequently he had requested the appointment of a Collector of Revenue in order to contain expenditure and overcome the dishonest practices of the Commissariat. The appointee he requested should be on a 'liberal salary, or with an allowance sufficient to prevent his resorting of necessity to fraudulent means.'¹²

The reasons for the Bigge Inquiry were thus multilayered. Ritchie has argued that the reason for Bigge resulted from:

'the weight and variety of the pressure from different government departments, and the fierceness and urgency of the departmental communications with the Colonial Office (which) amounted to something more serious than the carping of Macquarie's exclusivist enemies.'¹³

On 23rd April 1817 Bathurst sought the appointment of a Commissioner to investigate all matters raised by the major departments and colonists.¹⁴ The Commissioner selected was John Thomas Bigge (1780–1843) who was given a brief to investigate all complaints and make recommendations for the alteration of the system of government in the colony. Bathurst saw the necessity to introduce a more disciplined

¹² Macquarie to Bathurst, 24th March 1819, HRA, S1, X, p.84. Eddy, J. J. 1969, *Britain and the Australian Colonies 1818–1831*, Clarendon Press, Oxford, pp.158-160

¹³ Ritchie, (1974), p.14

¹⁴ Earl Bathurst was Secretary of State from 1812 to 1827. His relationship with the British Treasury was unhelpful and awkward, obstructive when he thought it necessary to promote his own political agenda

approach to the superintendence of the convicts, to increase the severity of their confinement, yet to convince the free colonists, who shared this culture of confinement, that their economic support and enterprise was necessary for the development of the colony. His duality of purpose was significant for the future administration of the colony. In January 1819 Bathurst issued Bigge with his final instructions and terms of reference to investigate the actual and probable revenues of the colony and how they might defray some part of the heavy expenditure, and eventually effecting a transfer of financial responsibility from the Treasury to the colony.¹⁵

Bigge conducted his inquiry into the administration of New South Wales and Van Diemen's Land between 1819 and 1821, taking evidence and travelling long distances to do so. Criticism of his methods of inquiry were made by colonists but the results attest to his thoroughness in providing indisputable grounds for administrative change. Bigge's findings confirmed Bathurst's designs for the future administration of the colony. His observations had attested to an impressive and accelerating increase in imports, which implied a significant increase of revenue for the local accounts. He was also satisfied with both Lieutenant-Governor Sorell in Van Diemen's Land and Macquarie's administration of payments into and disbursements from the two funds, the Police and Orphan Funds. Both administrators had proven to be accountable for the funds and had prevented corrupting influences developing. In the history of the British Treasury there had not been imbedded a precedent of overt corruption, a culture to be overcome by various means at Bathurst's disposal.¹⁶

Bigge's three Reports presented to Parliament between June 1822 and March 1823 included orthodox solutions for the more efficient administration of the colony. Commercial activity was to be encouraged in a climate of free enterprise, loosely regulated, reducing the nexus between government control and private enterprise. Recommendations as to the future financial administration were located in his third

¹⁵ Bigge Report, *A Copy of Instructions Given by Earl Bathurst to Mr Bigge, 6th January 1819*, printed July 1823, Facsimile edition 1966, The Libraries Board, South Australia. It was Bathurst's opinion as Secretary of State that the reason for the formation of the settlements in New Holland, being 'peculiar in themselves,' was chiefly to serve as receptacles for offenders' transportation, an object in England of peculiar apprehension. British Parliamentary Papers, Vol. 3, A Return of the Annual Expenditure in the Colony of NSW, p.23. Papers Relating to H. M. Settlements at NSW. Expense of Transport of Convicts: 1818 Convicts £77,857 2s 2d; Victualling £50,381 16s 4d; Expenses £5,290 9s. 0d; Bills Drawn £145,519 16s 6d; Civil Establishment £12,605 0s. 0d. Total £325,132 3s 10d. In 1819 the total was £327,845 0s 2d. In 1820 £316,925 0s 4d. The reason for the apparent fall is because bills had not been presented for the full current period.

¹⁶ Vallance (2000)

report and were, strangely, considered less significant of the recommendations. Although complimentary of its administration and the mechanisms introduced for securing accountability he recommended a change in the administration of the colonial revenue. Bigge's advice concerning the colonial revenue was a prescription for change and dealt with:

'the collection of the internal revenue of the colony, whether derived from the duties upon spirit distilled in the colony, from tolls of turnpike roads, from the slaughtering duties, auction duties, annual licences for the sale of spirits or beer, or for brewing licences, I should recommend that the duty of collection, receipt and account, should be entrusted to an officer, to be named the Colonial Treasurer, and that a person experienced in the department of the excise in this country should be appointed to the situation of surveyor of the distilleries in the colony, to act under the orders of the Colonial Treasurer, and to account to him for the monthly receipts of duty.'¹⁷

Local funds were to be consolidated and managed by a Colonial Treasury Department with a permanent head, a Colonial Treasurer.

Macquarie quit the colony in November 1821 and was replaced by Governor Major-General Sir Thomas Makdougall Brisbane who commenced his term in December 1821. Brisbane was a man of ideas, possessing practical ability, a student of Adam Smith and a recognized astronomer. He was responsible for the introduction of crucial administrative change flowing from Bigge's Report.¹⁸ Brisbane, after having 'carefully considered' the Report believed that 'a general system of political economy' had 'for the first time (been) introduced (proposed) ... into this interesting settlement.'¹⁹

Between 1821 and 1825 Brisbane issued several Government and General Orders for the better management of the public revenue. He repealed Macquarie's proclamations concerning the use of sterling and promissory notes.²⁰ A Government Order of 5th February 1823 directed that the public accounts be kept in Spanish dollars and cents. This order was later criticised by William Lithgow, the Colonial Auditor, because of the intricate complexity and inconvenience caused when examining the

¹⁷ *Report of the Commission of Inquiry into the State of the Colony of New South Wales* printed 19th June 1822, p.89 (ML ref:Q9991/7A1)

¹⁸ *Dictionary of Australian Biography* Br-By, 1949, Angus and Robertson, Sydney

¹⁹ Scott, Ernest Reprinted 1988, *Australia, Cambridge History of the British Empire*, Vol. VII, Part 1, pp.119-120

²⁰ NSW Colonial Secretary, Government and General Orders, 1821-1825, p.66, (SRNSW ref: 4/424). Smith, (1974), p.9

public accounts which had to be forwarded to the British Audit Office. In 1814 the British Audit Office had been established to deal with colonial accounts. Its jurisdiction was not extended to New South Wales until December 1822 when a regular examination of colonial accounts was established, documents being collected from the Home Office and the British Treasury.

The first annual Blue Book or Returns of the colony containing financial statements and statistical returns of the colony was issued in 1823 and sent on to the British auditors. The Blue Books confirmed the requirement for improved accountability by the bureaucracy. The returns, in a prescribed form, were submitted by all colonies, included taxes, duties, tolls, rates, fees wharfage rates, licences, postage duties and other sources of revenue and colonial expenditure. The British Treasury thus introduced an enhanced statistical approach to the colony's administrative arrangements supplanting the monetary obfuscation that had prevailed under the Commissaries' regimes.

At the executive level a major alteration in the colony's constitutional arrangements confirmed Whitehall's intentions for future administrative arrangements. The colony's Legislative Council was established in 1823, the first important step taken in the constitutional history of the colony. The Government of New South Wales Act 1823 provided for the appropriation of revenue and taxation and the Council now advised Governor Brisbane in tax matters.²¹ The Act provided for the Legislative Council to impose duties and retain full control over the appropriation of revenue collected in accordance with colonial legislation, supplemented annually by British Parliamentary appropriations.²² Dual claims to local Crown Land revenue by the Legislature and the British Treasury remained an obstruction, however, to the Legislature's assertion of control of all local revenue.

By 1823 colonial revenue was derived from four distinct sources: the duties levied on rum, tobacco, and other imported goods to be spent at the Governor's discretion; the casual revenue of the Crown derived from quit rents, the sale of government lands, fines

²¹ Judicature Act, 4 Geo, 1V, C96. The first Act passed by the Legislative Council in 1824 dealt with finance. British Parliamentary Papers, Vol. 3, Australian Colonies, Laws and Ordinances of NSW, 24th September 1824, p.289. Of the first seven statutes enacted in New South Wales four concerned the dispensing of liquor.

²² Melbourne, A. C. V. 1963, *Constitutional Development in Australia*, University of Queensland Press, p.99

and forfeitures and other similar sources also to be expended at the Governor's discretion; such duties as the Legislative Council saw fit to impose, and, finally, the money voted annually by the British Parliament to support the Civil Establishment of the colony.²³ The first two sources of revenue were entirely unappropriated. Those duties voted for the Legislative Council's uses were to be expended for specific purposes and only as prescribed by the Act imposing the duty. The money voted by Parliament was the subject of specific appropriation.²⁴

It has been argued that London's control over colonial finance was 'quite extraordinary, even allowing for the great distance'.²⁵ This assessment is disputed. Following the establishment of the Legislative Council in 1823, Whitehall's financial policy *vis-à-vis* the colony had been moderated and the Secretary of State's control in colonial financial matters with few exceptions, substantially circumscribed. The Secretary of State and the British Treasury may have interfered in financial administration, but financial policy had largely devolved into the hands of the local legislature.

Maurice Wright, in his essay 'Treasury control, 1854–1914', modified a prevailing image of the British Treasury as an omnipotent and omniscient department whose prime concern was to turn down proposals made to it 'and to save candle-ends'.²⁶ Wright examined the view of Treasury control principally on the grounds that it exaggerated both the Treasury's nominal power to control other departments and its operational effectiveness as a constraint upon the autonomy of departments to determine and pursue particular policies. Ann Burton in the same publication also argued that the extent and efficacy of the Treasury's influence upon imperial and colonial expenditure between 1868 and 1880 was more limited in practice than has been generally believed.²⁷ Treasury control, according to Burton, was limited to financial administration, policy subject only to Cabinet control and the other, administration, the only proper preserve of the Treasury. This interpretation is valid in the colonial context where local legislatures were in place as in New South Wales after 1823.

²³ Melbourne, (1963), p.119. Smith, K. 1976, *The Colonial Treasury of New South Wales, 1823–1841*, Unpublished BA Hons. Degree, History Department, Macquarie University, p.24

²⁴ Bathurst to Darling 14th July 1825, *HRA*, S1, XII, p.19

²⁵ Smith, (1976), p.112

²⁶ Wright, Maurice, 'Treasury control 1854–1914' in Sutherland, Gillian ed. 1972 *Studies In The Growth Of Nineteenth-Century Government*, Routledge & Kegan Paul, London, p.195

²⁷ Wright, (1972), pp.205–208

Argument arises as to the relaxation of imperial control of finance after the 1820s, especially with regard to colonies like New South Wales and Van Diemen's Land with local assemblies. Such argument rests on a British statute of 1778 which freed the colonies from taxation unless by the consent of their own legislatures.²⁸ This Act theoretically reduced the authority of the British parliament over colonial financial policy.

The British Parliament was consequently reluctant to interfere in the decisions of a colonial legislature and a careful reading of many dispatches sent to the colony following 1823 will distinguish the conciliatory language. The Secretary of State deferred in many, if not all matters of financial importance to the Legislative Council. Financial administration and procedure was prescribed by the British Treasury with authority from the Secretary of State, but at no time after 1828, if not earlier, was the British Treasury's authority paramount in the colony's financial affairs, even if various governors thought and acted contrary to that premise. The Legislature now advised the Governors on financial matters involving revenue and expenditure.²⁹ British Treasury intentions were tempered by the colonies with colonial legislatures responsible for domestic revenue gathering and expenditure.³⁰

Treasury control over colonial financial affairs thus became attenuated and by 1828 the British Treasury had tactfully retreated. Young observed that 'while, in theory, the Treasury claimed the right to supervise the collection and spending of all public money throughout the colonies and the right of auditing all accounts, in practice before about 1825 it exercised these functions perfunctorily when it performed them at all. In some Colonies, notably New South Wales governors were at times given virtual *carte blanche* to draw on parliamentary funds.'³¹

By the time the British Treasury had emerged from the muddle and inefficiency of the eighteenth century and had established proven principles of financial management for the home and colonial governments, New South Wales had already slipped, with few exceptions, the binds of imperial financial control.

²⁸ 18 Geo.3, cap.12

²⁹ A Governorship was not inexpensive. Governors paid various fees on their Commissions. Stamp duty alone which was regulated by an Act of 1815 was £200 on an appointment with an annual income of £3000 or more. The total expenses of letters patent, including the stamp duty might range from £450 to £600 depending on the number of sheepskins used. Young, (1961), p.149

³⁰ Young, (1961), p.191

³¹ Young, (1961), p.149

At this period of crucial economic change the British Treasury's demands were also negated by the idiosyncratic stand taken by the Secretary of State, Lord Bathurst (1812–27), under the Ministry of Lord Liverpool. Although he was noted for his good humour, clear memory and openness, after 1819 he also found himself in disagreement with the financial and economic policies of the home government. He delegated little to his colleagues and subordinates and resorted to tactics of obstruction and delay in colonial matters.³² His disdain for the British Treasury, and its program for financial control of the colony, was acknowledged.³³ He had a casual contempt for British Treasury officials and rejected their initiatives in all areas of economic reform intended for the colonies. Bathurst failed to co-operate with the British Treasury when drawing up instructions, preventing the Audit Commissioners from being too searching in their enquiries.³⁴ In 1825 Bathurst refused the Auditors permission to correspond directly with colonial Governors concerning revenue.

In the colony, geographical isolation and distance enforced a practical if not pragmatic approach to administrative problems. Solutions to local problems were rarely part of any overall administrative template brought with successive Governors.³⁵ Such was the colony's administrative ethos when the first Colonial Treasurer arrived in 1824.

Moore (1985) argued that the administrative style of the head of an organisation affects, to a special degree, the functioning of that organisation.³⁶ This hypothesis is tested by an empirical study of three men, William Balcombe,³⁷ Campbell Drummond Riddell, the first two Colonial Treasurers, and William Lithgow, the first Auditor-General of New South Wales.

The reason for the appointment of the first Colonial Treasurer on 2nd October 1823 was, according to Bathurst, 'for the purpose of establishing the Government upon a system of more immediate efficiency'.³⁸ Leaving nothing to chance, however, a

³² Bathurst was supported in his administrative functions by Under Secretaries of varying competence, Henry Goulburn and Wilmot Horton.

³³ Young, (1961), p.91

³⁴ Young, (1961), p.186

³⁵ McMartin, (1983), p.145; Shaw, A.G.L. 'Orders from Downing Street', *JRAHS*, June 1968, pp.113-34

³⁶ Moore, Barry (1985) 'Administrative Style: Its effect on the Functioning of an Organisation', The Abstract, Ph.D. University of Sydney, Faculty of Economics

³⁷ '... And so the last farewells were said. Napoleon clapped William Balcombe on the shoulder, embraced Jane, then Betsy, kissed each on either cheek Two days later, standing at the ship's rail beside her father, Balcombe looked at the receding shape of St Helena ...'. Eaton, Jeanette *Betsy's Napoleon*, a novel, p.276, in J. R. Tyrrell's File on the Balcombes, 1779–1852, (Ref: ML B1512)

³⁸ Bathurst to Brisbane, 2 October 1823, *HRA*, S1, XI, p.138

substantial surety of £20,000 was required as a guarantee for the honest and faithful discharge of the Treasurer's duties.

The choice of Balcombe as first Colonial Treasurer is puzzling, but it was undoubtedly the consequence of patronage, though his background is problematic. He was a member of a family from Swallowfield, Reading, and the son of a captain of a frigate who had reputedly been lost at sea with his ship. As was the custom, Balcombe was educated by the King's Bounty, which was extended to sons of officers lost at sea. After a brief career in the navy, Balcombe resigned his commission and was appointed Naval Agent and Purveyor for the East India Company on St Helena. It was here that rumour became accepted fact; that he and his brother were the illegitimate sons of the Prince of Wales.³⁹ It was here, also, that Balcombe's family developed its legendary association with Napoleon during the latter's exile on St Helena. Balcombe was the Purveyor to *Longwood*, Napoleon's residence on the island, but a suspicious association between Balcombe and Napoleon forced Balcombe's premature departure from the island. Back in England Balcombe lived in reduced circumstances until his appointment to New South Wales.⁴⁰

Balcombe, his wife and children, arrived in the colony on the *Hibernia* on 5th April 1824 and took up residence in the proposed Treasury department, a double storeyed house owned by William Cox at 1 O'Connell Street, on the western corner of O'Connell and Bent Streets, Sydney.⁴¹ The family lived in rooms above the Treasury. Balcombe was 'a stout, florid, jovial man, with plenty to say for himself, ... a truly good man and most hospitable, a liberal man of plain manners'.⁴² Balcombe held an interest in thoroughbred horse racing, and was a founding member of the Sydney Turf Club. He also had interests in various pastoral activities in the colony.⁴³

Balcombe was on the civil list, his salary derived from locally raised revenue, ranking fourth in the colony's administrative hierarchy after the Chief Justice, Colonial Secretary and Surveyor-General respectively. He was not appointed to the Legislative

³⁹ Brookes, Dame Mabel 1956, *Crowded Galleries*, Heinemann, London, passim

⁴⁰ Brookes, (1956), passim

⁴¹ The Attorney-General Saxe Bannister arrived on the *Hibernia* with the Charter of Justice

⁴² Brookes, (1956), p.19

⁴³ Waterhouse, Richard 1995, *Private Pleasures, Public Leisure*, Longman, Melbourne, p.17

Council, or to the Executive Council which was established in 1825.⁴⁴ It was not until 1828 when the Judicature Act of 1823 was amended in the United Kingdom and which provided for a Legislative Council of between ten and fifteen Members and which included the Colonial Treasurer.⁴⁵

Balcombe arrived in the colony without specific instructions concerning local administrative arrangements, 'typical of the empiricism of the Colonial Office'.⁴⁶ If Balcombe was to initiate administrative arrangements establishing a Colonial Treasury his limited experience in the civil service precluded an assertive approach to government administration. Being a purveyor in the East India Company on St Helena did not prepare him adequately for the task in the penal colony, not possessing either the exceptional administrative bent or the experience necessary for the task.

Bathurst had overlooked or ignored fundamental prerequisites necessary for the position. Although possessing the opportunity to inquire into the administrative practices followed in other colonies, Bathurst did not assign any particular salary to the Treasurer designate, and was not prepared to make a decision before Balcombe's departure for the colony.⁴⁷ He delegated that task to Brisbane, requesting him to study the proposed extent and scope of the Treasurer's duties and the financial responsibilities that would necessarily be associated with the appointment. Brisbane was, in the interim, to pay the Treasurer from colonial funds a moderate but reasonable salary.

Brisbane submitted a proposal for a salary 'having considered the relative station of the Treasurer compared with other public officers who have more trouble but less responsibility.' He fixed Balcombe's salary at £1,200 annually (or the amount of the Treasury bill for that sum) without supplementary allowances.⁴⁸ Bathurst rejected

⁴⁴ The Executive Council was established 17th July 1825 in accordance with Bigge's recommendations and provided for in Clause Two of Darling's Commission and Instructions. Balcombe's successor, Riddell, was the first Colonial Treasurer to sit in the Legislative and Executive Councils. The Legislative Council was the original institution from which the present State Parliament has evolved. The term 'parliament' was scarcely applicable to the Legislative Council of 1824. Minute of the Principal Librarian to the Secretary, Premier's Department, 3rd July 1924 (Parliamentary Archives ref: LC Correspondence, Box 4)

⁴⁵ 9 Geo IV, c83 (1828) (Imp). Twomey, Anne 2004, *The Constitution of New South Wales*, The Federation Press, Sydney, pp.1-3

⁴⁶ Eddy, (1969), p.160. Smith, (1976), p.26

⁴⁷ Bathurst to Brisbane, 2nd October 1823, *HRA*, S1, XI, p.138

⁴⁸ Brisbane to Earl Bathurst, 8th June 1824, *HRA*, S1, XI, p.282. Balcombe's salary was intended to commence from the day he embarked for the colony. NSW Treasury, *Copies of Letters sent by the Colonial Treasurer*, 16th September 1824, p.9 (SRNSW ref: 4/235)

Brisbane's advice, approving a salary of £1,000, considering it 'quite adequate'.⁴⁹ Brisbane was to provide Balcombe with a suitable residence with due regard for the documents and funds he would have in his custody for safe keeping.⁵⁰ It is curious that Bathurst gave so little thought to the remuneration of the first Colonial Treasurer and the delay in making a fundamental decision as to the terms of his appointment. Bathurst was familiar with Bigge's report and possessed a personal knowledge of the various colonial administrative arrangements.

In the colony, the Colonial Secretary, 'prickly' Major Frederick Goulburn, was of little assistance, he also being unfamiliar with the responsibilities of a Colonial Treasurer.⁵¹ Balcombe set up the Treasury department on 12th May and from 27th May payments were received through his office. On 28th May 1824 notice of Balcombe's appointment appeared in the *Sydney Gazette*. Balcombe was 'quite prepared to enter upon the duties' of his office and that he awaited the directions of the Governor.⁵² He was unable to grasp the initiative and make the position of Colonial Treasurer his own.

The physical establishment of the Treasury department was Balcombe's responsibility about which he felt competent. He submitted to Goulburn a modest list of articles which included: one desk, one table with drawers, one chest or safe, stools for the desks and one bookcase.⁵³ His stationery order included ruled paper with faint black or blue lines; foolscap paper, demy quarto and demy octavo sizes; blotting paper; cash books ruled with faint blue lines; a rough day book; ledger; 3,000 quills or pens; pen knives; erasers and ivory folders; pounce boxes (used to store fine powder which was used to prevent ink from spreading on unsized paper etc); sealing wax, red and black; ebony ink stands with glasses and spare glasses; red tape; pins; lead pencils; steel springs for holding papers; white vinegar for making ink; and an official box with lock and key.⁵⁴

Balcombe's staff was unexceptional: three clerks, a messenger and a guard. Later, Governor Darling, who arrived in the colony in December 1825, took a personal interest in the appointment of Balcombe's staff because of the specialised nature of the

⁴⁹ Bathurst to Brisbane, 6th February 1825, *HRA*, S1, XI, p.493,

⁵⁰ Horton to Brisbane, 25th October, 1824, *HRA*, S1, XI, p.381. Smith, (1974), pp.8-10

⁵¹ McMartin, (1983), p.68

⁵² NSW Treasury, *Copies of Letters Sent*, 30th April 1824, p.1 (SRNSW, ref: 4/235)

⁵³ NSW Treasury, *Copies of Letters Sent*, 12th May 1824, p.1, (SRNSW ref: 4/235)

⁵⁴ Balcombe to Colonial Secretary, 24th August, 1826, NSW Treasury, *Copies of Letters Sent*, p.81, (SRNSW ref: 4/235)

department's duties and responsibilities.⁵⁵ Clerks were required to be persons of trust and respectability; that the second clerk be capable of acting as first clerk if that person were taken ill or absent from the department.⁵⁶

The appointment of Balcombe's Chief Clerk, Harrison, on a recommendation from Bathurst, had the hallmarks of political patronage.⁵⁷ He possessed, however, surprising skills; he was accomplished and experienced, speaking five languages, with banking experience and 'a complete man of business'.⁵⁸ Treasury's Second Clerk was John Wallace and the third Assistant Clerk was Thomas Bowers, assigned to Balcombe from the Lumber Yard. He was possibly on a ticket of leave as his salary was not recorded.⁵⁹ In 1826 Balcombe applied for, and was assigned, six male convicts who were to reside in Sydney. They probably provided relief in the outer areas of the Treasury building, acting as watchmen or attendants. In 1827 he availed himself of the opportunity of convict labour and had assigned to himself five convicts to work on his property at Argyle in the Goulburn district.⁶⁰

Convict labour was utilised in Treasury as in other departments in the 1820s to fill positions of junior clerks or messengers in order to reduce costs, but on a temporary basis.⁶¹ Darling later objected, directing departments to replace convicts with free citizens. The Treasurer, for security reasons also objected to the employment of convicts as assistants in the Auditor-General's office, a practice which continued until the 1830s and stopped only after it was mooted that the two departments share accommodation.

Balcombe's first action as Treasurer was to comply immediately with the implementation of Bigge's recommendations concerning the revenue. He amalgamated the Police and Orphan Funds and reorganized the duties of the Naval Officer which were later transferred to the Collector of Customs. (He had yet to be appointed). He

⁵⁵ In 1822 £11,000 was spent on salaries out of a total expenditure for the colony of £41,487 6s 9d. A further sum of £13,347 2s 6d was voted on the parliamentary estimate for the civil establishments of New South Wales, Hobart Town and Port Dalrymple. McMartin, (March 1958), p.70

⁵⁶ Minute by Darling, No.108 to Earl Bathurst, 4 June 1826, *HRA*, S1, XII, p.372

⁵⁷ Under Secretary Horton to Brisbane, 24 October 1823, *HRA*, S1, XI, p.143

⁵⁸ Hay to Darling, 10 September 1826, *HRA*, S1, XII, p.563

⁵⁹ One entry for a Thomas Bowers appears in the *Index to Certificates of Freedom* 1823–1869. Bowers arrived on the *Richmond* in 1822. SRNSW online service.

⁶⁰ Returns relating to the Employment of convicts 1826–1827, *British House of Commons Parliamentary Papers Online*

⁶¹ Butlin, N.G. 'What a Way to Run An Empire, Fiscally!', *Working Paper No. 55*, Department of Economic History, ANU, August 1985, p.34

collected outstanding Quit Rents,⁶² established himself as Treasurer for the Corporation formed for the management of the Church and School Estates,⁶³ and received all monies due from the lease of Crown Lands.⁶⁴ Revenue from liquor licences issued was collected⁶⁵ and he established direct control over the Surveyor of Distilleries in the colony.⁶⁶ He sent letters of demand for the receipts of tolls on the roads, the Market Pound, and inspection of cattle at Parramatta and the market at Sydney. Balcombe organised the first Government loan in October 1824 when the Governor ordered the Deputy Commissary-General to pay £5,000 to Balcombe as a loan to the colonial revenue.

Balcombe acquainted himself with the relevant financial reports to be sent to England. Each quarter all revenue collected by officials in charge of bonded stores, quit rents, fines and fees, spirit and beer licences, cattle slaughtering and turnpikes was deposited with him at the colonial Treasury. Balcombe rendered an account each quarter to the Governor with full particulars of all public revenue. All vouchers were in duplicate including one copy for the Commissioner of Colonial Audit in England. The Naval Officer (or Customs Collector) submitted his accounts in triplicate. In the month Balcombe took up his position, in Britain, the Commissioners of the Colonial Audit, remained 'puzzled and dissatisfied' at the accounting system and the haphazard methods of colonial appropriation. They recognised, however, that the revenue in New South Wales was 'rapidly and regularly increasing' and were surprised and interested in the sums involved.⁶⁷

Whitehall's cavalier attitude to Balcombe's specific administrative responsibilities did not rest with his appointment. Whitehall neglected to provide explicit administrative detail, for example, by which method were his officers to be paid. In November 1824, he sought advice from the Colonial Secretary concerning a general

⁶² Bathurst to Brisbane, 14 May 1825, *HRA*, S1, XI, p.584

⁶³ Bathurst to Brisbane, 30 June 1825, *HRA*, S1, XI, p.447

⁶⁴ Bathurst to Brisbane, 24 July 1824, *HRA*, S1, XI, p.333. Land grants were registered and regular returns of all grants were transmitted both to the British Treasury and the Committee of the Privy Council for Trade and Foreign Plantations. There was a table of fees paid by all grantees. Because of difficulties enforcing government regulations and increasing land speculation little attempt was made to collect quit rents for the first twenty years of settlement. Land Grants were abolished in 1831. McMartin, (1983), pp.107-109.

⁶⁵ Bathurst to Brisbane, 31 July 1823, *HRA*, S1, XI, p.101

⁶⁶ Bathurst to Brisbane, 30 April 1824, *HRA*, S1, XI, p.253

⁶⁷ Harrison to Horton, 26 May 1824, CO. 201/153/262, p.161 in Smith, (1976), p.26

warrant or approval for the payment of his departmental officers' salaries.⁶⁸ In England salaries paid from a fee fund established within the British Treasury had been discouraged for some time but, according to current practice in the colony, Balcombe's clerk received on each spirit licence and publican's licence ten shilling and five shillings respectively. Since Balcombe's arrival the amount received by the clerk amounted to 233 Spanish dollars, which was intended to form part of his clerk's salary. Such was the practice in other government departments.⁶⁹

A further demonstration of Balcombe's difficulties occurred when he was required to provide an abstract of the revenue and expenditure of the colony for 1825. He lacked the expertise to develop an overall picture of the financial development and administration of the colony. He had not been provided with a statement of the revenue and expenditure prior to his arrival, and was thus unable to comment on the financial status of any of the principal colonial government departments. Annual Returns, the Blue Books, had been compiled by the Colonial Secretary's Office since 1822 but Balcombe was ignorant of their compilation. He was in a position, however, to note deficiencies in the practicalities of the department. He noted the inefficient mode of collecting auction duties, slaughtering dues and the wages of convict mechanics. Specialisation of activities was something he identified as necessary in correcting deficiencies in collections. He proposed that specific persons be appointed for collecting the tolls, ferries and market rent of government buildings, and market gardens, thus increasing revenue.⁷⁰ He also anticipated the future appointment of a specific collector of revenue, (as proposed by Macquarie) though his concept was limited in scope, restricted to a few revenue gatherers.

The Treasurer's other responsibilities included the sub-departments of Treasury, which covered such diverse and wide-ranging operations as the Naval Officer, Principal Wharfinger, Postmaster for the Territory and Superintendent of the Government Slaughter House. Possibly, never in his career had Balcombe been challenged by such a broad and mixed portfolio of responsibilities.

⁶⁸ NSW Colonial Treasurer, *Copies of letters sent*, 19 November 1824 p.8, (SRNSW ref: 4/235)

⁶⁹ The practice of fee taking by officers of colonial departments ended conclusively with the administrative reforms of Governor Darling. McMartin, (March 1958) pp.72-80. Colonial Treasurer, *Copies of letters sent*, 20 April 1825, p.10, (SRNSW ref: 4/235)

⁷⁰ NSW Treasury, *Copies of Letters sent*, 20 April 1825, (SRNSW ref: 4/235)

Lieutenant-General Ralph Darling, the ‘father of the Australian public service’ took the oath of office as the seventh Governor of New South Wales on 19th December 1825. Darling’s mission was administrative reform based on centralization, efficiency and hard work. He observed the colonial public service and came to the conclusion that:

‘every department appeared to act for itself without check or control, and indeed without any apparent responsibility ... Money’, he reported, ‘was drawn without any specific authority, and issued without any Regulation, or even a Voucher of any validity for its expenditure. Contracts were agreed upon without any written document to render them binding; and purchases were made and supplies furnished without any representation of the necessity or Authority for the Expense.’⁷¹

On 5th January 1826 Darling announced plans to remodel the public service. One order of great consequence defined the functions of the principal officials, and specifying how financial transactions were to be conducted.⁷² Balcombe, still unsure of his duties, sought clarification for payments from Treasury without the Governor’s authority and warrant.⁷³ The expenditure of public revenue was proscribed without the appropriate parliamentary sanction or Governor’s approval, or warrant.⁷⁴

By 1826 matters might have remained in a state of uncertainty for the Treasurer if it were not for the imbroglio involving Balcombe and the Bank of New South Wales (BNSW). Few events in the colony generated speedier intervention by the Secretary of State than the threat of losing revenue from government accounts through maladroitness or dishonesty. A breach of the precept of accountability compelled Bathurst to finally confront the informal approach to financial administration in the colony.

The colonial government’s financial position was compromised and threatened by a collapse of an English speculative boom in December 1825. The currency was unsettled and, following a transfer of deposits from the BNSW to the newly established Bank of Australia, there followed a consequent cash shortage. In May 1826 the directors of the Bank requested a £20,000 loan from Darling, secured on ‘any portion of the Bank’s assets’ which the Governor chose to nominate.⁷⁵ Darling authorised

⁷¹ McMartin, (1983), p.149

⁷² Fletcher, (1984), pp.89-90

⁷³ NSW Treasury, *Copies of Letters sent*, 3 January 1826, p.21, (SRNSW ref: 4/235)

⁷⁴ This matter has been addressed at statutory level on a number of occasions and in the 1990s was reviewed as part of the State’s financial and reporting legislation.

⁷⁵ Fletcher, (1984), p.165

Balcombe to guarantee the BNSW up to £20,000, but only after the Governor had received what he termed 'certain information' that the Bank would fail unless it received government assistance. On 20th May 1826 as a safeguard, Darling appointed a Board of Inquiry to undertake a due diligence of the Bank before making a final decision.

Inquiries revealed that Balcombe had been involved in questionable financial dealings utilizing government funds. Balcombe had paid a large sum of money, by cheque, and unauthorised, into the BNSW to be invested in the short term money market before it was paid into the Treasury at a time when the Bank was financially tested.⁷⁶ The Treasurer had also discounted the bills of merchants using public funds.⁷⁷ When defending his actions Balcombe pleaded that he had not received instructions 'as to the mode in which I should keep the public money'.⁷⁸ It had been customary for his predecessor in office, possibly D'Arcy Wentworth, Treasurer of the Police Fund, to keep the public revenue in the BNSW and Governor Macquarie had issued a standing order that the Bank's notes should be received in payment for duties.

Balcombe had not doubted the stability of the Bank, indeed many of its colonial proprietors were people of commercial substance. He believed that he was at liberty to exercise his own discretion as to the security of the public revenue in the absence of any specific instructions on that subject.⁷⁹ The only requirement was that the revenue must be produced at a moment's notice.

Balcombe had deposited money with several principal merchants of the colony because of security issues. As the money could be drawn at short notice at any time, Balcombe considered it safer with the merchants than at his house in O'Connell Street.⁸⁰ A large sum of money had been stolen after a recent break-in at the Commissariat stores despite the presence of a strong guard.

Bathurst conveyed his 'strongest displeasure' at the affair, and dismissed Balcombe's explanation that he had no safe place in which to lodge the revenue.⁸¹ Balcombe's surety, though substantial, was not sufficient to cover any extraordinary

⁷⁶ Butlin, (1968), p.526

⁷⁷ Darling to Bathurst, 27 May 1826, HRA, S1, XII, pp.336-337. Smith, (1974), p.10

⁷⁸ Holder, R.F. 1970, *Bank of New South Wales A History*, vol.1, Angus and Robertson, p.69

⁷⁹ Smith, (1974), p.26

⁸⁰ Balcombe to Macleay, 26 May 1826, Colonial Treasurer, *Copies of Letters sent*, pp.67-69, (SRNSW ref: 4/235)

⁸¹ Bathurst to Darling, 29 September 1826, HRA, S1, XII, p.590

loss if the bank had been rendered insolvent, leaving no recourse for the Governor. Bathurst hinted at Balcombe's questionable motives; that Balcombe 'was activated by other far less unobjectionable motives'.⁸² It is possible that Balcombe was involved in profiteering with public funds as his personal affairs were in disarray.⁸³

Both Darling and Bathurst were shocked into immediate action. Darling rendered Treasury more accountable and efficient with the appointment of two more clerks plus an additional clerk when required.⁸⁴ Extra staff provided the department with a greater capacity to supervise the collection of the public revenue, issue more accurate financial statements, secure the revenue and provide greater accountability.⁸⁵ A supplementary allowance was also paid to Balcombe, an acknowledgment that his house was in reality the Treasury.

Balcombe was not dismissed, but he was provided with instructions for the protection of the government revenue, to produce it at call, and be accountable.⁸⁶ All public revenue was to be kept in Treasury where it could be examined and counted at regular intervals by nominated officials, without notice.⁸⁷ The Treasurer was also forbidden to invest public funds for his own private use.⁸⁸

The Treasury building did not possess a vault in which to secure the *specie*, consequently, Balcombe ordered twenty iron chests.⁸⁹ These were to be large enough to hold between 100,000 and 150,000 Spanish dollars, the funds transferred to Treasury from the BNSW.⁹⁰ Balcombe was supplied with wooden chests rather than the iron

⁸² Bathurst to Darling, 29 September 1826

⁸³ There was a hint of embezzlement in his complex arrangements with the Bank, his timing inopportune, it being in a parlous financial state. But, as Balcombe explained, the best people in the colony had a personal interest in the solvency of the Bank. Smith, (1974), p.35

⁸⁴ Darling to Bathurst, 20 July 1826, HRA, S1, XII, p.371

⁸⁵ Darling to Bathurst, 20 July 1826

⁸⁶ Balcombe to Macleay, 26 May 1826

⁸⁷ Treasury, *Copies of letters sent*, Balcombe to Colonial Secretary, 2 June 1826, p.69, (SRNSW ref: 4/235)

⁸⁸ Darling to Bathurst, 27 May 1826, HRA, S1, XII, pp.336-337

⁸⁹ NSW Treasury, *Copies of letters sent* to Colonial Secretary, Balcombe to Colonial Secretary, 12 June 1826 p.70, (SRNSW ref: 4/235)

⁹⁰ NSW Treasury, *Copies of letters sent* to Colonial Secretary, Balcombe to Colonial Secretary, 17 June 1826, p.70, (SRNSW ref: 4/235)

chests and was compelled to order twenty padlocks to secure the chests.⁹¹ By 3rd August 1826, 857.54 Spanish dollars of public money remained with the BNSW.⁹²

This episode concerning the BNSW may appear to have been trivial, but the outcome was not. Of significance for Treasury were the detailed instructions sent from Bathurst to remedy the obvious deficiencies in the financial administration of the colony. Two years after Treasury had commenced operations official Instructions were finally issued for the future keeping of the public accounts, prescribing methods for Treasury to achieve an honest and clear accounting of expenditure, and providing a context for accountability.⁹³

The detailed Instructions, signed by Lord Liverpool, were issued to Darling on 13th June 1826 with separate sets issued to the Treasurer and the Auditor-General through the Governor, together with examples of various forms to be used in disbursements, salary schedules for government officers, warrants, and various abstracts and receipts. Darling himself was ordered to obey the instructions and to enforce strict adherence by his Treasurer and Auditor. The Instructions were issued under 62 heads, referring to revenue, expenditure and public accounts. The management and control of the public accounts was addressed and expenditure of individual government departments was to be itemised. Revenue, expenditure, ordinary expenses, extraordinary or contingent expenditure were identified. Fixed contingencies (rent, commissions), unfixed contingencies (construction and repairs of public buildings) were identified and general directions included. The Governor was to ‘exercise a vigilant superintendence and control over all Colonial officers’ who were in any way responsible for the public revenue.⁹⁴ This *modus operandi* for basic accounting remains applicable today with the emphasis on accountability.

Further instructions were issued in December 1826 as to methods to secure the public ‘treasure’. All government revenue collectors were to pay collections to the Treasurer on a set day each week, not quarterly, and once a month from remote areas;

⁹¹ NSW Treasury, *Copies of letters sent to Colonial Secretary*, Balcombe to Colonial Secretary, 7 July 1826, p.73, (SRNSW ref: 4/235)

⁹² NSW Treasury, *Copies of letters sent to Colonial Secretary*, Balcombe to Colonial Secretary, 3 August 1826, p.77, (SRNSW ref: 4/235)

⁹³ Butlin, (1968), p.527

⁹⁴ Bathurst to Darling, 11 August 1826, *HRA*, S1, XII, p.483. NSW Auditor-General, Instructions as to the Public Accounts, 1826–1856, (SRNSW ref: 2/864-5)

that a secure fireproof vault or building be erected either in the office of the Treasurer or in some other secure and suitable building with controlled access.⁹⁵

One instruction issued to the Governor indicated an overreaction, a lack of sound judgment and ignorance as to local conditions and the geographical proximity of the colony. Bathurst set a maximum of £200 expenditure permitted to be authorised by the Governor. Anything over that amount required permission from the Home Office. Overcaution aided the development of an inflationary spiral. Repairs, for example, carried out immediately amounted to little more than £200. If delayed 12 months, waiting for approval from Whitehall, the original sum had doubled in order to complete contracts.⁹⁶ Whitehall did not resile from this decision. Any expenditure authorised by the Governor exceeding the sum of £200 and undertaken without previous authority from the Lords Commissioners became the personal responsibility of the Governor.⁹⁷

According to the 1826 Instructions, the Auditor was required to 'examine and report upon all accounts and abstracts' relating to the colonial revenue and its disbursement. The rub for the Treasurer was the innovative role given to the Auditor-General, although an officer of inferior ranking to the Treasurer.⁹⁸ The Auditor-General was required to report to the Governor all delays and irregularities in the delivery of the various departmental accounts which had to be rendered in order to adopt any remedial or preventative measures he thought advisable.⁹⁹

Reform of the financial administration of the colony's revenue and expenditure continued at a measured pace after 1826 overseen by the Secretary of State with the Legislative Council advising the Governor on financial policy. Accountability and transparency of the dealings with the colonial revenue was paramount pre-empting the development of corrupting influences.

Darling separated Lithgow's Audit Office from the Commissary in April 1827, an administrative change of singular importance, relieving Lithgow of his Commissariat duties indicating his importance in the financial administration of the colony. This

⁹⁵ Darling to Bathurst, 27 May 1826, HRA, S1, XII, p.336. 20 May 1826, HRA, S1, XII, p.296. Bathurst to Darling, 1 December 1826, HRA, S1, XIII, p.113. Smith, (1976), p.26

⁹⁶ Darling to Bathurst, 16 February 1827, HRA, S1, XIII, p.113

⁹⁷ Huskisson to Darling, 26 December 1827 HRA, S1, XIII, p.668

⁹⁸ In October 1827 Darling prepared a seniority list of the top officials in the Colonial Government service. The Colonial Treasurer ranked fourth in seniority after the Colonial Secretary, the Attorney-General and the Surveyor-General. HRA, S1, XIII, pp.568-572

⁹⁹ NSW Auditor-General, *Instructions as to the Public Accounts* 1826–1856, (SRNSW ref: 2/864)

separation of responsibilities gave Lithgow unrestricted opportunity for the compilation and examination of all aspects of the colony's accounts. He checked 'every item of public expenditure – and compared the receipts and disbursements of the Revenue Departments.'¹⁰⁰

Lithgow's task was not simple because, as Darling observed, few changes had been made to the perfect anarchy and confusion prevailing in government administration. There was 'an indisposition on the part of the departments in general to conform to the Regulations laid down. They (the departments) have been so long accustomed to act for themselves ...'¹⁰¹ The main obstacle to speedy reporting were the frequent changes to Regulations and an expansion of the Government's activities in the community. Staff shortages compounded delays, with staff overlooking stipulated forms and regulations. Mistakes in accounting procedures were made and perpetuated by the inexperienced junior clerks.

Another problem was caused by the delay in the introduction of a standardised system of accounting throughout the public service. The rapid expansion of the colony in the 1820s led naturally to a considerable increase in expenditure. Roads had to be constructed to the new settlements in the interior and it was not easy to conform to the official injunctions to economise, retrench where possible and be efficient, and comply simultaneously with the increasing demands of the swelling population.¹⁰² Perhaps tired of the gratuitous administrative advice from Whitehall, Darling, when discussing the preparation of the *Blue Books* in 1831, took a bolder stand, suggesting that the home government might concur with his opinion 'that the colonial government should determine how the business (administration) generally might conveniently and advantageously be carried on.'¹⁰³

The 1826 Instructions had been specific as to financial accounting methods but that was all. The British Parliament retained administrative hegemony, but financially, its control was waning as the Governor was required increasingly to rely on advice given by the colony's Legislative Council. Overall, headway was discernible in reforming colonial financial administration, contributing to a sense of an emerging

¹⁰⁰ Darling to Bathurst, 7 July 1829, HRA S1, XV, p.68; Darling to Hay, 23 February 1831, HRA, S1, XVI, pp.97-99. Fletcher, (1984), pp.97-98

¹⁰¹ Fletcher, (1984), p.100

¹⁰² Darling to Huskisson, 12 August 1828, HRA, S1, XIV, p.332

¹⁰³ Darling to Under Secretary Hay, 23 February 1831, HRA, S1, XVI, p.97

independence for the financial responsibility in the colony. Darling's reforms were manifested in the increase in colonial revenue. In five years, the revenue:

‘which in 1826 had been a little over £62,000, had, without any increase of tax or duty, almost doubled. More importantly, the basic structure, organization and procedures required for the efficient collection and disbursement of the public revenue had been almost completely established.’¹⁰⁴

A major and singularly significant reorganization by Whitehall of imperial financial support for the colony also occurred in 1826. The revision concerned the classification of the expenditure on stores.¹⁰⁵ Under the revised system, expenses were to be classified separately under the heads of colonial, military and convicts. The annual Parliamentary appropriations for supporting the salaries of the civil establishment in the colony were abolished. All expenses for the support and maintenance of the convict establishment were to be met, however, by the Home Government. Two distinct and separate accounts now functioned in the colony; the Commissariat was responsible for the convict and military establishment, the Treasurer for colonial revenue and expenditure. A growing proportion of the costs of maintaining the police and the marine establishments were to be met out of local revenue, an original intention of Pitt in 1788.¹⁰⁶ It took Darling and his ‘most efficient officers’ nearly three years to identify and separate imperial from colonial financial responsibilities as expenditure had become so intermeshed.¹⁰⁷ Every six months a Board, comprising the Treasurer, the Deputy Commissary-General, a Commissary of Accounts from the Commissariat, and the Auditor-General convened for the purpose of adjusting the accounts between Treasury and the Commissariat.¹⁰⁸ Every payment relating to the colonial establishment, and intended to be defrayed out of the colonial revenue, had to be identified by the Treasurer, and an officer of the Commissariat detailed payments paid from funds provided by the imperial government.¹⁰⁹

¹⁰⁴ McMartin, (1983), p.196

¹⁰⁵ Under Secretary Hay to Secretary Harrison. Enclosure Hay to Darling, 6 February and 9 March 1826, HRA, S1, XII, pp.214-16. Goderich to Darling, 30 July 1827, HRA, S1, XIII, pp.470-72. McMartin, (1983), p.182. McMartin, (Sept. 1958), p.224

¹⁰⁶ HRA, S1, XIV, p.163

¹⁰⁷ McMartin, (1983), p.183

¹⁰⁸ Minute No.51 to the Colonial Secretary, 15 August 1827, HRA, S1, XIII, p.698

¹⁰⁹ Huskisson to Darling, 30 January 1828, HRA, S1, XIV, p.742

This restructure of colonial finances indicates the gradual withdrawal of imperial responsibility for the financial affairs of the colony and a concomitant reliance by the colony on the Legislature and its control over local revenue.

McMartin argues, however, that because Treasury dealt chiefly with internal finance it did not mean that colonial revenue, and its collection and expenditure, were matters of purely local concern.¹¹⁰ Other argument progresses the notion that the dyarchy of the Colonial Office and the British Treasury worked out the details, the Secretary of State being the final court of appeal in financial as in other matters.¹¹¹ Appeals to Whitehall concerning colonial finance were referred back to the local Legislative Council which advised the Governor. The imperial government was reluctant to interfere in the financial affairs of a colony agitating for self-determination.¹¹²

Darling's appointment of a colonial Collector of Internal Revenue in 1827 was a further indicator of his reformist platform. He had established a Land Board to process applications for land grants and assigned servants 'in order to protect the Governor against charges of partiality' and 'if it could be shown that the pressure of public business made its establishment necessary'.¹¹³ The Land Board, which included Lithgow, had inquired into the administrative practices of the Surveyor-General's Department which received all revenue from the sale of Crown Lands, rents, or from purchases of the fee simple of town lots. This 'proper practice' was at odds with the perceived 'best practice'. Good accounting practice proscribed one agency, the Surveyor-General, being responsible for both the collection of revenue and its expenditure.¹¹⁴ The Board consequently recommended the appointment of a separate officer to collect the public revenue.¹¹⁵ Darling agreed, he having developed

¹¹⁰ McMartin, (1983), p.183

¹¹¹ Pugh, R. B. *Cambridge History of the British Empire*, Vol. 2, p.714. See Smith, (1976), p.26

¹¹² One need only look to the trials of settlement on the Swan River in Western Australia at this time. Governor Stirling realized by 1830 that the venture was going to be more costly and troublesome than had been anticipated. He urged the Colonial Office to declare the settlement in every respect a British colony or it should be abandoned. He requested official establishment costs and instructions concerning revenue and finance. Official neglect to provide the apparatus of government, a proper system of accounting and financial responsibility led to the near ruin and collapse of the settlement. See Eddy, (1969), p.172

¹¹³ McMartin, (1983), p.151

¹¹⁴ Bathurst had expressed his concern at the practice of 'leaving the whole of the Funds belonging to the Publick in the charge of the Government Officers, by whom it is collected'. McMartin, (1983), p.185

¹¹⁵ McMartin, (1983), p.185

independently the idea of a Collector to rationalise the ‘financial framework’ of the colony.¹¹⁶

The office of the Collector of Internal Revenue was responsible for the receipt of all Government revenue not collected by the Collector of Customs.¹¹⁷ The Collector paid over to the Treasurer all revenue received, together with a detailed list of sources of revenue for which he and respective departments were responsible.¹¹⁸ In April 1827 Darling, without approval from Whitehall, appointed James Busby, ‘a man of business, and a zealous and useful servant of the government’ as Acting Collector of Internal Revenue at a salary of £400 per year.¹¹⁹ Busby relieved the Treasurer of all responsibility for collecting revenue from various sources of licences, such as publicans, distillers, brewers and hawkers; all tolls, ferries, punts, market dues, rental from government buildings, sales of government stock and Crown land. The Deputy Commissary-General relinquished any other sales of public property and government livestock sales under the jurisdiction of the Commissariat. All proceeds of land sales, leases and quit-rents were diverted from the Surveyor-General to the Collector. The Collector also received cattle slaughtering fees, fees of government officers, such as the Colonial Secretary and Sheriff and all fines imposed and collected by magistrates.

The appointment of the Collector of Internal Revenue introduced additional safeguards to the Instructions of 1826, preventing the Treasurer from manipulating accounts. Government transparency and efficiency in its dealing with the public revenue was paramount, but it was an expensive exercise, however, establishing another department contrary to the policy of economy and retrenchment.

The Collector of Internal Revenue remained, administratively, a sub-branch of Treasury, the Treasurer not stripped of formal responsibility for the collection of the colonial revenue.¹²⁰ In 1828 Balcombe reminded Busby ‘that any Civil List statistics required in relation to his department should be submitted through the Colonial

¹¹⁶ It will be recalled that Macquarie had mooted this position before Bigge’s investigation.

¹¹⁷ NSW Treasury, Collector of Internal Revenue, *Letters received from the Colonial Secretary*, 28th April 1827, Letter No. 1. (SRNSW ref: 4/9)

¹¹⁸ NSW Treasury, Collector of Internal Revenue, *Letters received from the Colonial Secretary*, 28th April 1827, Letter No. 1, (SRNSW ref: 4/9)

¹¹⁹ Darling to Murray, 29 January 1831, HRA S1, XVI, p.39. NSW Treasury, Collector of Internal Revenue, *Letters received from the Colonial Secretary*, 28 April 1827, Letter No. 1, (SRNSW ref: 4/9). Smith, (1974), p.13

¹²⁰ NSW Treasury, Collector of Internal Revenue, *Letters received from the Colonial Secretary*, 20 December 1828, Letter No. 28/50, (SRNSW ref: 4/9). Smith, (1974), p.14

Treasurer and not by Busby in his own right' as Collector of Internal Revenue. The monthly accounts of revenue received by the Collector of Customs and the Collector of Internal Revenue were audited monthly in Treasury. In both cases the accounts were sworn as being true and correct before a magistrate, and countersigned. Cash received in both offices were paid into Treasury and the annual balance sheet audited by the Auditor.¹²¹

If the Legislative Council advised the Governor in financial matters, Whitehall retained control over the use of patronage when making senior appointments to the colonial public service. Bathurst disapproved of Busby's appointment and also of his second choice, Thomas de la Condamine, his aide-de-camp. William Macpherson was appointed on 12th October 1829 at a salary of £500 per year, the first official Collector of Internal Revenue.¹²² Between 1827 and 1837 the office of the Collector was located in a residence on the corner of Macquarie and King Streets, Queen's Square, the St James' Parsonage, separate from the Colonial Treasurer's office. In June 1828 this building was also shared with the Auditor-General's office. All correspondence was directed to the Collector in his capacity as head of a government department until January 1837 when the Department was reabsorbed into Treasury and titled the Revenue Branch.¹²³

Because the Colonial Treasurer was no longer responsible directly for the actual collection of revenue, the Colonial Secretary proposed that the number of Treasury clerks be reduced to one. Balcombe objected, warning the Colonial Secretary of the consequences resulting from such a decision.¹²⁴ Balcombe, perhaps mindful of his own deteriorating health, referred to the possible future of the office. A prolonged sickness could close the department, compromising future staffing and accountability. It was not safe or sensible to entrust a senior clerk's duties to a person not acquainted with the department or without a financial background.

¹²¹ NSW Colonial Treasury, Audited Monthly accounts of moneys received by both the Collector of Customs and the Collector of Internal Revenue, 1828, (SRNSW ref: 7/2651)

¹²² Macpherson, the Collector of Internal Revenue, was required to give a personal bond of £3,000 and other sureties of a similar sum, not to match that of the Colonial Treasurer but sufficient to give an indication of the responsibility attaching to the position. McMartin, (1983), p.186

¹²³ Smith, (1974), p.56

¹²⁴ NSW Treasury, *Copies of Letters sent*, Balcombe to Macleay, 14 March 1828 p.166, (SRNSW ref: 4/235)

Rather than introduce staff reductions, Balcombe submitted a claim for further assistance, supporting his claim with his clerks' statements of duty which were specialised in their nature. They were responsible for the receiving and transferring to the colonial banks all the revenue collected; responsible for the payment upon warrant of all salaries for the entire civil establishment, excepting those supported by the British Parliament which included the medical staff, Masters, Attendants, Police and Gaol establishments. The clerks were responsible for the payment of pensioners on the Civil Establishment list; the Savings Bank Account; the collection of Bills and Promissory Notes; the making up of the weekly and monthly returns; the payment of all other disbursements required on account of the Government; the making up of the Monthly Accounts of Treasury in duplicate and Account Current in triplicate, keeping the Cash Book and Posting Ledger; keeping separate accounts of all revenue deposited in the Treasury temporarily.¹²⁵ According to Balcombe, his clerks were finding it difficult to 'handle the work and there was a danger of arrears'.¹²⁶

Further and significant changes in the financial administration of the colony took place under the umbrella of the 1828 Administration of Justice in New South Wales and Van Diemen's Land Act.¹²⁷ By 1828 'a watershed had been reached in the management of finances in New South Wales'. None of the numerous consequential changes in account-keeping rival those of 1828. The imperial Act provided for the more effectual Government of the colony and provided for the Legislative Council to claim further control over colonial revenue and expenditure from the Governor. One provision, under the 1828 Act, provided for the appointment of the Colonial Secretary and the Treasurer, 'the occupants of the most important administrative posts' in the colony, as members of both the Legislative Council and the Executive Council, playing 'a double part in the government and administration of the Colony'.¹²⁸

In the Executive Council the Treasurer considered matters of general policy and advised the Governor. In the Legislative Council he translated policy into legislative action. The Treasurer owed his membership of both bodies to his official status, and it

¹²⁵ NSW Treasury, *Copies of Letters Sent to Colonial Secretary*, 14 March 1828, p.166, (SRNSW ref: 4/235)

¹²⁶ NSW Treasury, *Copies of Letters Sent to Colonial Secretary*

¹²⁷ 9 Geo IV c.83 (1828) (Imp).

¹²⁸ Melbourne, (1963), p.152. Smith, (1976), pp.49-54

was generally expected that he would support the Governor's point of view.¹²⁹ Balcombe was not appointed to either body after their institution in the colony.

In a further demonstration of his formidable appetite for administrative efficiency, Darling established the practice of submitting estimates to the Legislative Council, thus creating the first of the colonial budgets. The practice of publishing accounts of revenue and expenditure had lapsed with the departure of Governor Macquarie in November 1821, but at the remodelled Legislative Council's first session Darling submitted a statement of the public accounts.¹³⁰ This statement showed total revenue for 1829 as being £106,903 and expenditure totalling £107,262. Expenditure from the Commissariat totalled £313,262. The revenue for 1826 had been a little over £62,000, almost doubling by 1829. It was not until 1834 that the process of appropriation through the Legislative Council was established. It appears that no appropriation bill was submitted to the Legislative Council before 1832. It had not been a requirement until the Secretary of State, influenced by British parliamentary reforms, instructed the Governor to submit to the Council, before the end of June in each year, an estimate of the fixed and contingent expenditure intended to be charged on the colonial revenue for the coming year.¹³¹ A Schedule of fixed contingent charges payable by Treasury from the Colonial Revenue for all government departments in 1832, lists items ranging from the numbers of brooms to horses and drays. The Surveyor-General's department, for example, required a number of 'horses, draught oxen, carts, tools and other implements'. An example of public accountability was the disclosure that the Collector of Internal Revenue required certain travelling expenses when on official duty.¹³²

The requirement for the public accountability of income and expenditure formed the fundamental basis on which estimates are still submitted to the parliaments in Australia.¹³³ Whitehall was the instrument for increasing further colonial responsibility for financial administration but it desisted from interfering directly in most matters concerning the financial policies of the colony.

¹²⁹ Melbourne, (1963), p.164

¹³⁰ McMartin, (1983), p.197

¹³¹ McMartin, (1983), p.197

¹³² NSW Treasury, Schedule of fixed contingent charges payable from the Colonial Revenue, 1882 (SRNSW ref: 7/2728)

¹³³ McMartin, (1983), p.197

In 1828, four years after his arrival in the colony, Balcombe was still in Cox's O'Connell Street house. In the administrative hierarchy Balcombe ranked below the Colonial Secretary, the Attorney-General, the Surveyor-General and the Collector of Customs.¹³⁴ Over the previous three years, and prior to his death, Balcombe was a complete invalid. He had been prone to severe attacks of gout, which occasionally confined him to bed for several weeks at a time.¹³⁵ Towards the end of 1828 he suffered a severe and intractable attack of dysentery, his strength declining gradually. Balcombe fell seriously ill in 1829, died on 19th March 1829 and was buried at the Sandhills cemetery.¹³⁶

Balcombe's reputation in the colony as a financial administrator was not impressive. Archdeacon Scott of the Corporation of Church and School Lands, for whom Balcombe had acted as Treasurer for a small salary, reported that the Treasurer 'rendered little or no assistance in keeping the Accounts, and that his duties in that respect were confined to a common entry of receipts and payments.'¹³⁷ Balcombe had not managed well, when compared with the talented and upright Lithgow, 'a man of outstanding ability in the field of finance', with a 'perfect knowledge of business and information on all points connected with official details'.¹³⁸ Balcombe, by comparison, had demonstrated limited knowledge and experience in the management of government finance. His legacy was one of being a personable man, but a lack-lustre, relatively incompetent Colonial Treasurer. Lithgow and Darling are often credited therefore with the establishment of a system for financial administration in New South Wales, not the hapless first Colonial Treasurer, William Balcombe.¹³⁹

As Moore (1985) argued, certain organisational outcomes were unlikely to have been the result of factors other than the presence of a Colonial Treasurer with a particular style and ability.

An analysis must be made of the qualities of Lithgow, the other financial officer in the colony, who overshadowed Balcombe in all aspects of financial administration.

¹³⁴ Smith, (1974), p.38

¹³⁵ Darling to Murray, 20 March 1829, *HRA*, S1, XV, p.688

¹³⁶ In 1901–02, Balcombe's remains were translated to the Botany Cemetery, *Indexes to names of deceased persons transferred from Devonshire Street Cemetery to Botany Cemetery 1901–1902*, (ML ref: CY 2023) The present location of William Balcombe's burial place is Botany Church of England Pioneer Park Cemetery, Grave No.A49

¹³⁷ Smith, (1974), p.16

¹³⁸ Fletcher, (1984), p.95. McMartin, (1983), p.197

¹³⁹ McMartin, (1983), p.188

William Lithgow's appointment as the colony's first Auditor-General was a brilliant appointment and immediately undermined Balcombe's administrative standing though senior in the administrative hierarchy.¹⁴⁰

Lithgow's appointment was celebrated by Brisbane who was impressed with Lithgow's administrative flair and competence. Lithgow, born in Scotland and educated at Edinburgh University, was appointed a clerk in the army commissariat in 1808 and sent to Heligoland where he tutored the children of an earlier colonial Commissary, David Allan.¹⁴¹ He had been summoned hastily from Mauritius where he had administered the Accounts branch of the Commissariat, serving under Governor Darling. On 5th May 1824 Lithgow arrived in the colony on the brig *Perserverance*, one month after Balcombe. He brought to the colony an organisational ability in financial matters and applied those skills in the faltering Commissariat taking up his appointment on 26th May 1824 as the first Commissary of Accounts. Lithgow's task was to establish an Accounts Department of the Commissariat, to examine Military expenditure in the colony and all other imperial expenditure defrayed by the Commissariat.¹⁴² Lithgow's brief was to reduce expenditure and introduce 'systematical arrangements and simplification of the disbursements connected with the whole Commissariat Department'.¹⁴³ Where Balcombe 'lacked both the knowledge of the local financial system and the energy to enforce accountability on officials', Lithgow was 'forceful, capable and knowledgeable'.¹⁴⁴

Lithgow's organisational ability was recognised on 8th November 1824 when he was appointed as the colony's first Auditor-General of the whole colonial revenue in 'order to keep the entire financial state of the Colony under his eye' and keep 'the colony's administrators in the path of financial rectitude'.¹⁴⁵ Lithgow audited and examined the whole of the colonial Accounts when the Audit Office was for a short time combined with the Commissary of Accounts. He also transmitted to the Auditors

¹⁴⁰ Expenditure in 1844 for the Colonial Secretary, Colonial Treasury and Auditor-General were £6,313 9s 0d, £3,385 12s. 0d. and £2,984 1s 2d respectively. *NSW V&P*, Schedule of Expenditure, 1844

¹⁴¹ *ADB*, Vol. 2, (1967)

¹⁴² Fletcher, (1984), *Ralph Darling, A Governor Maligned*, pp.86-87. Cohen, V. H. 1938, *An Historical Survey of the Establishment and Development of the Audit of the Public Accounts of NSW*, unpublished work, NSW Auditor-Generals Department, Sydney, p.40

¹⁴³ Cohen, (1938), p.40

¹⁴⁴ McMartin, (1983), p.150

¹⁴⁵ Cohen, (1938), p.40

of the Colonial Accounts in England the Treasurer's Accounts, together with all supporting vouchers.

Governor Darling, towards the end of 1825, utilized the services of one of 'the most efficient officers', Lithgow, in forming Boards to investigate matters of administration and make recommendations. In February 1826, Darling created the Board for General Purposes on which Lithgow served and through which the colony's public administration was thoroughly, if somewhat 'autocratically, reorganized.' Lithgow was appointed to other committees to report on 'any particular points which may require investigation.'¹⁴⁶ 'The heaviest reliance was placed by Darling on close confidants such as Alexander Macleay, William Lithgow and William Dumaesq. At least 27 matters were investigated between 1826 and 1831, one of the earliest arising from the decision to cease employing convicts as public servants.'¹⁴⁷

Lithgow developed a legendary reputation during his public service career. He was:

'equally at home in the complex details of governmental accounting as in the broad field of public finance ... Under his guiding hand, the Auditor-General's Department became one of the elite sections of the machinery of government, rivalled in prestige only by the Colonial Secretary's Department ... he had greater technical expertise than any (other of his contemporaries) and it is difficult to deny him the title of one of the greatest public servants of the era before responsible government.'¹⁴⁸

Horton argued that Lithgow's civil rank was second only to the Colonial Secretary with a seat in the Executive and Legislative Councils. His efficiency and reliable character may have placed him in the ranks of the Governors confidants but his salary placed him below that of the Colonial Treasurer. McMartin argued that in the absence of a middle-class in the early decades of the colony one of the most important indicators of rank within the official hierarchy was the size of an official's emolument. In 1827 Darling drew up an estimate of salaries for submission to the Secretary of State. In that summary the expenditure for the Colonial Treasurer and Establishment was £1,570. The expenditure on the salary and contingencies for the Auditor and Establishment was £1,300. With that analysis it is difficult to accept Horton's argument that the Auditor-

¹⁴⁶ Horton, Allan, 'Lithgow, William (1784–1864)' *ADB* Vol. 2, 1967, Melbourne University Press, pp.119-120

¹⁴⁷ Fletcher, Brian 1984, *Ralph Darling A Governor Maligned*, Oxford University Press, Melbourne, p.91

¹⁴⁸ McMartin, (1983), p.184

General took precedence over the Colonial Treasurer in the public bureaucratic hierarchy not forgetting, however, the former's superior accomplishments and achievements in the colony.¹⁴⁹

The establishment of a Treasury into the administrative framework of the colony was not trouble free but the Department proved its usefulness in the rapidly expanding colony. The difficult years of adaptation were tapering off and it was the second Treasurer, Campbell Drummond Riddell, whose tenure consolidated Treasury's place in the administrative structure of the colony. Following Moore's hypothesis that the administrative style of the head of an organisation affects, to a special degree, the functioning of that organisation, Riddell's controversial participation in that consolidation is analysed in the following Chapter.

¹⁴⁹ McMartin, (March 1958), p.79. Between 1824 and 1827, when Treasury moved from O'Connell Street to Barrack Square, Lithgow and his officers were located next door to Treasury in Allotment 10 in O'Connell Street.

CHAPTER 4

AN EVOLVING TREASURY, 1830–1856

This chapter analyses the continuing reform of the administration of the colony's revenue and expenditure. Between 1830, when Campbell Drummond Riddell took up his appointment as Colonial Treasurer, and 1856 and the introduction of responsible government, accountability and efficiency were the constants in all inquiries concerning the conduct of Treasury's administration. Constitutional, economic, political, social and cultural events influenced Treasury's adaptation to changing circumstances. Treasury was by necessity required to respond to internal and external pressures with effectiveness and efficiency, maintaining its integrity as steward of the public purse. Government inquiries into the practices and procedures of Treasury followed at frequent intervals, the probing generated by the Legislature Council concerned for the need for greater efficiency and transparency. Fortunately, Treasury was not required to overcome debilitating influences from internal corruption, extremes of wealth and poverty in the community, major social or political upheavals or demoralising financial scandals associated with colonial politics.

Administrative reform in the public sector was generally a response to incidents of faltering responsibility, ignorance or recalcitrance by public servants. Reform in financial administration followed generally after the Legislative Council had identified failures, by omission or commission, in Treasury's methodology. The Secretary of State still monitored public service appointments and offered opinions on constitutional issues, nevertheless, the administrative baton had passed essentially to the local authorities, and the Governor now relied on advice from his Executive and Legislative Councils.

Darling acted on his supposed mandate to appoint officers to senior positions in the colonial public service. On 20th March 1829, following the death of Balcombe, Darling appointed William Dumaresq Acting Treasurer in which position he acted for

one year pending official confirmation by Whitehall.¹ Dumaresq had a military background, the son of Colonel John Dumaresq of Bushel Hall, Shropshire, England, and his wife Anne Jones. He attended the Royal Military College, Great Marlow, and served during the Peninsular War and in Canada as Captain in the Royal Staff Corps. William and his brothers had accompanied Darling to New South Wales where he was appointed temporary Civil Engineer, Inspector of Roads and Bridges, as well as Acting Engineer. Darling's manoeuvrings for placements for the Dumaresq brothers were halted when his intentions attracted public accusations of nepotism from Chief Justice Francis Forbes and the local press. Sir George Murray, Secretary of State, had warned Darling against appointing any relative or near connection to public offices and countermanded Dumaresq's appointment. William Dumaresq consequently retired from public life devoting his life to pastoral interests in the Hunter and Armidale districts.

The administrative style of the head of an organisation affects, to a special degree, the functioning of that organisation. In the case of Campbell Drummond Riddell, the second Colonial Treasurer and permanent head of Treasury, analysis proves that a strong organisation can succeed and survive without an architect of new structures and a 'desire to impose their versions of order on a disorderly world'.² The administrative structure in New South Wales was hierarchical, with the Colonial Secretary overseeing all administrative functions of the public service. It was undoubtedly this public servant and not the Colonial Treasurer who maintained internal structures and initiated change where necessary.

In the hierarchical structure of the colony Riddell possessed power, influence and authority, (with a personal debt to political patronage). He is not remembered, however, for his strong and effective leadership, or his actual grasp of financial administration and management. His leadership of the department was mediocre and evidence attests to the absence of a high standard of professional competence. Riddell was appointed as a public servant paid from the colonial revenue. He had a dual role, permanent head and Colonial Treasurer hence the analysis of his career as Colonial Treasurer, and, axiomatically, permanent head and civil servant.

¹ Darling to Murray, 20 March 1829, *HRA*, S1, XIV, p.688. Smith, (1974), *Treasury Correspondence*, p.16

² Moore (1985), Preface

Riddell, Murray's choice, was one of the most controversial public servants of the 19th century and the longest serving Colonial Treasurer between 1824 and 1976. He was also one of the youngest Colonial Treasurers, only Marshall Burdekin being younger. In administrative terms he remains the youngest permanent head appointed to Treasury. His term of office extended over 26 years, contemporaneous with that of the Governorships of Thomas Brisbane, Ralph Darling, Richard Bourke, George Gipps, and Charles Fitz Roy. His personality and disputatious behaviour led him into frequent controversy. He possessed a complaining, obstructive temperament, allied with a reputation for laziness, foolhardiness, if not stupidity, arousing public contempt. Drama, political intrigue and personality clashes marked his tenure as Colonial Treasurer and public servant.

Riddell, of Scottish descent, was born on 9th January 1796, his grandfather, Sir James Riddell, was first baronet of Ardnamurchan, Argyllshire, Scotland. Riddell attended Christ Church, Oxford, failing to graduate, but in 1819 he was admitted to the Scottish Bar or faculty of advocates before entering the colonial service in 1829. He was sent to Ceylon as a Commissioner on a local Inquiry before being ordered to New South Wales by Murray, his relative, to take up his appointment as Treasurer.³ Riddell was sent, protesting, to fill the vacancy in New South Wales, a reluctant Colonial Treasurer.⁴ He was 34 years old when he arrived in the Colony on the *Ceylon* with his wife Caroline Stuart Rodney on 21st August 1830, and a Government order of 23rd August 1830 notified him formally of his appointment as Colonial Treasurer.

Upon appointment, arrangements were made immediately for security to be taken in England to cover him in his new office and two securities came forward for £5,000 respectively, a sum less than that required of Balcombe. Acting Colonial Treasurer Dumaresq made up the Public Accounts to 25th August 1830 and delivered the responsibility of Treasury to Riddell the same day, marking the official commencement of his appointment.⁵

Riddell stood fourth in the Colony's administrative hierarchy and his previous experience in the law and in Ceylon proved useful to the elite administrative groups in

³ *ADB*, (1966), Vol.1

⁴ Fletcher, (1984), p.97

⁵ The Treasury, *Letters Received from the Colonial Secretary*, 24 August 1830, (SRNSW ref: 4/20)

Riddell's salary of £1,000 pa. commenced on 1 August 1829. *NSW Returns of the Colony*, 1830

the colony.⁶ In November 1830, for example, he was appointed to a Commission of Enquiry to report on the causes of the extraordinary amount of litigation in which the colonial government was habitually engaged. The enquiry included the Chief Justice, the Colonial Secretary, and others with knowledge of financial and judicial departments.⁷

In 1827 the position of Collector of Internal Revenue had been created in order to rationalize the collection of public revenue by Treasury, and improve accounting standards ensuring transparency, probity and accountability.⁸ This action had ostensibly reduced the Treasurer's personal responsibility for collecting the public revenue.⁹ The office was also physically separated from Treasury although the Treasurer had ultimate responsibility for its conduct. Riddell, noting the apparent reduction in his administrative responsibilities, was prompted to remark upon arrival that 'upon the whole in point of care and comfort I believe there is not such an office in his Majesty's gift.'¹⁰

Taking up his appointment, Riddell instituted a formidable assortment of correspondence between himself and the Secretary of State and other officials concerning various matters connected with his terms of employment, making demands for concessions he considered due to a colonial functionary.¹¹ He also disputed his duties. He questioned his responsibilities associated with the newly established Clergy and School Fund, complaining that he had not been given a copy of fresh instructions regarding the Trustees of the former Church and School Lands Corporation.¹² A misunderstanding had arisen when Archdeacon Broughton requested Riddell to release the balance of the funds remaining in the Corporation for Clergy and School Lands. The former Corporation needed to be dissolved, and then re-formed with the Treasurer

⁶ The salaries of the administrative hierarchy in 1830 were respectively: Governor £4,200, Chief Justice £2030, Colonial Secretary £2,000, and Treasurer £1,000. The Auditor-General's salary was £650 and the Collector of Internal Revenue £500. NSW *Returns of the Colony* 1830

⁷ The findings of this inquiry were transmitted to Goderich on 21 September 1831. Murray to Darling, 10 November 1830, *HRA*, S1, XV1, p.814

⁸ Darling to Bathurst, 7 April 1827, *HRA*, S1, XIII, pp.240-241. Fletcher, (1984), p.96

⁹ Fletcher, (1984), p.96

¹⁰ Fletcher, (1984), p.96

¹¹ Smith, (1976), p.122

¹² NSW Treasury Branch, Letters received from the Colonial Secretary, Colonial Secretary to Riddell, 13 January 1831, (SRNSW ref: 4/20)

appointed as Treasurer to the new fund.¹³ Riddell, unlike Balcombe, demanded that his duties be spelt out, that the orders for receiving and paying any money on account of the Clergy and School Fund were signed by the Governor.

He was also made aware of the opportunities available for personal benefit. In October 1830 he submitted an application for a building allotment in Sydney, the accepted practice for a government official. Darling approved his request but it was refused by Goderich, the Secretary of State.¹⁴ In 1832 Riddell resubmitted successfully his request for an allotment of land, located on the point between Rushcutters Bay and Double Bay.¹⁵

Riddell pursued schemes to augment his financial position. He devised a scheme, unsuccessfully, with the support of his Chief Clerk, John Wallace and calculated to improve their respective salaries by overstating their respective duties.¹⁶ Wallace attempted to retain the £26 per annum paid to him, notwithstanding the dissolution of the Church and School Corporation, claiming that his duties had increased under the new arrangements. The cash accounts of the Clergy and School Fund to which Riddell had been appointed Treasurer were now kept in Treasury, increasing his responsibilities. The Colonial Secretary rejected their various proposals, stressing the need for economy and at the end of 1836 the salary of the Treasurer remained at £1,000 per annum and that of his Chief Clerk, £250 per annum.¹⁷

Riddell, because of disinterest or a genuine grievance as to his duties, requested to be relieved of his duties in respect of the Savings Bank of New South Wales. He acted as custodian for the principal depositors, arriving convicts whose money was lodged with the Bank for their future needs. Governor Richard Bourke, whose term as

¹³ NSW Treasury Branch, Letters received from the Colonial Secretary, Colonial Secretary to Riddell, 22 January 1831, (SRNSW ref: 4/20)

¹⁴ Darling to Murray, 6 October 1830, *HRA*, S1, XV, p.770. Goderich to Darling, 28 March 1831, *HRA*, S1, XVI, p.119

¹⁵ Bourke to US Hay, 6 August 1832, *HRA*, S1, XVI, p.693. Riddell built 'Lindesay' on Darling Point in 1834, possibly designed by Edward Hallen (Sydney Grammar School). In 1841 Sir Thomas Mitchell, Surveyor-General of New South Wales, bought 'Lindesay' in order to supervise construction of 'Carthona' down on the Darling Point waterfront. Russell, Eric 1980, *Woollahra – a history in pictures*, John Ferguson, Sydney, p.67

¹⁶ Bourke to Stanley, 5 December 1833, *HRA*, S1, XVII, p.294. At the end of 1836 the salary of the Treasurer remained at £1,000 per year and that of the Chief Clerk £250 per year. McMartin, (1958), p.228

¹⁷ McMartin, (1958), p.228

administrator of the Colony commenced on 3rd December 1831, considered Riddell's duties not 'very burthensome', thus refusing his request.¹⁸

In 1834 John Blaxland in the Legislative Council censured Riddell for his poor performance as Colonial Treasurer. Blaxland criticised the Treasurer's salary, deeming that the responsibilities of the Treasurer required little talent or experience of any kind.¹⁹ Bourke did not agree with Blaxland, noting that Riddell had given security of £10,000, and that the salary was commensurate with the security demanded.²⁰ Bourke also possessed knowledge of a proposed reabsorption of the Office of the Collector of Internal Revenue into Treasury, which would necessarily increase the Treasurer's duties.²¹

Riddell's pugnacious attitude soon interfered with his role as advisor to the Governor in the Executive Council. This incursion provided the extraordinary occasion for Whitehall to support a colonial public servant *vis-à-vis* the Governor, subsequently accepting the Governor's resignation. This imbroglio provides an outstanding example of the Home Government resiling from its administrative role within the colony, choosing not to interfere with colonial politics or personalities, relying on legal advice and expecting the colony to resolve its own administrative problems.

Tensions had existed between Bourke and Riddell since Bourke's arrival in the Colony in December 1831. Bourke had identified Riddell as the 'open and avowed *frondeur* of the government' and, beyond all doubt, the willing tool of a party opposed to his policies, who had covertly but knowingly lent himself to their cause.

The final confrontation centred on the election for the Office of Chairman of the Quarter Sessions.²² Riddell sought Bourke's approval for himself to be offered as a candidate. Bourke's objections to the request were based on political and administrative grounds: he considered it incompatible for Riddell to hold the office of the Chairman in conjunction with that of Colonial Treasurer, which position could

¹⁸ Bourke to Goderich, 16 September 1832, *HRA*, S1, XVI, p.731. Stanley to Bourke, 13 April 1833, *HRA*, S1, XVII, p.68

¹⁹ NSW Votes & Proceedings 1832-37, Minutes, July 1834, Item 4, p.223. Smith, (1974), p.21

²⁰ This amount was a reduction by fifty per cent of the substantial sum deposited by Balcombe, his salary being the same, £1,000 per annum. Collector of Internal Revenue: £10,000. Darling to Murray 15 December 1829, *HRA*, S1, XV, p.285. Darling had earlier remonstrated with the Home Office about maintaining the salaries of senior officers as it would 'be in vain to expect that qualified Men of respectable Character should abandon their Friends and pursuits at Home, and come out to this country.' Darling to Huskisson 24 March 1828, *HRA*, S1, XIV, p.38

²¹ Bourke to Stanley, 1 September 1834, *HRA*, S1, XVII, p.495

²² Bourke to Glenelg, 2 December 1835, *HRA*, S1, XVIII, p.216

suffer because of the former's administrative demands. Nor could an Executive Councillor, with propriety, become Chairman of the Quarter Sessions. Riddell purportedly withdrew his name as a possible candidate for the Office.

It had been known for some days before the election that Riddell would stand in defiance of Bourke's advice.²³ Riddell was returned by a majority of the Benches, as Chairman of the Quarter Sessions for the year commencing 1st January 1836. He denied that he had taken steps, directly or indirectly, either by canvassing or supporting others to canvass in his name, to influence a single vote at the election.²⁴

According to E. Deas Thomson, Bourke was 'a Whig in all his principles' and was determined to introduce into the Colony 'as many of the free institutions of the mother Country as he conceives may at present be conceded with safety.'²⁵ Bourke had antagonised the opponents of his liberal policies.²⁶ The election had developed into a party question, a political struggle between the Governor and persons of wealth and influence, the magistrates and friends of Riddell, who had canvassed in secret for him. Bourke consequently recommended Riddell's removal from the Executive Council and was not appeased when Riddell offered his resignation as Chairman of the Quarter Sessions.²⁷ Bourke also wanted Riddell's resignation as Colonial Treasurer, to remove him from the position of advisor in the Executive Council.

In December 1835 Bourke suspended Riddell as Executive Counsellor.²⁸ Riddell's conduct as a servant of the Government and a Member of its Executive Council had brought the Government (and Governor) into contempt. Bourke refused to sit in the Council with Riddell, nominating Lithgow, whom he considered distinguished for his intelligence and liberal principles, as Riddell's successor.²⁹ Bourke resolutely offered to resign rather than accept the restoration of Riddell.

Secretary of State Glenelg subsequently requested that Riddell's suspension be held over, pending supporting evidence in defence of Bourke's accusations.³⁰ The

²³ Bourke to Glenelg, 2 December 1835, *HRA*, S1, XVIII, p.217

²⁴ Riddell to Bourke, 7 November 1835, *HR*, S1, XVIII, p.218

²⁵ Foster, S.G. 1978, *Colonial Improver*, Melbourne University Press, pp.30-31

²⁶ This policy was in direct opposition to the colony's Tories who objected to any concessions being granted to the emancipists. Foster, (1978), pp.30-31

²⁷ Bourke to Glenelg, 2 December 1835, *HRA*, S1, XVIII, p.216. Riddell to Macleay, 26 November 1835, *HRA*, S1, XVIII, p.220

²⁸ Macleay to Riddell, 1 December 1835, *HRA*, S1, XVIII, p.222

²⁹ Bourke to Glenelg, 2 December 1835, *HRA*, S1, XVIII, p.223

³⁰ Glenelg to Bourke, 2 June 1836, *HRA*, S1, XVIII, p.429

hostilities born of political intent and possible chicanery were amplified, and charge and counter charge ensued. Glenelg, in a paternalistic jobation, considered the affair antithetical to good government and not in the public interest. He considered that a schism between the Governor and one of his principal officers was ‘distressing’ for Riddell and ‘scarcely less irksome’ to Bourke.

Nevertheless, Glenelg’s findings did not support Bourke. He found no proof, and indeed scarcely a suggestion, that Riddell was motivated by any wish to thwart Bourke’s policy and undermine his administration. Members of the Executive Council were all appointed by Royal Instructions issued to Bourke, not by name, but by their official designations; that for the time being the Colonial Treasurer was authorised to sit and vote in the Executive Council. Hence surfaced the difficulty of interpretation: could Riddell be lawfully removed from the Council by transferring his office of Colonial Treasurer to some other person? Glenelg’s interpretation of the powers of Bourke was that he had power to suspend Riddell, but that he had no authority to substitute another Councillor in his place, except by suspending Riddell in his capacity of Colonial Treasurer. Also, it was a principle of the existing Constitution of New South Wales that the Colonial Treasurer should be one of the Governor’s confidential advisers. Glenelg directed that Riddell be reinstated to the Executive Council, suggesting a revision of the Royal Instructions that granted the Governor the power to suspend from the Executive Council an Officer whom he wished to remove from his office.³¹

Bourke, ‘with a sense of what is due to my character, the opinion of my friends, and the voice of the colony’, reported that he could not ‘maintain with Riddell those confidential relations which for the good of the service should exist between the Governor and all the Members of the Executive Council.’ Bourke sought to resign.³²

When Riddell attended the Executive Council on 28th January 1837, Bourke did not attend.³³ Bourke iterated his claim and right for the loyal support of the Colonial Treasurer who, being on the Executive Council, was classed as a colleague and assistant to him. Riddell had been remiss in not rendering support to his administration with zeal and constancy. Riddell had failed to discharge an obligation and had placed himself in

³¹ Glenelg to Bourke, 2 June, 1836, *HRA*, S1, XVIII, p.429

³² Bourke to Glenelg, 30 January 1837, *HRA*, S1, XVIII, p.658

³³ Bourke to Glenelg, 30 January 1837, *HRA*, S1, XVIII, p.658

the position of those who, failing in the performance of their duty as Councillor, ‘cannot reasonably complain if they be visited with the penalty of such imprudence.’³⁴ Bourke’s term expired on 5th December 1837, and he departed the colony.³⁵

Despite Riddell’s involvement in constitutional matters, Treasury maintained its focus on its core activities. The Collector’s duties had been transferred back to the Colonial Treasurer, and to the newly-created Treasury Revenue Branch, on 1st January 1837. A succession of requests by Riddell muddled further his administrative reputation by challenging the Governor’s prerogative. Treasury now constituted two Branches, the Treasury Office and the Revenue Branch. Riddell requested from both Bourke and the Secretary of State additional salary.³⁶ Bourke’s response was not as sympathetic as that taken in 1834. Bourke considered Riddell’s remuneration sufficient; indeed he was overpaid when compared with the Collector of Revenue who had been paid much less for carrying out ‘onerous and responsible’ duties. Also, the surety the Collector had been required to deposit was the same as Riddell and on half his salary. Another reason was that Bourke had ordered that the salary of the Colonial Secretary, a more senior officer, had been reduced to £1,500, a cost-cutting measure.³⁷

Treasury was now required to operate according to banking hours, from 10 am to 3 pm, and Riddell asserted that he was unable to supervise personally the Revenue Branch. Riddell requested a larger office and, to manage the Revenue Branch, a senior clerk, possessing knowledge of business, be of good character and standing in the colony. Riddell recommended that an outsider be appointed as Head Clerk to replace the recently deceased Head Clerk. What was central to the issue was Riddell’s prerogative to select and appoint senior officers to Treasury, rather than the Governor’s. Bourke denied Riddell’s request, responding that seniority would prevail in such appointments and that he himself held the prerogative to fill that appointment.³⁸ Bourke also asserted that while departmental heads assigned duties they did not make senior

³⁴ Bourke to Glenelg, 11 February, 1837, *HRA*, S1, XVIII, p.664

³⁵ See Hazel King’s entry in the *ADB*, (1966), Vol. 1, p.128. King’s interpretation is that Riddell may have inadvertently provided Bourke with the opportunity to resign his Commission. The politics, intrigue and conflict between the two major factions in the Colony, the Whigs and Tories, the exclusives and the liberals provided a battle weary major-general with the opportunity to retire from public life. The author thinks not. Bourke had his principles and would not be dictated to by a manipulating, obfuscating government official, no matter his line of patronage.

³⁶ Riddell to Thomson, 18 October 1837, *HRA*, S1, XIX, p.131

³⁷ Bourke to Glenelg, 22 October 1837, *HRA*, S1, XIX, p.130

³⁸ Bourke to Gipps, (Encl. No. 1) 20 September 1837, *HRA*, S1, XIX, p.168

appointments. Riddell argued that as the Revenue Branch and Treasury were to be administered separately seniority was not an issue.³⁹ Riddell's claim was not strictly correct. After the amalgamation of the Collector of Internal Revenue with Treasury all correspondence which had been directed to the Collector was, after 1837, addressed to the Treasurer.

It is difficult to believe that any outsider would have had the experience to administer the responsibilities of the Revenue Branch as indicated by the correspondence received. Most of this correspondence referred to the sale of land, the proceeds of which were received in the Branch which would then notify the Solicitor-General's Department for the purpose of issuing deeds. Other land matters included payments due for quit-rents, leases, the de-pasturing of stock on Crown land, staff appointments and the receipt of monies from the issue of publicans' licences. Correspondence received in the Treasury Branch, Riddell's office, included, for example, instructions regarding the payment of gratuities and pensions to individuals; salaries payable to various government officials of all kinds, and correspondence referring to the funding of the operation of Treasury. Also, as government became more complex, the Colonial Secretary increasingly sought advice on financial and general banking matters on behalf of the Governor.⁴⁰

Guidelines for staff appointments had been established originally by regulations and formulated by the former Board for General Purposes.⁴¹ The regulations had been drafted to give encouragement to deserving and competent clerks currently serving and hoping to succeed to the senior levels of the public service as positions became vacant. Bourke refused to depart from established policy, believing that a sufficient number of competent clerks suitable for promotion were already employed in Treasury, obviating the need to resort to an outsider. Bourke considered that with the amalgamation of the offices of Treasury and the Collector of Internal Revenue a department had been created too large for the Colonial Treasurer to exercise unfettered patronage, therefore appointments should not be left in his hands. A more sinister aspect of Riddell's

³⁹ See NSW Treasury, Revenue Branch, *Letters received 1839–1856*, (SRNSW ref: 4/143-234)

⁴⁰ Smith, (1974), p.55. See NSW Treasury, Treasury Branch, *Letters received from the Colonial Secretary 1838–1849*, (SRNSW ref: 4/20, 4/23-29)

⁴¹ The Board of General Purposes, first created in 1826, was intended to 'utilize the expertise of some of the colony's most experienced officials in the work of inquiry and investigation.' McMartin, (1983), p.151

objections to promoting the senior Treasury clerk was that he was ‘a man of colour’. Bourke looked to integrity and ability rather than to ‘complexion’ as the qualifications for office.⁴² Undeterred, Riddell directed his claims to the Secretary of State Glenelg and to the Executive Council for consideration.⁴³

Glenelg was again ambivalent in his response to Riddell’s submission. He agreed that the Colonial Treasurer incurred a responsibility of a very special nature and must be supported by capable and trustworthy subordinates. Given the distance from England, promotion and the appointment of new officers rested with the Governor. Glenelg could not be expected to form an opinion as to the comparative qualifications of clerks. Nevertheless, he qualified his opinion; if the Governor appointed an officer against the wishes of the Colonial Treasurer, and if any loss of the public revenue should subsequently occur, and could be traced to that cause, the responsibility for the loss would be transferred from the Colonial Treasurer to the Governor. The Public Service Lists indicate that Riddell’s choice did not prevail.

Bourke’s replacement, Governor George Gipps, took office on 24th February 1838.⁴⁴ Gipps, an engineer, soldier, proven administrator with a passion for economy, administered the colony and its financial affairs for seven years.⁴⁵ It was a period of transition, the colony preparing itself for self-determination. Treasury records for this period reflect the growth of Treasury, its interaction with the private sector in land development, the pastoral industry, emigration and loan raising. The records also reflect a venturing into the provision of infrastructure, such as transport, and adjustment to the vagaries of the uncertain colonial economy.⁴⁶

In January 1839 Riddell successfully applied for eighteen months’ leave of absence to visit Scotland on private business and for health reasons. Gipps granted the leave with a tribute to Riddell’s attention to duty, Lord Russell, Secretary of State, acquiesced.⁴⁷ Riddell recommended that Pieter Laurentz Campbell, protégé of Bourke,

⁴² Bourke to Glenelg, 15 November 1837, *HRA*, S1, XIX, p.165

⁴³ Riddell to Thomson, 27 September 1837, NSW Treasury Branch, *Copies of Letters sent*, (SRNSW ref: 4/245, p.169). NSW Treasury Branch, *Copies of Letters sent*, Riddell to Thomson, 6 October 1837, (SRNSW ref: 4/245), p.172

⁴⁴ Glenelg to Gipps, 22 June 1838, *HRA*, S1, XIX, p.458

⁴⁵ McMartin, (1983), p.240. McCulloch, S.C. ‘Unguarded Comments on the Administration of New South Wales, 1839-46. The Gipps-La Trobe Private Correspondence’, *Historical Studies*, Vol.9, Nov. 1959–May 1961, p.30

⁴⁶ Smith, (1976), p.4

⁴⁷ Russell to Gipps, 19 January 1841, *HRA*, S1, XXI, p.189

act as Colonial Treasurer during his absence.⁴⁸ Campbell had served as Bourke's private secretary at the Cape of Good Hope before arriving in New South Wales in 1832, acting again as an extra *aide-de-camp* and assistant private secretary. He was appointed Police Magistrate and the government's principal agent in the Maitland district where he acquitted himself with 'zeal and ability'.⁴⁹

Because of the temporary nature of the incumbency, and despite his promise to Riddell not to assert his demand to sit in the Executive Council, Campbell set out immediately to break his promise. He also demanded to be addressed as Acting Colonial Treasurer and not 'Acting for the Colonial Treasurer'. Gipps rejected Campbell's claims, considering him unfit for the position. Gipps drew a distinction between a person invested with the office of Acting Treasurer and that of a mere nominee of the Colonial Treasurer, as was Campbell.⁵⁰ A further blow to Campbell's aspirations was Gipps' refusal to admit Campbell to the important and confidential post of Executive Councillor.

A confluence of actions, contrary to Riddell's expectations, brought his administration of Treasury under suspicion. During his absence an enquiry was initiated into the management of the public accounts. Gipps had instructed Campbell and the collectors of revenue to pay into Treasury interest earned on public monies as deposited by them in any of the banks of the colony. The precept of accountability and transparency attaching to the stewardship of the public revenue demanded that no government officer was to derive profit from interest paid on any public money passing through his hands.⁵¹ Glenelg had become aware that Riddell had not received any interest on public money deposited by him in any of the banks. Some small sums had been credited to him at one of the banks in a personal Contingent Account, distinct from his general account.

An air of legitimacy surrounded this arrangement as the Contingent Account had been formed many years before by a personal arrangement with the Auditor-General. This arrangement facilitated the settlement of amounts payable under Warrant to the

⁴⁸ Both Campbell and Dumaresq married daughters of Alexander Macleay, the Colonial Secretary: Campbell to Barbara Isabella and Dumaresq to Christiana, the latter living at 'Tivoli' the house now occupied by the junior boarding school and administrative offices of Kambala, Rose Bay, Sydney

⁴⁹ *ADB*, Vol. 1, William Dumaresq

⁵⁰ Lord John Russell to Gipps, 28 October 1839, *HRA*, S1, XX, p.374

⁵¹ Gipps to Glenelg, 11 July 1839, *HRA*, S1, XX, p.224

heads of departments. In 1844, Secretary of State, Stanley, demanded a full explanation and asked under what authority had Riddell established a separate account. The inference to be examined was that Riddell was paying the interest to himself for a short term. Riddell was to be suspended if his explanation was unsatisfactory.⁵²

Inquiries established that the account had been opened in 1836, although its origin and nature were unknown. The departed Bourke had no recollection of the circumstance relating to this separate account kept by the Colonial Treasurer. He was confident, however, that the Government of 1836 had neither ordered nor permitted the Colonial Treasurer to depart in any respect from the Instructions issued from the Lords of the Treasury. Riddell's later explanation as to the existence of the Contingent Account was unsatisfactory, admitting to maladroitness or inefficiency but not dishonesty. The Secretary of State was not satisfied as to the status of the 'contingency account' and a further explanation was demanded.⁵³ Riddell recalled that the account was created by private arrangement between him and the heads of departments, a procedure which did not require the Government's formal sanction. No standard practice existed in respect of the transfer of sums from the Contingent Account to the Treasurer's General Account. As a general rule only part payments received were placed in the account. The time of completing full payments often varied. In some instances it may have escaped the attention of the Chief Clerk of the Revenue Branch, whose duty it was to inform the Colonial Treasurer when sums, which had been placed to the Contingent Account, should be transferred to the General Account.

Riddell pleaded overwork following the amalgamation of the office of the Collector of Internal Revenue with Treasury in 1837, when he was for some time without a Chief Clerk in the Revenue Branch. He had been forced to focus his attention almost exclusively on his office, leaving the Revenue Branch to the acting Chief Clerk, and relying on him for all information connected with the revenue received with the Contingent and General Accounts.⁵⁴ Riddell, like Balcombe, had possibly manipulated funds for personal gain. Riddell's explanation was accepted, however, and he remained as Colonial Treasurer, but his professional reputation was tarnished by the affair. His

⁵² Lord Stanley to Gipps, 16 April 1844, *HRA*, S1, XXIII, p.542

⁵³ Lord Stanley to Gipps, 16 April 1844, *HRA*, S1, XXIII, p.542

⁵⁴ Riddell to Thomson, 23 September 1844, *HRA*, S1, XXIII, p.806

maladroitness and incompetence were remembered by the press and recalled in future administrative episodes.

The unofficial Contingent Account had nevertheless been available for personal manipulation and abuse. In 1840 Campbell, acting for the Colonial Treasurer, had dishonestly borrowed £1620 10s. 11d. and it was not repaid for ten months. By then the account was overdrawn and interest had been charged by the Bank against the public revenue. In May 1841, and prior to Riddell's return to the colony, Campbell unexpectedly left the colony because of 'a very dangerous illness, a severe and protracted infection of the liver, with frequent relapses'.⁵⁵ The duties of Colonial Treasurer were subsequently shared for two months by two officers, Francis Merewether and Stephen Greenhill, both considered honest, competent and experienced public servants. Greenhill, the epitome of the loyal public servant, remained with Treasury, rising to Chief Clerk under the first elected Treasurer, Thomas Holt. He retired from the position of Chief Clerk, Pay Branch in 1864.⁵⁶

The administrative style of Francis Merewether affected, to a special degree, the steady functioning of Treasury. Merewether is remembered for his assiduous and dedicated approach to his work in the Treasury, other government departments, the Executive and Legislative Councils and the establishment of the University of Sydney. Merewether was born on 18th March 1811, the son of Francis Merewether, Rector of Haverhill, Sussex, and educated at Eton and Trinity College Cambridge. Following his arrival in the Colony on 6th December 1838, Merewether was employed in the Treasury, the first university graduate appointed to Treasury. Soon afterwards he was placed in the responsible and confidential position of Receiving Clerk of all revenue paid into Treasury.⁵⁷ Riddell returned to the Colony in July 1841 and Merewether was appointed Agent for Immigration. He was Post-Master General in 1851, Auditor-General in 1852 and appointed a member of the Executive Council. He was a Director and Chairman of the Sydney Tramway and Railway Co. before being appointed to the four-member Provisional Executive Council, which included Deas Thomson and Riddell, all of whom were considered unconnected with 'party politics, impartial and

⁵⁵ Lord Stanley to Gipps, August 1842, *HRA*, S1, XXII, p.I45. Gipps to Lord Stanley, 20 January 1843, *HRA*, S1, XXII, p.504

⁵⁶ *NSW Public Service Lists*, 1865

⁵⁷ Smith, C.E. 'A. F. L. S. Merewether', *JRAHS*, Vol. 59, Pt. 1, March 1973, p.1

intelligent’.⁵⁸ Merewether relieved Riddell again between 1854 and 1856 when the latter acted as Colonial Secretary, and was nominated to the new Legislative Council on 24th June 1856. Merewether’s reputation was further enhanced when he was appointed to the original Senate of the University of Sydney. He was appointed Vice Chancellor in 1854 and Chancellor in 1862, and was known at ‘Futurity’ in his furtherance of tertiary education in the Colony. He was responsible for selecting Grose Farm as the most suitable site for the University and was closely involved in the planning and construction of the University’s buildings. Merewether resigned from the Legislative Council in 1861, travelling to England in 1863, and did not return to the Colony. He died in Essex on 27th December 1899.

Merewether’s association with Treasury and his contribution, though of limited duration, was professional and intelligent, and at a time when the incumbent Riddell was in a state of nervous exhaustion, awaiting the coming of responsible government before returning to England with his pension.

On 1st November 1830 a diminution of control by the British Treasury in colonial financial affairs was highlighted when the third Report of a British Parliamentary Commission of Enquiry was issued. The Enquiry had been instituted to inquire into the revenue and expenditure of the colonies and foreign possessions, and to make recommendations for the reduction of expenditure in the colonies.⁵⁹ The Commissioners had focused on the Australian colonies and had recommended increased British Treasury control over colonial expenditure.

Secretary of State Goderich’s response to the recommendation was ambivalent. He considered that the logistics of controlling an expanding and increasingly self-sufficient colony with sixteen thousand miles separating the two administrations was a hurdle too difficult to overcome. A further impediment to increasing British Treasury control was the probability of creating inefficiencies if there were retrenchments in the colonial public service. It had become almost impossible to draw up, with any confidence, instructions in Britain and apply them sensibly in the distant colony. Goderich chose not to give Bourke any directions for reducing expenditure in the colony and denying the British Treasury a supervisory role in colonial financial affairs. The British Treasury might make suggestions for improving efficiency, but was denied

⁵⁸ *ADB*, Vol. 2, (1966)

⁵⁹ Goderich to Bourke, 29 September 1831, *HRA*, S1, XVI, p.382

control of colonial revenues without the consent of the local legislature.⁶⁰ McMartin (1983) disputes this assessment, however, arguing that:

‘Historians who profess to see a relaxation of the policy of strict metropolitan control after the 1820s are on very shaky ground, ... as Melbourne observed, not only did the British government reserve the right to control policy on such important matters as the disposal of land, the management and disposal of the convicts and immigration, but it extended its control into the smallest details of departmental administration. In all these matters the governors were little more than agents of the (British) Treasury and the Colonial Office ...’⁶¹

The institution of the Legislative Council in 1823 had forced irrevocable constitutional change, *ergo*, relations with Great Britain, reducing its interference in the financial policy of the colony. The British Commissioners of Inquiry of 1830 were successful, however, in seeking improvements in areas of financial administration. They had recorded the irregularity and delay occurring in the receipt of the annual financial statements. After 1822 annual accounts of revenue and expenditure from the various colonies had to be submitted for examination and audit in Britain by way of the Blue Books.⁶² To enforce punctuality the Colonial Treasurer was required to transmit the accounts and vouchers of the preceding year on or before 1st April each year. He was also required to sign a Certificate sighted by the Governor, stating that all Instructions had been complied with, thus enabling him, the Colonial Treasurer, to draw his salary and avoiding a monetary penalty if the accounts were in arrears.⁶³

In 1832, to ensure compliance with the reporting schedules, the New South Wales *Government Gazette* published annual notices requesting all persons to submit claims to Treasury as directed. All collectors of revenue and government officers who received public revenue were to pay over to Treasury on the following 31st December all revenue that remained under their control on that day.⁶⁴

The Commissioners of Colonial Enquiry looked to internal structures for cost-cutting, such as the abolition of the position of the Collector of Internal Revenue which would save an estimated £486 per annum. It had been Bourke’s intention to abolish the

⁶⁰ NSW Votes and Proceedings, Note of Governor Gipps, 1844, Vol. 1, p.423. Smith, (1974), p.19

⁶¹ McMartin, (1983), p.189

⁶² Goderich to Bourke, 29 September 1831, *HRA*, S1, XVI, p.382

⁶³ Goderich to Bourke, 24 November 1831, *HRA*, S1, XVI, p.467

⁶⁴ NSW *Government Gazette*, No.40, 5 December 1832, p.435

office of the Collector on 3rd August 1833 but he could not do so because of the risk of serious inconvenience to the public and loss of revenue.⁶⁵

The Collector's clerks were fully employed dealing mainly with land matters. They were calling in revenue due for the purchase of Crown land, the arrears of Quit Rents, the debts of individuals and monies advanced by former Governments. Policy concerning Crown land sales was the reason for this peak in activity. Free land grants had been discontinued in 1831 and sale by auction introduced, with a minimum price of 5s. per acre. Land had been sold with title since Brisbane's time in 1824, at Bigge's suggestion, but by 1836, and the increase in squatting beyond the settled districts, occupiers of land beyond the limits of location were licensed. The revenue obtained from land sales was directed to finance the emigration of British labourers. The Collector was also required to collect the rents from land let on monthly leases or when leases were varied, cancelled or surrendered to the Colonial Secretary's and Surveyor-General's Office.⁶⁶ He had also commenced suits for the recovery of outstanding debts.⁶⁷ The Collector was, therefore, retained on a temporary basis, the transfer of his duties back to the Treasurer deferred, giving him sufficient time to collect arrears. McMartin (1983) argued that, as with transportation, the new land policy was aimed at adjusting the Australian economy to imperial rather than colonial needs.⁶⁸

By July 1835 the Treasury Pay Office was too small to cope with increasing transactions, thereby reducing its efficiency.⁶⁹ In keeping with imperial policy the Colonial Secretary urged Riddell to observe greater economies, timeliness, and improved performance when conducting Treasury business. Each clerk had to attend Treasury between 9am and 5pm six days per week and Riddell was personally responsible for supervising each clerk's punctual attendance.⁷⁰

Prescribed procedures to ensure accountability were routinely followed. A procedure established in Balcombe's term for an internal audit was followed on 28th October 1835. A Board was appointed by the Governor to audit and report on the

⁶⁵ Bourke to Stanley, 17 September 1834, *HRA*, XVII, S1, p.537

⁶⁶ Viscount Howick to J. Stewart 12 August 1831, *BPP*, Vol. 4, p.130

⁶⁷ Bourke to Goderich, 29 June 1833, *HRA*, XVII, S1, p.155

⁶⁸ McMartin (1983), p.202

⁶⁹ NSW Treasury, *Copies of Letters sent*, Riddell to Thomson, 3 July 1836, p.1, (SRNSW ref: 4/245)

⁷⁰ NSW Treasury Branch, *Letters received from the Colonial Secretary*, 28 April 1831, (SRNSW ref: 4/20).

Treasury Chest and the Books of Account. The Board met as required, without notice, and inspected and counted sealed and labelled bags, satisfying themselves that there was lodged in the Treasury vault in the Barracks 41 bags which contained gold totalling £54,350, and 700 bags that contained silver totalling £66,650. British copper coin totalled £200 together with bank notes received from the respective cashiers of the colony's banks.

The Colony changed in many ways in the intervening eighteen years between the Instructions of 1826 and an audit of 1842. In that year Lord Stanley, Secretary of State, requested a certification of balances in the Treasury's chest.⁷¹ The British Auditors had contended that only one examination had been made of the contents of the Treasury chest since February 1837. This complaint by the British Commissioners of Audit brought unwittingly into focus the diminution of the administrative role of Whitehall in colonial matters and its increasing ignorance of colonial administration.

Gipps, in his rebuttal of the charges of a neglect of his duties, reported that the Treasury Chest which contained the government revenue had been examined six times between 1838 and 1842 with the Chest opened on ten occasions for the purpose of withdrawing money.⁷² The chest, secured with three locks, was still housed in a vault in the Barracks, Wynyard Square. The Treasurer kept one key of one lock only, not having access to the vault except in the presence of other officials and nominated officers. They were appointed to attend its opening and reporting their findings to the Governor. Gipps reminded Stanley that the Instructions of 1826 applied to very different conditions than those prevailing in 1842. The original Instructions applied to a Chest containing specie, being constantly opened by the Treasurer on a daily basis and from which he made payments. In 1842, the Treasurer gave weekly statements to the Government of the balances standing to his credit at each bank and the cashier of each bank sent to the Government, once a month, a copy of the account current of the bank with the Treasurer. All documents were passed to the Auditor-General for examination. Gipps suggested that the Instructions of 1826 be revised reflecting the administrative procedures currently in place in the colony.

By 1843 the Treasurer no longer had a functioning Treasury chest. Daily payments were made by drafts on the different local banks, the Governor keeping a

⁷¹ Lord Stanley to Gipps, 3 September 1842, *HRA*, S1, XXII, p.235

⁷² Gipps to Lord Stanley, 7 February 1843, *HRA*, S1, XXII, p.557

balance in, and a current account with each of the principal banks of the colony. Treasury had not only provided a secure place for the public revenue in the past with procedures ensuring accountability, but was now a participant in contemporary commercial practices in the colony.

Stanley subsequently advised that ‘the measures adopted for the security of the Public Money appeared to be efficient’, adding that the Lords Commissioners of the Treasury did not consider it necessary that further directions be conveyed to the colony on the subject.⁷³ Treasury had complied with Instructions concerning the audit of the Treasury chest and had been proved competent, administering the financial affairs of the colony to everybody’s general satisfaction.

The British Treasury also continued in its efforts to achieve uniformity of standards in the compilation of returns of colonial estimates returned to the Auditors. A Report of a Select Committee on Colonial Accounts of the British House of Commons of 17th July 1845 was sent to the colony, followed by instructions with blank forms to be used in setting out returns.⁷⁴ The Report and Instructions sought to introduce uniformity, regularity, correctness and completeness of the Colonial Estimates.⁷⁵ The British Treasury argued for the introduction of the double entry system of bookkeeping. It had been introduced successfully into government departments in other colonies such as Barbados, St Lucia and St Vincent and government clerks had not encountered any difficulty in accepting and adopting the system. It was considered ‘a beautiful system, but it must have efficient persons, perfectly competent to carry it out.’

The planned introduction of the double entry bookkeeping system into the colony’s departments was to be early 1849, but delays were reported immediately. One reason was that the estimates for 1849 had been calculated, based on the old bookkeeping system, and a variation in accounting in mid-year promised muddle and confusion. Governor Sir Charles Fitz Roy who had followed Gipps as administrator on 3rd August 1846, agreed to a delay and the changeover was set for 1st January 1850. The printed Estimates of Revenue and Expenditure, laid before the Legislative Council in each year, formed the basis of the future system and plan of accounts.⁷⁶ The

⁷³ Stanley to Gipps, 14 September, 1843, *HRA*, S1, XXIII, p.126

⁷⁴ NSW Auditor-General, *Report of the Select Committee of Colonial Accounts, 17 July 1845*, Printed 1847, and later Instructions to Governors, (SRNSW ref: 2/859)

⁷⁵ NSW Auditor-General, *17 July 1845*

⁷⁶ NSW Auditor-General, p.809

Instructions regulating the method of keeping and rendering the Accounts of Receipt and Expenditure were formalised in Regulations for the Guidance of Government Officers in the Colony and published in a supplement to the New South Wales *Government Gazette* on Saturday, 29th December 1849. Specific and detailed instructions were laid down under 30 heads of instructions.⁷⁷

Because of the complexities in the new bookkeeping system Riddell sought the appointment of a qualified accountant to his staff. The appointment was approved with the proviso that the Treasurer take measures to reduce the expenditure of the Department and to keep within his budget, which for 1851 was £4,000, with a probable expenditure of £4,093 9s. 2d. a deficiency therefore of £93 9s. 2d.⁷⁸

Governor Bourke's 1837 Review on Salaries and Classification of Clerks, had resolved to purge further the abuses of patronage, and report on recruitment, appointment, classification and salaries of clerks, thus improving the professionalism of government clerks.⁷⁹ The outcome was generally unsatisfactory, although it had recommended changes to the selection of clerks for the civil service with the intention of attracting suitable young men to enter the service and 'stimulate them to exertion of ability and zeal', retaining them permanently.⁸⁰ Promotions depended on merit alone, and increases in salaries on good conduct and ability. In the colony mid-century, civil officers were found generally to be men of ability and intelligence.⁸¹ Comprehensive examinations in handwriting, arithmetic and English grammar had been introduced.⁸² In 1855, in order to achieve a further rationalization of appointments and promotions in the public service, the Deputy Master of the Mint and his Private Secretary were appointed to review various public departments.⁸³ This review was promoted publicly

⁷⁷ NSW Auditor-General

⁷⁸ NSW Colonial Secretary, *Letters sent to the Colonial Treasurer*, 29 December, 1850, p.379, (SRNSW ref: 4/3962)

⁷⁹ Zafarullah, Habib Mohammad 1986, *Public Service Inquiries and Administrative Reforms in Australia 1856–1906*. A Thesis submitted from the Department of Government, University of Sydney, p.10 (1986), p.10. McMartin, (1983), p.180

⁸⁰ Zafarullah, (1986), p.10

⁸¹ Therry, R. 1863, *Reminiscences of Thirty Years' Residence in New South Wales and Victoria*, pp.355-7. Clark, (1972), p.429

⁸² Memorandum, 6 January 1857, NSW Treasury, *Capacity of Clerks in Accounts New South Wales-Papers 1812–1863*, (ML ref: A668, p.283)

⁸³ *ISN*, 21 April 1855, p.186.

as a means of benefiting the public by sacking incompetent men and increasing efficiency.⁸⁴

Since Darling's tenure, and well before this 1855 inquiry, efficiency, honesty and merit had been part of the criteria for promotion in Treasury. Increases in salaries depended on good conduct and proven ability. The Governor still filled lower positions subject to confirmation from the Colonial Office, which still retained the right of veto on selected higher officials.⁸⁵ Treasury junior clerks were selected in a prescribed manner.⁸⁶

Each clerk was examined in Orthography, English Grammar and Arithmetic, the examining panel composed of Riddell, the Auditor-General and Treasury's Revenue Clerk. Each candidate was required to copy a prescribed memorandum, of about 150 words. The time taken to complete the exercise was between six and ten minutes. In one examination the handwriting was described as 'execrable', and another 'superior'. In 1857 John Wells, Accountant in the Account Branch assessed the personal aptitude of a number of young clerks in his branch.⁸⁷ Wells reviewed the capacity of each clerk to fulfill his duties without regard to his seniority in the branch. One clerk, appointed on 18th February 1854, was assessed as being fully conversant with his duties and was considered a most excellent accountant and a most valuable asset to Treasury.⁸⁸ Another, appointed on 14th May 1855, was assessed as being a practical book-keeper and was dependable, although he was not 'remarkable for quickness'. A third clerk was considered a very intelligent young gentleman, without any great knowledge of accounts. His accuracy was superior in all of his work and with a little more experience he might become a good book-keeper.

Treasury was now divided into three distinct branches: Treasury branch, the Account and the Revenue Branches. The Treasurer administered his department from Treasury Branch which employed four clerks including the Chief Clerk. The Revenue Branch had been established in 1837 when the Office of the Collector of Internal Revenue had been reabsorbed into Treasury. This Branch remained responsible for the

⁸⁴ *SMH*, Letter to the Editor, 28 September 1855, p.2

⁸⁵ Zafarullah, (1986), p.10

⁸⁶ Memorandum, (6 January 1857) Colonial Secretary, *Minutes and Memoranda*, 1850,1856, (SRNSW ref: 4/1035, 4/1059)

⁸⁷ *Memorandum*, (6 January 1857)

⁸⁸ Note: Cronin's name is variously spelt Cronen or Cronin

collection of the colonial revenue and employed eleven clerks and managed by the Chief Clerk. The Account Branch established in 1850, employed four Clerks, including the Accountant.⁸⁹ The Treasury establishment also included two messengers a watchman and housekeeper.

Some Treasury staff lived close by Macquarie Street North, where the Treasury building was located. Stephen Greenhill, Treasury's Chief Clerk lived in Richmond Terrace, a small street to the east of Macquarie Street and adjacent to the Domain. Small business men lived in adjacent houses.⁹⁰ Henry Lane, Treasury's first Under Secretary, lived in Glenmore Road, Paddington, and Geoffrey Eagar, Treasurer and later Treasury Under Secretary, resided in *Rose Cottage*, Macquarie Street in 1853 and in 1858 at Glebe Point.⁹¹ It is understandable that, before a reliable mode of public transport was established, most members of staff lived within walking distance of, or a quick handsome cab ride to the Treasury building which after 1851 was located in Macquarie Street.

In 1855, after the Legislative Council proposed that government clerks increase their working hours, from the existing six hours a day that is, from 10 am to 4 pm, a disgruntled Treasury clerk publicised his concerns.⁹² Government clerks in other departments worked six hours daily, with frequent leave of absence during the year, an hour each day for lunch, with additional permission to leave the office during the day. It was different in Treasury. Seven hours were worked each day, from 9 am to 4 pm. No time was allowed for lunch, leave of absence seldom granted and, for the greater portion of the year, half the number of clerks worked until 5 pm. In September when budgetary matters had to be finalized clerks did not leave the office until half past six or seven o'clock in the evening, and even later, without remuneration. On the half-holiday on Saturday, some Treasury clerks worked in the afternoon in order to prevent arrears accumulating. Treasury Clerks were paid at the same rate as clerks in other departments, who worked fewer hours and without comparable responsibilities. Few junior clerks in the public service could afford to marry unless they had private means,

⁸⁹ NSW Colonial Secretary, *Letters sent to the Colonial Treasurer*, 20 May 1850, p.263, (SRNSW ref: 4/3962)

⁹⁰ *Newspaper Cuttings, Truth*, 17 December 1911, 'Old Chum,' (ML ref:FM4/7955, p.5)

⁹¹ Lamb, P.N. 'Geoffrey Eagar and the Colonial Treasury of New South Wales,' *Australian Economic Papers*, September 1962, p.26. *Sands Directory*, 1858–1859

⁹² *SMH*, 28 September 1855, p.2

independent of their salaries. The average Treasury clerk was considered fortunate should he succeed in gaining a chief clerkship with the salary of £400 per year.⁹³

After 1822, in Britain, the Parliament had established frequent commissions of inquiry to enquire into the mode of constructing and keeping the public accounts, and had noted the difficulties inherent in the application of respective recommendations.⁹⁴ One significant British report was the Northcote-Trevelyan Report on the organization of the permanent civil service in Great Britain, issued on 23rd November 1853.⁹⁵ The immediate influence of this Report on administrative reform in the colony is analysed. Dickey contends that ‘not a breath’ of the Report reached, or influenced the planning for the future public service in New South Wales.⁹⁶ Zafarullah postulated that the Report stimulated debate and discussion on administrative reform in Australia, and politicians and public servants in New South Wales, Victoria and Tasmania were acquainted with its proposals.⁹⁷ Knight considered that Victoria was the first of the Australian colonies to attempt reform in the public service, following closely on moves for reform in England, though generally speaking a considerable period elapsed before British administrative developments were followed in Australia.⁹⁸ Foster argued that British discussions on civil service reform in the early 1850s influenced thinking in New South Wales. The *Sydney Morning Herald* carried lengthy commentaries on the Northcote-

⁹³ *SMH*, 19 September 1855, p.3 See NSW Treasury *Special Bundles*, NSW Civil List, Returns of Treasury 1833, 1835, 1837–50, 1852–1856, (SRNSW ref: 4/7384)

⁹⁴ See: Report from the Select Committee on the Public Accounts of the U.K. Session 1822 (618) Vol. 4, p.293; Report of the Commission on the mode of keeping the official accounts of receipts and expenditure in the public service, Session 1829 (290) Vol. 6, p.1 and the Third Report of the same year on the proper method of keeping public accounts and method of arrangement. The principle recommendation was the Italian mode of double entry. Session 1829, (325), Vol. 6, p.361; Papers relating to Public Accounts: Report of the second Commission on the progress made in carrying into effect the directions for a general system of book-keeping contained in a Minute of the British Treasury of 14 July 1829. Session 1831, (50), Vol. 14, p.289. A general observation on the system of book-keeping was the difficulty of obtaining the concurrence of the officers of departments to propose the recommended alterations; First Reports on the changes which have been introduced into public departments, 1844 (364) XXXII, p.703

⁹⁵ British Parliamentary Papers, Government, Civil Service, *Report on the Organization of the Permanent Civil Service*, Vol. 2, Sessions 1854–1855. A series of inquiries into public offices began in Britain with the British Treasury in 1848. Gladden, E.N. 1967, *Civil Services of the United Kingdom 1855–1970*, Frank Cass & Co. Ltd. London, pp.19-22

⁹⁶ Dickey, Brian ‘Responsible Government in New South Wales: the Transfer of Power in a Colony of Settlement’, *JRAHS*, Vol. 60, 4, December 1974, p.238

⁹⁷ Zafarullah, (1986), p.159

⁹⁸ Knight, Kenneth (1955), *The Development of the Public Service of New South Wales from Responsible Government (1856) to the Establishment of the Public Service Board (1895)* M.Ec. Theses, University of Sydney, p.26

Trevelyan Report and suggested a similar enquiry for New South Wales.⁹⁹ Bland, Professor of Public Administration at the University of Sydney, wrote in 1944 that the English reforms of 1850–60 had their echoes in Australia. ‘Energetic Colonial personalities induced Governments to agree that prevailing methods were unsound.’¹⁰⁰ The Northcote-Trevelyan Report influenced, if episodically, administrative reform in the colony including the future operations of Treasury. Its immediate significance for this analysis of reform is that an examination of the British Treasury and its functions featured significantly in the Northcote-Trevelyan Report.¹⁰¹

Following the 1853 Report, two public enquiries into the management and functions of the colonial Treasury were initiated between 1854 and 1857. They were preceded by a compromising, if minor, investigation into irregularities into Treasury Chest. These inquiries heightened the awareness for tighter supervision, increased accountability and responsibility by Treasury for the public revenue to deter the establishment of a culture of corrupt practices.

Selected Treasury functions were enquired into in early 1854 when the honesty of Treasury officials was debated in the Legislative Council. The Treasury Chest was considered a secure place for keeping money received by post, temporarily accommodating money awaiting receipt.¹⁰² On 21st April 1854, there had been an audit on Treasury’s Iron Chest following the death of Dugald Macpherson, Treasury’s Receiving Teller or Chief Clerk who had been responsible for the Chest. By the summer of that year ‘general dissatisfaction and distrust’ was noted by the Council concerning the system for the receipt and accounting for the public revenue lodged in the Chest.¹⁰³ A request was tabled in the House in 1855 for a further audit and an explanation of activities relating to its management and operation.¹⁰⁴

⁹⁹ Foster, (1978), p.142

¹⁰⁰ Bland, F.A. 1944, 2 ed. *Government in Australia*, NSW Government Printer, p.xiii

¹⁰¹ In March 1850 G.W. Brande submitted a memorandum with criteria for standards of education and experience essential for a British Treasury officer. The Rev. B. Jowett, Fellow and Tutor of Balliol College Oxford, also sent a letter to Sir Charles Trevelyan who was Assistant Secretary of Treasury and Head of the Permanent Staff in January 1854 concerning the structure and functions of the British Treasury. *BPP, Government, Civil Service, Report on the Organisation of the Permanent Civil Service*, Vol. 2, Sessions 1854–1855, pp.430-437

¹⁰² At an accounting level, receipts for cash could not be carried to the public account because they lacked proper authority, or vouchers, and transactions which lacked the necessary information and could not be credited

¹⁰³ *NSW V&P LC*, 1855, Vol.1, p.440

¹⁰⁴ *NSW V&P LC*, 1855, Vol.1, p.420

A report, compiled from the Cash books kept by Macpherson was tabled on 5th April 1856.¹⁰⁵ The Cash books of account that had been established in the latter part of 1848, had been kept haphazardly. Hollinworth, the Acting Chief Clerk, who had intended to sail for Europe, had been recalled to the department on 10th April 1854 because of Macpherson's health. He took over the duties of Chief Clerk following the latter's death on 14th April 1854. Hollinworth had immediately audited the Chest noting the cheques, notes, cash and other securities. He destroyed an original memorandum of content, drafting his own document, against which the original may have been compared. Treasury officers rued Hollinworth's actions, hoping at the time that a more formal investigation would be ordered. They argued later that, if that had happened, Treasury integrity would not have been brought into question.

A deficiency in the Chest's funds was confirmed and Francis Merewether, Acting Treasurer, advised Riddell, the Acting Colonial Secretary, on 29th November 1855 that a payment of £26 5s. would be withheld from Macpherson's salary, recommending that an application be made to his surety for amounts claimed.¹⁰⁶ Merewether, 'in a wretched state', admitted to an error of judgment, fearful that the findings would bring the Department into disrepute during his term as Acting Treasurer. Merewether opened a new account, the Revenue Suspense Account, and issued an order that in future a report should always be made to the administration of any deficiencies as soon as they were discovered.

The Inquiry adduced that Macpherson had misappropriated the public moneys for personal benefit. Macpherson, in order to conceal his activities, had vetoed any auditing of the accounts which had been under his personal control prior to his death, thus precluding any discovery of the true state of affairs. The actual sum reimbursed finally to the Government from Macpherson's estate was £1,342 17s. 10d.¹⁰⁷ One can speculate as to the ancillary role Hollinworth played in this subterfuge. He was

¹⁰⁵ *NSW V&P LA*, 13 March 1857, p.1163, Reported 5 April 1856 (Public Offices Inquiry), printed 16 September 1856, Reported 18 June 1856; Board of Inquiry into the amount of deficiency that has been alleged to exist in the iron chest kept in the Receiving Room of the Colonial Treasury by the late Dugald Macpherson. 31 December 1855, 5 April 1856, *NSWPP* 1856/57, Vol.2, pp.1163-1169. Borchardt, (1975), Part IV, p.1

¹⁰⁶ *NSW Colonial Secretary, Minutes and Memoranda*, 1858, (SRNSW ref:4/1062)

¹⁰⁷ A further Select Committee on Treasury iron chest and accounts was convened on 17 November 1857, with 10 members appointed. The Select Committee was to examine the Report of the Board of Inquiry into the alleged deficit in the iron chest kept in the Receiving Room of Treasury. Six meetings were held but the Select Committee's activities were stopped by the prorogation of Parliament and no further information was recorded. Borchardt, (1975) pp.1-2

summarily dismissed from Treasury on 8th February 1858 without a reason being recorded.¹⁰⁸ An analysis of breeches of trust within Treasury indicates that it has been free of a culture of entrenched corrupt practices or fraudulent use of government funds for private purposes for over 175 years of financial administration.¹⁰⁹

With the approach of responsible government the Legislature examined the procedures for the presentation to Parliament of the public estimates, the financial statement, and associated expenditure. The Auditor-General sought to clarify the differences in duties between the office of the colonial Treasury and the British Treasury, if a comparison were possible. Inquiries found that the British Treasury was to the United Kingdom what the Colonial Secretary was to the Colony – all authorities and instructions were issued from the British Treasury, but it had nothing to do with actual payments, nor did it hold money or bullion. The colonial Treasury was to the Colony what the Paymaster-General's Office was in England.

It was evident that there could not be two autonomous financial controllers of government revenue and expenditure. John Cell argues that, with the anticipation of constitutional change in the Colony, plans were already being formulated to shift the focus of the centralized administration from the Colonial Secretary's office to an enhanced Treasury.¹¹⁰ The Report of the Board of Inquiry into Treasury and the Audit Office in 1856 supports his argument.

In April 1855 a Board of Inquiry was appointed to investigate public departments and specifically, to observe and analyse Treasury and Audit Office operations and whether they ensured efficiency and economy.¹¹¹ Two Members, Edward Ward and

¹⁰⁸ Colonial Secretary, *Minutes and Memoranda*, 1858, (SRNSW ref:4/1532, SRNSW m. reel: 2441)

¹⁰⁹ Embezzlement of public money on a grand scale of £6,000, was detected in the Railways Department in February 1867. The culprit skipped to San Francisco. *ISN*, 16 February 1867, p.114. In April 1867 a clerk of the Post Office was committed for trial for embezzling 10,250 postage stamps. This crime was reported by a clerk from Treasury called in to make up the accounts of the Department. *ISN*, 16 April 1867, p.146. Proceedings were taken out against an accountant in 1873 for defalcation when the Clergy and School Estates Fund suffered a loss of £395. He had appropriated for his own use interest on debentures held in trust for that fund and entrusted to him for collection. The defalcation was not detected until he had left Treasury. He was acquitted after criminal proceedings were held. *Sydney Mail*, 20 September 1873

¹¹⁰ Cell, John W. 1970, *British Colonial Administration in the Mid-Nineteenth Century: the Policy-Making Process*, Yale University Press, p.178

¹¹¹ *NSW V & P*, 1856/57 (Vol. 2) pp.1171-1178, *Public Offices Report of Board of Inquiry*, Printed 16 September 1856, Pt. 1V, *Board of Inquiry into Public Offices, Report*. (12 April 1855), (18 June 1856), (ML ref: MLQ 354.912/N)

Christopher Rolleston, addressed reform of accounting methods proposed by the British Treasury in 1850.

As the first responsible ministers were embarking upon ministerial duties in the freshly instituted bi-cameral Parliament, the Board of Inquiry made its report on 18th June 1856.

The Board, during its examination, identified three main divisions in Treasury: the Revenue or Receipt Branch and the Accountant's Branch, central to Treasury's functions; the third Branch, the Pay Branch, was a sub-section of the Treasury Office and Revenue Branch.¹¹² This Branch disbursed all claims against the Government, and in accordance with custom, discharged only with the Governor's warrant. This Branch also received sums of lodgements, by way of security from contractors and others, or deposits for special purposes which could not be considered public revenue.

The Revenue Branch received payments, which were delivered to the Pay Branch on a daily basis and lodged by the Paymaster that same afternoon in one of the Banks contracted to receive the government revenue. Vouchers for payments were passed each morning to the Accountant, entered in the cashbook and, at a subsequent period, carried through the several ledgers of Treasury. The Accountant's Branch maintained the account books of the Colony: the Cash Book, a Waste Book, a Journal and Ledger, titled 'the regular set', with several subsidiary account books. Into the Accountant's Cash Book, kept in duplicate, was entered laboriously, in chronological order, every receipt of payment on account of the Consolidated Revenue, if supported by a voucher. The duplicate Cash Book was forwarded, to the Audit Office for examination. When the duplicate Cash Book was returned to Treasury it was accompanied with an abstract of the entries under the heads of service, to which, in the opinion of the Auditor-General, they belonged. Duplicate but independent books, considered by the Inquiry to be superfluous, were maintained by the Revenue and Pay Branches, contributing to what was described as a system 'opposed both to efficiency and economy'. Exclusive of the Heads of the Branches, eighteen clerks, assisted by temporary clerks, conducted the entire business of Treasury. Messengers, watchman and a housekeeper were

¹¹² In the NSW Treasury Record Group no correspondence was directed specifically to the Pay Master. Matters concerning payments by Treasury were directed to Treasury Office or the Revenue Branch. *SRNSW Guide to the NSW Treasury Records*

additional staff members. Salaries paid to Treasury staff amounted to £6,263 per annum.¹¹³

The Chief Clerks of Treasury, Stephen Greenhill, Edwin Hollinworth, Chief Clerk of the Revenue Branch (later dismissed from Treasury),¹¹⁴ and Accountant, John Wells, contributed recommendations to the Inquiry for management reform. Their proposals included the transfer of Land Sales, as well as the custody and Sale of Deeds, from Treasury to the Surveyor-General's Department; the removal from the Revenue Branch to the Mint, the Gold Escort Office and the collection of Escort Fees; to Local Magistrates the issuing of Publicans' licences, and finally, the payment of dividends on debentures through the Government's nominated Bank. Many of these proposals were initiated over the following one hundred years.

A further inhibition to efficiency was the overlapping of function and jurisdiction of the Treasury and the Auditor-General's departments. This situation persisted until the turn of the century and when legislation became necessary to resolve the disputes. The relationship between the Auditor-General, the Treasurer and Treasury, and the Audit Office was marked 'by persistent carping disputes' about the actual financial result for the year. Audit emphasis was on ensuring expenditure was covered by appropriation.¹¹⁵ In 1855, however, there was a want of precise accounting procedures and an overabundance of detail, much of which could more properly be handled by the individual departments themselves.

The Board's recommendations were listed under 55 heads, and looked to a reorganisation of the system of financial administration and accounting in the colony. The major proposal was that each government department became responsible for its own expenditure, self-regulating and separate from the centralizing policy of Treasury. Cash advances were to be made to each department by the Treasurer to the credit of public officers who were to be responsible for the expenditure of the advances. Applications for advances were to be made to the Auditor-General by whom warrants were to be prepared for the Governor's signature. Pre-auditing of payments by the

¹¹³ By way of comparison, at the Audit Office exclusive of the Chief Clerk, the Inspector of Revenue, and the Accountant, the annual staff costs amounted to £5,506.10s. per annum.

¹¹⁴ NSW Executive Council *Minute Books*, 1 February 1858, Dismissal E. Hollinworth (SRNSW ref: reels 2441-2, 4/1532)

¹¹⁵ Nicholls, (1991) p.25

Audit Office was to be discontinued; its duties restricted to post-auditing only.¹¹⁶ The general accounts of the colony were in future to be kept in the Cash Book and Ledger instead of the numerous records then existing. The standardisation of accounting procedures had been attempted, unsuccessfully, by printing variations and additions to the original instructions of 1826 in the *Government Gazette*.¹¹⁷

The Inquiry of 1856 achieved little. Given all the evidence of duplication and procedural confusion, the Board's only remedy was a reduction in Treasury staff and demarcation of authority between the Treasury and the Audit Office.¹¹⁸ Zafarullah argued that many inquiries turn out to be exercises in futility because members either lack experience and understanding about the working of the governmental machinery, or lack seriousness in pursuing their task.¹¹⁹ In the first year of responsible government successive Treasurers were not closely involved in the administrative processes of the department. Ministerial leadership was constrained, if amorphous, with little enthusiasm for administrative reform.

In 1857 a second Board of Inquiry, replicating the 1855 Inquiry, was instituted. The reasons for the failure to implement the reforms recommended in the 1856 Report were examined in this second Inquiry. Very early in 1856, the Colonial Secretary Deas Thomson had contributed in a practical manner to the debate; importing some logic into the Colony's financial reporting systems. His contribution was important as it went to the heart of the problem. Thomson advised both the Colonial Treasurer and Auditor-General to cease the system of borrowing from one account and transferring to another whenever there were not sufficient funds to meet current payments.¹²⁰ This practice had prevented him from ascertaining the precise balance of any account. He consequently directed both the Colonial Treasurer and the Auditor-General to consult and report on the exact state of each of the principal heads of account, such as the Consolidated Revenue, Church and School Fund, Public Works Loan Accounts, among others. Thomson also reminded both men that to foster such a system of transferring funds was illegal, with a potential to lead to confusion and even embarrassment should it be found

¹¹⁶ Zafarullah, (1986), p.130

¹¹⁷ NSW V & P, 1856/57 (Vol. 2) pp.1171-1178, *Public Offices Report of Board of Inquiry*, Printed 16 September 1856, Pt. 1V, Board of Inquiry into Public Offices, Report.

¹¹⁸ Cell, (1970), p.178

¹¹⁹ Zafarullah, (1986), p.xxi

¹²⁰ NSW Treasury, *Letters sent to Colonial Treasurer*, 10 March 1856, p.477 (SRNSW ref: 4/3965)

impossible to replace an amount borrowed, or from loans raised for expenditure, for which it had been advanced. He ordered both Officers to submit proposals for a revision of departmental practices and prepare weekly statements detailing current financial circumstances. Thomson gave a practical example of the confusion arising from the system then applying. An overdraft of £17,399 7s. 5d. had appeared in the statement for the assessment on sheep, but it was not shown from which fund it had been paid.

These issues were not, however, unique in the history of government accounting in the colony, and not much had been learnt from earlier financial mistakes and subsequent reforms. Much earlier, in 1842, Riddell had advised the Colonial Secretary that it would not be possible to comply with a Governor's request to have returns of Treasury made out to show any deficiency in revenue the moment it occurred together with any excess in expenditure. The Auditor-General Lithgow's calculations were grounded on his own accounts, but they were quite different to those prepared by the Treasurer. Whilst Riddell showed the gross details, Lithgow's accounts were outlined under minute classification showing individual expenditure and passage through the accounting system. One explanation was that this method was followed in the Auditor's department because he had ready access to that information.¹²¹

Reform of the methodology ruling colonial financial administration was put aside for another decade when the challenge was taken up by a Colonial Treasurer with experience in government finance and 'an ability to design new structures, and a desire to impose their versions of order on a disorderly world.'¹²²

One imperial policy external to Treasury forced major changes in Treasury's financial administration and altered irrevocably the cultural face of the colony. That policy concerned emigration from the British Isles to the Australian colonies and the eventual outcome was not anticipated either by the legislature or Treasury. McMartin (1983) argued that as with transportation, the new emigration policy was aimed at adjusting the Australian economy to imperial rather than colonial needs, disadvantaging the colonial economy and financial administration until the twentieth century.¹²³

¹²¹ NSW Treasury, *Letters sent to Colonial Secretary*, 14 January 1842 (SRNSW ref: 4/245)

¹²² Moore, (1985), Preface

¹²³ McMartin (1983), p.202

The colony in 1831 the year in which assisted immigration was instituted consisted of the districts of Port Phillip, Moreton Bay and New South Wales. From its inception this scheme gave Treasury concerns because of the associated expenditure creating a financial dilemma for Treasury in meeting the associated costs incurred in the United Kingdom by shipping agents.

The colony, in 1831, the year in which assisted immigration was introduced, consisted of the districts of Port Phillip, Moreton Bay and New South Wales. From its inception this system of assisted immigration gave Treasury concerns because of the associated expenditure creating a debt meeting the costs incurred in the United Kingdom by shipping agents.

In January 1831, Goderich abolished the power of the Governor to grant land by petition and substituted a system of land grants by sale of Crown lands. In order to fund the emigration scheme revenue was derived from the sale of Crown land, less the expenses for the survey and sale of land, for protecting and civilizing the Aborigines, and for encouraging immigration to New South Wales. The British Treasury claimed the revenue from the sale of colonial Crown land and considered its utilization a 'British contribution to colonial development'.¹²⁴ Goderich predicted that £10,000 per annum would be a reasonable estimate to support the scheme. Even if this was an underestimation, the extent of colonial revenue was considered so considerable that advances from other government sources would make up the deficiency.

Financial problems associated with the scheme were evident from its inception. Prior to sailing from England the emigrants were required to give promissory notes for their passage, for the sums advanced before embarkation. The promissory notes were sent from England and payable in the Colony, six months later. Upon arrival in the Colony the Government made arrangements for the emigrants' reception and accommodation. A committee consisting of the Archdeacon, the Colonial Secretary, Treasurer and the Collector of Revenue, assisted by a Committee composed of some of the 'most respectable ladies in Sydney', met the female emigrants. It became apparent that Treasury was not going to recoup the expense of the passages of assisted female emigrants. Many of the females were of 'such very low' character, that it was

¹²⁴ Dyster, Barrie, 'Book Reviews', N. G. Butlin, 1994, *Forming a Colonial Economy: Australia 1810–1850*, Cambridge University Press, Melbourne, *JRAHS*, Vol. 83, Pt. 1, p.83

impossible to refer them to respectable families; consequently they were employed by publicans and others of 'a lesser reputation'.¹²⁵ They were difficult to control, the single female emigrants did not answer the expectations of the colonists as to their moral character and qualifications as servants, and consequently were not in a financial position to reimburse Treasury.¹²⁶

After September 1832, Macpherson, who acted as secretary to the Emigrants Friend Society, noted the pronounced financial problems connected with the scheme. As Collector, between 1st April 1832 and 31st December 1834, he had received from 378 male emigrants, promissory notes and warrants of attorney totalling £7,600 2s. as security for repayment of that amount paid from the Treasury. This amount was due to the masters and agents of the emigrant ships, for passage money. Loans to emigrants up to 30th June 1835 amounted to £9,745. Single female emigrants owed £2,075 for their passage. Up to 30th May 1835 only £167 3s. 2d. had been received by the Collector, and no repayments had been made by the female emigrants.¹²⁷ Macpherson had attempted, unsuccessfully, to retrieve the outstanding debts. His clerks boarded berthing vessels to ascertain the number of promissory notes, and to obtain an acknowledgment in writing of the amount of those notes taken from the emigrants, the master of the vessel, the chief officer or surgeon, requesting the emigrants to attend his office and repay the loan. Macpherson found it difficult to prove the signatories to the notes signed in England. The cost of debt recovery proved greater than the amount of the recovered debts because of the expense and trouble of following and finding the debtors, dispersed as they were over the colony. Some had gone to Van Diemen's Land, New Zealand and other places beyond the jurisdiction of the local courts. Many of the females were minors and could not be compelled to repay advances to the Treasury. Macpherson imagined the effect it would have on emigration if hundreds of persons, including many young women, were imprisoned, for the non payment of debts contracted by the Government for their passages to the colony.

The total revenue derived from the sale of Crown lands between 1832 and June 1835 amounted to £80,241 from which was drawn £27,318 16s. 9d. for the payment of expenses of emigration already incurred, leaving a balance of £52,923 in the Treasury

¹²⁵ Correspondence: Emigration (Australia), BPP, Vol. 5, p.92

¹²⁶ Evidence from Riddell, 21 May 1835, Emigration, BPP, vol. 5, p.105

¹²⁷ Correspondence: Emigration (Australia), BPP, Vol. 5, p.97

for the future purposes of emigration. The average price of a passage, with provisions, for an adult from the United Kingdom to Quebec, or New Brunswick was about £5. The cost of passage to New South Wales was £16, an ‘insurmountable difficulty to the removal of poor but deserving persons to this colony’.¹²⁸ By 1841 the Colony experienced a reversal in its economic progress. Lord John Russell considered this reversal the outcome of ‘overtrading and an ill-advised system of credit on the subject of bounties on emigration’ which amounted to £979,562,¹²⁹ an amount which Russell regarded with ‘deep anxiety’.¹³⁰ It was from this financial fiasco that the antecedents of an increasing colonial debt and a scheme for Government loan raising overseas is found. This scheme laid the foundations for the distant political crisis of 1932 and Lang’s policy of repudiation of interest on overseas debt. The thread for his action may be traced back to the adoption of the policy in 1841 for the sale of Treasury debentures in order to overcome an overwhelming deficit created by the unviable assisted immigration scheme.

In 1980 Treasury, in a Procedures Manual titled ‘Loan Liability to the Commonwealth and Recoups of Debt Charges by Various Undertakings’, quoted Sir Herbert Britain who said that the ‘National Debt is the epitaph which History writes afresh each year on the long succession of past Budgets and on all the various reasons, good, bad and indifferent, for which governments have borrowed in the past.’¹³¹

The financial losses incurred with the assisted immigration scheme forced the Legislature to resort for the first time to a sale of Treasury debentures. Francis Merewether, then the Agent for Immigration, gave the crisis immediacy when he informed the Executive Council of the outstanding claims upon the Treasury on account of the bounties on emigrants. Unsettled accounts for emigrants, who had already arrived under unconditional promise of payment, already amounted to £53,215, and bounties on twelve ships then expected amounted to £48,000, a total debt of £101,215.

¹²⁸ Emigration (Australia), p.97

¹²⁹ Lord John Russell to Gipps, 16 July 1841, Correspondence relative to the Colonial Land and Emigration Board, BPP, Vol. 6, p.690

¹³⁰ Bourke to Glenelg, 28 October 1835, *HRA*, S1, XVIII, p.12

¹³¹ Britain, Sir Herbert, *The British Budgetary System*, quoted in The NSW Treasury, *Procedures Manual, Loan Liability to the Commonwealth and Recoups of Debt Charges by Various Undertakings*, c1980, p.2.01, (NSW Treasury File: 96/2860)

One of the Government's options to cover its losses towards the end of 1841 was to recover a substantial sum of £43,347. 0s. 4d., which had been extended to New Zealand from Treasury between 1840 and 1841 for the costs of establishing that colony. The repayment of this debt was not forthcoming, thus an immediate solution was to raise loans in the colony.

The development of the colonial debt was progressive, commencing officially on 28th December 1841 when a Debenture Loan of £99,000 was offered in Sydney at an interest rate of approximately eight per cent per annum.¹³² Resolutions were passed by the Legislative Council in December 1841 concerning the issuing of Debentures, an extreme budgetary stratagem used by the Legislature to meet Treasury's financial commitments. The short-dated debentures were described initially as Land and Immigration Debentures, secured on revenue derivable from the sale of Crown lands, described later as the Territorial Revenue, for the purpose of immigration only. Between 1842 and 1883, with one exception, loans were raised in New South Wales by the issue of debentures and, after 1904, were issued regularly in London and in New South Wales until 1929 when the Commonwealth Loan Council assumed the responsibility of floating loans.¹³³ A public debt was thus created which escalated to a scale that attracted criticism of government profligacy and financial mismanagement.

Borrowings by the Legislative Council and the emigration policy, both strengthened the efforts of Port Phillip to secure independence from New South Wales. A petition was sent to the Colonial Office from those in Port Phillip who had learned with 'apprehension and alarm' that the Legislative Council had considered a loan of £500,000, on the security of the land revenue of the colony, for the importation of shepherds and farm labourers. The petitioners agreed with the necessity of workers, but strongly opposed the land revenue of Port Phillip being made answerable for the expense of immigration into any part of the colony but Port Phillip. This policy, therefore, made the establishment of a separate colony indispensable.¹³⁴

On 27th January 1842, the Treasurer advertised the sale of debentures from Treasury, bearing eight per cent interest at par. They were issued to any person entitled

¹³² Cain suggests 1853 as the year when the NSW government raised its first loan. See Cain, F. 2005, *Jack Lang and the Great Depression*, Australian Scholarly Publishing Pty. Ltd, Melbourne, p.15

¹³³ Bland, F. A. 1931 *Budget Control*, Angus and Robertson, Sydney, 1931, p.124

¹³⁴ *BPP Papers Relative to Emigration to the Australian Colonies*, Vol. 10, p.393. December 1845

to receive money from the Treasury, such as shipping agents, but not below par, without the Governor's authority.¹³⁵ All issues were advertised in the *Government Gazette*, tenders being invited for amounts ranging from ten to forty thousand pounds. A Register was maintained in Treasury listing all debenture holders including individual investors and banks.¹³⁶ The Treasurer furnished the Colonial Secretary with a weekly return showing the number, date and purpose for which the debentures were issued.¹³⁷ The Auditor-General also prepared a warrant in the Treasurer's favour for the sum of £1,000 to enable Riddell to pay the interest on Debentures issued from Treasury due on 30th June 1842.¹³⁸

There was a frenzy of work in Treasury with funds being balanced from various sources. Funds were frequently withdrawn from branches of the Bank of Australia and the Union Bank of Australia at Melbourne and placed to Riddell's credit in the Sydney Banks for the purpose of paying off a portion of the Land and Immigration Debentures.¹³⁹ Between 1842 and 1850 the loans raised amounted to £282,200, and were all redeemed at due dates from government revenue on which they had been secured, closing with the year 1855.¹⁴⁰ Between 1851 and 1855 further loans were raised in the same manner and for the same purpose, with a currency in each case of five years. All capital required by the colony at that time, in order to solve the short-term budgetary problems, was obtained locally. The Treasurer and Auditor-General both provided advice as to current accounts, but it is doubtful if policy was being initiated in the Treasury at this early stage of the chronicle of colonial borrowing.

A further loan was also raised on the security of the Territorial Revenue in 1855 for the purpose of providing funds for the issue of loans to the Sydney Railway

¹³⁵ NSW Colonial Secretary, *Copies of Letters sent to the Colonial Treasurer*, 27 January 1842 (SRNSW ref: 4/3949). NSW Colonial Secretary, *Letters sent to the Colonial Treasurer*, 20 May 1850, (SRNSW ref: 4/3962, p.263)

¹³⁶ NSW Treasury, *Land and Immigration Debentures*, Register of debenture holders and interest paid, 1842–1852, (SRNSW ref: 7/2145)

¹³⁷ NSW Treasury, *Land and Immigration Debentures*, Register of debenture holders and interest paid, 1842–1852, (SRNSW ref: 7/2145)

¹³⁸ NSW Colonial Secretary, *Copies of Letters sent to the Colonial Treasurer*, 21 June 1842 (SRNSW ref: 4/3950)

¹³⁹ NSW Colonial Secretary, *Copies of Letters sent to the Colonial Treasurer*, 23 February 1843 (SRNSW ref: 4/3951)

¹⁴⁰ *Auditor-General's Annual Report*, 1901, p.295

Company, which had appealed to the Government for financial assistance.¹⁴¹ Although railway communications were essential for colonial inland development there were slim returns on capital investment for the Sydney Railway Company. The loans were not repaid by the company, or the amount accounted for in the purchase of the Railway's property by the Government.

Further funds were also required in the early 1850s for the issue of loans for public works, thus by 23rd November 1855 and the proclamation of the new constitution, the public debt was attributable partly to: Land and Immigration Debentures £423,000; Sydney Railway Company's Loan Debentures £217,500; and Public Works Debentures £360,300 for the Sydney Sewerage and Sydney Water Supply, a total of £1,000,800, and all managed by Treasury.¹⁴²

The expansion and development of the interior of the colony increased the demand for capital. The Public Works Loan Act of 13th September 1855 made provision for the first time for the negotiation of loans in Great Britain, or elsewhere out of the colony, for the construction of railroads and other public works, authorized by the Legislature and to be sustained by borrowings. Treasury issued debentures and Treasury Bills under various Loan Acts well into the twentieth century.¹⁴³

The discovery of gold in 1851 provided an opportunity to develop, for the first time, a system of regulation in colonial administration. Its impact on Treasury's administrative experience was short lived but sharp. Without prior experience in such matters, Treasury was appointed the designated receiver of gold transported from the goldfields. An additional responsibility was establishing an environment of accountability and of transparency in its dealings with the consignees. A comparable experience was encountered by Treasury in the 1930s when political policy forced it to establish itself for the first and only time as the Treasury Bank.

On 22nd May 1851 Governor Sir Charles Fitz Roy reported to the Secretary of State for the Colonies, Earl Grey, 'a discovery of gold in that part of this Colony which

¹⁴¹ Act 16 Vic. No. 39. See NSW Treasury, *Sydney Railway Debentures*, Register of debenture-holders, 1855, (SRNSW ref: 7/2146-2147). In April 1855 the Commercial Bank offered to advance the government £40,000 for a loan to the Sydney Railway Co. for a period not exceeding six months at seven per cent per annum; if repaid within three months, six per cent. The offer was accepted. NSW Treasury, Letters sent to the Colonial Treasurer, 26 April 1855 (SRNSW ref: 4/3965, p.163)

¹⁴² NSW Auditor-General's Report 1901

¹⁴³ See SRNSW *Guide to the NSW Treasury*, Debentures

lies to the westward of the town of Bathurst'.¹⁴⁴ Samuel Stutchbury, Geological Surveyor to the Colonial Secretary confirmed the findings and the gold's value on the following morning, the 23rd May.

All gold belonged to the Crown, and the problem for the Governor and Colonial Secretary Deas Thomson was how to regulate the rush to the goldfields.¹⁴⁵ The Government's solution was to issue licences, 'a crisis measure, masterly in design and initial execution'.¹⁴⁶ On 23rd May, the Government announced that diggers required gold-mining licences at what was dubbed a 'usurious rate' of 30s. per month.¹⁴⁷ On 2nd June, a Government District Gold Commissioner arrived in the Bathurst district to issue the licences and collect fees.¹⁴⁸

Such was the unexpectedness of the mass gold discoveries, that neither skilled assayers nor basic equipment were available to establish suitable receiving offices in Sydney.¹⁴⁹ Gold was either held or disposed of privately or sent on from the diggings to Treasury for safe keeping or disposal. This administrative arrangement forced the Treasurer to order immediately a set of weights for weighing the gold received in order to process the consignments of gold sent under police escort from the Gold Commissioners.¹⁵⁰ The gold from Bathurst was deposited in one of the iron chests that had been removed to Treasury on Church Hill from the Barrack Square vaults.

Treasury officers registered money or gold received for the issue of gold mining licenses, or gold brought from the gold mining districts and sent by the Gold Commissioners to be deposited at Treasury. Invoices accompanying the gold were forwarded by the Gold Commissioners or Police Magistrates to Treasury. The invoices listed details of parcels of gold forwarded by armed escort – the number and receipt of

¹⁴⁴ Report on the Appropriation of Gold Revenues, NSW V&P, LC, 1852, p.1

¹⁴⁵ Fitz Roy invoked a sixteenth-century lawsuit, *Queen Elizabeth v. the Earl of Northumberland*, establishing the Crown's right to all gold found in New South Wales. Blainey, Geoffrey 1974, *The Rush That Never Ended*, Melbourne University Press, p. 21

¹⁴⁶ Blainey, (1974), p.22

¹⁴⁷ Fitzpatrick, (1969), p.103

¹⁴⁸ The Gold Commissioners administered the goldfields from an office in Bridge Street under the direction of the Colonial Secretary. They reported monthly to the Colonial Secretary on the current conditions, activities and potential of the various diggings. In 1856 administration of the goldfields was transferred to the Under Secretary for Lands. McMartin, (1983), p.287

¹⁴⁹ Coghlan, Timothy 1969, *Labour and Industry in Australia, 1788–1901*, Vol.II, Macmillan of Australia. First Published 1918, p.846

¹⁵⁰ NSW Treasury, Copies of Letters sent to Colonial Secretary, No. 71, 10 June 1851, (SRNSW ref: 2/2349)

the parcel, from whom the gold was received, to whom addressed, its cash value and weight – the information to be processed and registered by Treasury.¹⁵¹

Treasury was also required to resolve the problem of non-paying passengers travelling with the gold escort. Men and women had availed themselves of the police escort of constables and mounted troopers accompanying coaches from the goldfields. On several occasions when the mail from Bathurst arrived in Church Hill, without gold for consignment to Treasury, travellers who had been conveyed with their gold to Sydney made no contribution to the expense of the escort. In order to overcome this abuse an official schedule of charges was applied when gold was conveyed. All packages that arrived by the Thursday morning mail and were delivered to Treasury, (with the exception of the Mail Bags), underwent an inspection for the inclusion of the metal. If packages were suspected of containing gold, collection was not permitted until one per cent of the value of gold conveyed, or a conveyance fee, was paid to Treasury. Treasury was thus reimbursed for the expense of transporting private consignments of gold under escort from districts such as the Turon and Ophir goldfields.¹⁵²

Not only was the Treasurer forced to contend with the administration of gold deliveries but, within Treasury itself, administrative arrangements were adjusted. In July, shortly after the arrival of the gold escort from Bathurst, the Treasurer sought an increase of wages for Treasury's night watchman.¹⁵³ He had been appointed fifteen months before and was responsible for securing the back of the Treasury building on Church Hill. A sentry had been posted to the front of the building, but he had been removed six months previously with an improvement in law and order, and the watchman now had charge of the entire building. The duties of the watchman had since increased significantly and an increase of 8d. per day was approved, increasing his daily wage to 3s. 6d.

The housekeeper's work had increased with the traffic in the hall and passage leading to the gold delivery room, and maintaining the area had become a problem.¹⁵⁴

¹⁵¹ SRNSW CGSA, NSW Treasury, p.435

¹⁵² NSW Treasury, *Copies of Letters sent to Colonial Secretary*, No. 118, 1 August 1851, (SRNSW ref: 2/2349)

¹⁵³ NSW Treasury, *Copies of Letters sent to Colonial Secretary*, No. 114, 25 July 1851, (SRNSW ref: 2/2349)

¹⁵⁴ NSW Public Service Lists 1855, Waugh & Cox's *Australian Almanac*, 1855, p.68

An extra allowance of 10d. a day was considered reasonable, and her wage increased proportionally from £25 per annum.¹⁵⁵

After the Government had secured the diggings and the transportation of gold the next major problem was the disposal of the gold upon its receipt in Treasury. The Colonial Treasurer and the Auditor-General conferred as to the best means for converting the gold into legal tender. The *Government Gazette* and local newspapers called for tenders for the purchase of gold received at Treasury.¹⁵⁶ Arrangements were made for sealed tenders to be lodged at Treasury for the purchase of the gold expected from the diggings on the morning of Thursday 24th July and on following Thursdays. The parties tendering had to specify the quantity required on each day of arrival or a tender made for the whole consignment received during any given period. The tenders had to state the price offered per troy ounce for washed gold. Tenders were to be addressed to the Treasurer, and opened at 11 am each Thursday at Treasury, in the presence of a Board appointed by the Governor.

An example of the consignments received in Treasury give an indication of the unusual nature of additional responsibilities for Treasury officers. On 24th July Treasury received in the day's mail from Commissioner Hardy in Bathurst, payment of licences to dig for gold issued for the month of June.¹⁵⁷ Amounts included two hundred and seven ounces, five dwts of gold valued at £637 4s., together with a bank draft for £237, a total of £900 4s. The Commissioner had offered no opinion as to the quality of the gold, but Treasury accepted it as being of the best quality. Two other packages on the Bathurst mail and consigned to Treasury contained gold valued at £1,854 11s 2d. Upon receipt they were directed immediately to the security of the Manager of the Union Bank, Sydney.

Occasionally gold sent from the Gold Commissioner in Bathurst was received in Treasury in various packages, unsecured against thieves and other accidents. Gold, in one incident, was dispatched in two match-boxes tied together, with the address

¹⁵⁵ NSW Treasury, *Copies of Letters sent to Colonial Secretary*, No. 55, 12 March 1853, (SRNSW ref: 2/2349)

¹⁵⁶ NSW Treasury, *Copies of Letters sent to Colonial Secretary*, No. 102, 22nd July 1851, (SRNSW ref: 2/2349)

¹⁵⁷ The Executive Council later reduced the licence fee to 10s. per month in 1853. See McMartin, (1983), p.278

illegible and only the first four letters of the consignee's name attached.¹⁵⁸ Over the following months Robert Campbell, G. A. Lloyd, Jacob Marks, Thomas Walder and Thacker and Co. offered tenders with prices for the gold ranging from £3 8s. 4d. per ounce troy to £3 5s. 1¼d. per ounce.¹⁵⁹ Rejected gold, imperfectly cleaned and mixed with quartz and other foreign substances, and not sold by tender was offered for sale by Treasury to a jeweller, Hale, in George Street.¹⁶⁰

The value of the gold was uncertain, but in June 1851 gold dust was sold at an average price of £3 8s. 6d. an ounce. Treasury attempted to fix the price of gold by posting an arbitrary rate at which it was accepted in payment of Government dues. Over the following weeks the problems with that policy indicated that Treasury needed commercial expertise which it lacked.¹⁶¹ Treasury eventually ceased to accept gold, except in cases of absolute necessity, transferring that function to the banks.

The pressure on the resources of Treasury had increased fourfold following the gold discoveries. In December 1851 Riddell requested the appointment of an officer 'to superintend the receipt and delivery of gold into and from Treasury'. The appointee was required to give a security of £3,000 for the honest discharge of his duty, and all expenses associated with the appointment were charged to the 'Gold Revenue'.¹⁶² In January 1852 Riddell's administrative crisis was relieved with the appointment of a Gold Receiver, Colonel Grey, who was attached to the Gold Receiving Department, Treasury, under the immediate supervision of the Revenue Branch. Grey relieved Treasury of the pressing security issues and other administrative problems. The Gold Receiver's Office processed letters and covering notes that had accompanied the gold sent under armed escort from the Bathurst, Goulburn, Meroo and Braidwood goldfields.¹⁶³ Treasury clerks were also required to register the surnames of gold consignees, the weight of the gold sent, the date of transmission and freight charges.¹⁶⁴

¹⁵⁸ NSW Treasury, *Copies of Letters sent to Colonial Secretary*, No. 207, 7 November 1851, (SRNSW ref: 2/2349)

¹⁵⁹ NSW Treasury, *Copies of Letters sent to Colonial Secretary*, No. 116, 31 July 1851, (SRNSW ref: 2/2349)

¹⁶⁰ NSW Treasury, *Copies of Letters sent to Colonial Secretary*, No. 151, 12 September 1851, (SRNSW ref: 2/2349)

¹⁶¹ Coghlan, (1969), p.849

¹⁶² NSW Colonial Secretary, *Letters sent to the Colonial Treasurer*, 10 December 1851, (SRNSW ref: 4/3963) NSW Colonial Secretary, *Letters sent to the Colonial Treasurer*, 29 December 1851, p.157 (SRNSW ref: 4/3963)

¹⁶³ NSW Colonial Treasury, *Invoices of Gold received per escort, 1852–1855*, (SRNSW ref: 4/46-49)

¹⁶⁴ NSW Colonial Treasury, *Registers of Gold Delivered, 1852–1856*, (SRNSW ref: 4/50-54)

In January 1852, Fitz Roy urged the Secretary of State to establish a Mint at Sydney. Earl Grey, dubious of the scheme, referred the matter on to the English Executive Council who, in July 1852, endorsed the proposal with enthusiasm. The increased demands on all commodities brought about by the sudden influx of population had signalled the shortage of coin in the colony. Gold traders had been compelled to trade their gold at a depreciated price, or consign it to Europe in a raw state with associated losses. The proposed Mint promised to attenuate losses, increase the gold circulating in the colony as specie and avoid the high rates of discount.

In August 1853 an Order in Council was issued in England establishing a branch of the Royal Mint at Sydney, and, on 18th October 1854, it was given the right to mint sovereigns and half-sovereigns provided the colony met all the expenses of coinage and guaranteed the proper fineness of the coins issued. The Mint was opened on 20th April 1855 and by early June the buildings of the Mint were completed, the machinery installed, and the process of coinage commenced. With responsible government in 1856, and the distribution of Ministerial portfolios, the administrative control of the Gold Receiver and the Sydney Branch of the Royal Mint passed to the Colonial Treasurer. The Mint remained technically, however, under the purview of the British Royal Mint with responsibility for staff appointments.

In 1851 Treasury was established in a purpose-built Treasury building in Macquarie Street following a number of temporary locations. Merewether was an effective deputy Colonial Treasurer, whilst Riddell acted as Colonial Secretary. Changes in Treasury's administration were momentous with the constitutional changes of 1856.

CHAPTER 5

TREASURY AND THE NEW SOUTH WALES CONSTITUTION

In 1856 there were introduced significant administrative changes in Treasury with the adoption of responsible government. Reform in financial administration, methods and procedures was closely allied with subsequent phases in the political development of New South Wales. Reformism that was attributable to the British Treasury also interested Ministers and Treasury. The themes of accountability, transparency, economic efficiency and effectiveness remained constants in my analysis of the political and administrative agendas for reform.

The prelude to responsible government had not interfered with the administration of Treasury other than to cause temporary changes at the executive level of its administration. The gradual withdrawal of British financial support and the growing dependence on colonial revenue had introduced Treasury to a new set of circumstances to which it had to adapt. Each amendment to financial policy was met with a modification of its administration, an expanding number of officers and specialisation in activities. A major amendment to financial policy occurred in 1826 when Darling oversaw new financial arrangements when expenditure on the convict system was separated from the expenditure on the colony.¹

Agitation for responsible government was based in part on a recognition of democratic principles of sovereignty, and for financial autonomy which included control over land laws and the costs of maintaining police and gaols.²

Responsible government had a relatively brief incubation in the colony. The Act for the Government of New South Wales and Van Diemen's Land of 1842 had introduced representative government for the colony. The Act provided for a Legislative Council with legislative powers and to advise the Governor in colonial matters. It was composed of 36 members partly elected, partly nominated, including the Colonial Treasurer. The Council was expected to provide a Civil List for the Governor

¹ McMartin, (1983), p.183

² McMinn, W.G. 1979, *A Constitutional History of Australia*, Oxford University Press, p.39

and the civil establishment amounting to £81,600 in 1842, 'the expenditure of which was to be in accordance with 'three schedules' to the Act'. Control of the revenue from the sale of Crown lands was retained, however, by the British Parliament.³ The Council remonstrated and, as McMinn has argued, like the seventeenth-century Parliament, challenged the Constitution under which it had been called into existence.⁴ In December 1852 Sir John Pakington of the Colonial Office surrendered to the Legislative Council's demands and 'he agreed that it had become expedient to surrender control over lands and that, if the promise by the Colony to provide an adequate civil list was fulfilled, financial and legislative autonomy should be granted to the colony.'⁵

It was at this juncture that the qualities and style of Riddell as the head of an organisation came under close scrutiny, and his inadequacies became pronounced under the pressures of leadership. E. Deas Thomson and William Charles Wentworth had been deputed by the Legislative Council to act as delegates to the House of Commons to advocate the cause of the Constitution Bill and supervise its passage through the Colonial Office and Parliament. In January 1854 Thomson departed the colony for England leaving Riddell acting as Colonial Secretary and Francis Merewether acting as Colonial Treasurer. The appointment of Riddell to the former position had been 'rather curious' and ripe for lampoonery.⁶ The post had been offered initially to Plunkett, the Attorney-General but he had declined. Governor Fitz Roy offered the position to Riddell the official next in rank. Fitz Roy was taken at his word, and his offer 'eagerly accepted'. Press statements were savage reporting that Riddell had never, during a service of many years, shown the 'slightest indication of talent'. All that he had ever done might have been done just as well by an ordinary merchant's clerk. His fame was chiefly convivial, being considered much more comfortable at the dinner-table than at the Council table, and the 'only measures he had ever carried or was ever likely to carry, were measures of wine.' The press imagined Fitz Roy's 'confusion and dismay' on finding that Riddell had a better opinion of his own capacity than that which the public entertained. 'Did anybody', queried the *Sydney Morning Herald* (SMH), 'ever

³ Stanley to Gipps, 5 September 1842, *HRA*, 1 Vol. XXII, p.238; Russell to Gipps, 2 September 1840, *HRA*, 1, XX, p.789; McMinn, (1979), p.33; Cramp, Karl 1914, *The State and Federal Constitutions of Australia*, A & R, Sydney, p.31

⁴ McMinn, (1979), p.37

⁵ McMinn, (1979), p.49

⁶ *ISN*, 7 January 1854, p.106

conceive that beneath that mass of jolly cipher-hood there might possibly lurk the latent germ of talent.’⁷ The *Empire* was vitriolic, suggesting that Riddell’s feeble-minded indolence would be less dangerous than Thomson’s unscrupulous and intriguing activity. His role in the Council was considered to be one of ‘jarring incoherence, of helpless decrepitude and of imbecility little short of mental aberration’.⁸

The transition from representative to responsible government has been well analysed by Melbourne,⁹ McMinn,¹⁰ Loveday,¹¹ Irving,¹² Cell,¹³ Windeyer¹⁴ and Currey.¹⁵ In the Act to confer a Constitution on New South Wales, assented to on 16th July 1855, what in effect occurred was that:

‘all revenues – including returns from Crown Lands which to the disgust of the colonists had for so long been controlled by the Imperial Authorities were to form a Consolidated Revenue Fund. Its appropriation or disposal could be determined by none other than the Colonial Legislature Bills for appropriation, as well as those for taxation, were to originate in the Lower House, after recommendation by the Governor in a Message to the House. This procedure ensured that the Governor’s advisers, the Ministers, would control the supply and expenditure subject to the approval of the popular House.’¹⁶

Two Sections provided for the future operations of Treasury. Sections 39 and 40 of the Constitution Act provided for a Consolidated Fund. The Consolidated Fund contained all public moneys (including securities and all revenue, loans and other moneys whatsoever) collected, received or held by any person for or on behalf of the colony.¹⁷ The Fund was permanently charged with the expenses of collection, the costs, charges and expenses incident to the collection, management and receipt of such

⁷ Foster, (1978), p.103. Riddell was quite successful in his quarrel with Bourke, a few years earlier.

⁸ SMH, 12 September 1846. Foster, (1978), p.103

⁹ Melbourne, (1934)

¹⁰ McMinn, (1979)

¹¹ Loveday, P. ‘Democracy in New South Wales: The Constitution Committee of 1853’, *JRAHS*, Vol. 42, 1956, pp.187-200

¹² Irving, T.H. *The Development of Liberal Politics in New South Wales 1843–1855*, Unpublished Thesis, Sydney University, 1967. ‘The Idea of Responsible Government in New South Wales before 1856’, *HS*, vol. 11, 1963-65, pp.192-205

¹³ Cell, (1970)

¹⁴ Windeyer, W.J.V. ‘Responsible Government – Highlights, Sidelights and Reflections’, *RAHS*, Vol. 42, 1957, Part 6, pp.257-312

¹⁵ Currey, C.H. ‘The Centenary, Responsible Government in New South Wales’, *JRAHS*, Vol. 42, 1956, Part 3, pp.97-137

¹⁶ Cramp, Karl Reginald, 1914, *State and Federal Constitutions of Australia*, Angus and Robertson, Sydney, p.56. Cohen, (1938), no pagination

¹⁷ Twomey, (2004), p.561

collections. The costs, charges and expenses were, however, to be reviewed and audited.¹⁸

The Constitution Act transferred complete control of revenue accruing from transactions associated with Crown lands to the colony's Consolidated Fund in November 1855 together with the legislature's powers to introduce Bills for appropriation and taxation. The colonial Constitution provided that no money vote or bill be considered lawful unless recommended by the Governor. It was not lawful for the Legislative Assembly to originate or pass any vote, resolution, or Bill for the appropriation of any part of the Consolidated Revenue Fund or of any other tax or impost, for any purpose which had not been first recommended by a message of the Governor to the Legislative Assembly during the Session in which that vote, resolution, or Bill would be passed. Bills appropriating any part of the public revenue had to originate in the Legislative Assembly.¹⁹ No part of the public revenue was to be issued except on warrants from the Governor. The new Parliament was also enabled to 'make Laws for the Peace, Welfare, and good Government of the Colony in all cases whatsoever,' which included the imposition of taxation, the appropriation of revenue, and the disposal of the wastelands of the Crown.

The Constitution was clear in its designated five Ministerial elective positions: the Colonial Secretary, Colonial Treasurer, Auditor-General, Solicitor-General and Attorney-General, all positions represented previously on the Executive Council. Schedule A of the Constitution Act also included proposed salaries, per annum, for the elected ministers: the Colonial Secretary £2,000; the Attorney-General £1,500; the Colonial Treasurer £1,250; Solicitor-General: £1,000; and the Auditor-General £900.²⁰ Remuneration reflected the hierarchical structure of the administration as it existed prior to responsible government. This schedule casts some doubt on Graham and Lamb who argued that Treasury was subordinate to the Auditor-General, the colony's most recognizable financial officer prior to responsible government.²¹ In New South Wales

¹⁸ New South Wales Constitution Act, 1855, s. 47. Lumb, R.D. 1972, *The Constitution of the Australian States*, St. Lucia, University of Queensland Press, p.21. *Great Britain, Parliament House of Commons Paper*, 1835. (314), Vol. 46, Shannon Irish Univ. Press. (1971). *History and Functions of Government Departments*, Reference Services Central Office of Information, HMSO, 1993, p.22

¹⁹ NSW Constitution Act, Commentary in *SMH*, 17 November 1855, p.2

²⁰ *BPP*, Colonies, Australia, 1854–1855, Vol. 20, p.16

²¹ The authors were perhaps influenced by the successful and impressive William Lithgow *vis-à-vis* his contemporaries the administratively inept first two Colonial Treasurers Balcombe and Riddell.

the administrative hierarchy duplicated the administrative structure as it existed in Great Britain. After 1834 the Comptroller of the Exchequer worked in tandem with the Commissioners for Auditing the Public Accounts. The Office of Audit did not dictate orders to the British Exchequer. Likewise, the colonial Auditor-General did not oversee the Colonial Treasurer.²²

A Select Committee, which had been appointed in October 1855 to examine changes to the administration under the Constitution Act of 1853, delivered its findings on 7th December 1855.²³ The Committee recommended that the number of responsible ministers, exclusive of those connected with the law should not be less than four, slightly different to that provided in the Constitution Act. They were to be titled: the Chief Secretary and Premier, the Secretary for Finance, the Secretary for the Interior and the Secretary for Public Works. To the Premier would go, *inter alia*, Trade and Commerce, as well as Revenue and Expenditure including the management of Public Loans. These arrangements reflected those of the Darling years, strong central government. It was proposed that the Colonial Secretary, Colonial Treasurer and the Surveyor General be placed under the Premier's direction, the Colonial Treasurer remaining a permanent officer under the Chief Secretary. The Chief Secretary was to be responsible for an impossibly large portfolio.

The Secretary for Finance, like the Chancellor of the Exchequer in England, would be responsible for the Ways and Means including the general taxation of the Colony. He would also control the regulation of the currency. Other departments under the umbrella of the Secretary for Finance were to be the Auditor-General, Customs, the Mint and the Public Bank of Issue if it were established. Under the arrangements

Graham, Neil I. 1972, *The Role of the Governor of New South Wales under Responsible Government, 1861–1890*, Ph.D., School of Historical Philosophical and Political Studies, Macquarie Uni, p.133.

Lamb, P.N. 'Geoffrey Eagar and the Colonial Treasury of New South Wales', in Spann, R.N. & Curnow, G.R. 1975, *Public Policy and Administration in Australia: A Reader*, John Wiley and Sons Australasia Pty Ltd, Sydney

²² UK National Audit Office, *The History of the National Audit Office*, <http://www.nao.gov.uk/about/history.htm>

²³ Jenks, Edward 1891, *The Government of Victoria*, Macmillan, London, p.85. The administrative committee in New South Wales considered the Victorian model instituted there following separation. Victoria had considered the English, American and the more obscure Scandinavian and Swiss models. *NSW V&P*, 1855, Report from the Select Committee on the Changes in the Administration Under the New Constitution Act of 1853, 7 December 1855, p.630. The Legislative Council Select Committee included five future Premiers: Stuart Alexander Donaldson, Charles Cowper, Henry Parker, James Martin and Henry Parkes, the Chairman being Martin.

proposed each member of the Government would devote to his particular department 'that full and leisurely attention without which statesmanship is impossible'.²⁴

The Committee gave no consideration to the Colonial Secretary, Colonial Treasurer or the Auditor-General occupying positions in any way like that of future responsible Ministers. They were nothing more than the heads or superintendents of their respective offices, permanent public servants. The nature of their duties was merely administrative; requiring no statesmanship; needing no special acquaintance with the principles of Government; being incompatible with 'that leisurely and complete examination of public questions' which was necessary to enable any Minister to avoid 'bringing discredit both upon himself and upon his office'.

The Committee also recommended that the respective incoming Ministers be paid salaries of not less than £2,500 a year with a retiring pension. Although the Constitution provided for ten paid members in the Assembly, that provision remained temporarily inactive for fear of establishing an army of 'placemen' rather than the 'free and unbought support of the independent representatives of the country' attuned to the precepts of ministerial responsibility.²⁵

The process of ministerial adaptation anticipated a great deal:

'Faction ministries were expected to use the patronage within the public service to their immediate political advantage, with demoralizing effects upon the administration. They would exploit the revenue of the colony to assist in building their parliamentary support. Finance would not be allocated according to some rational scheme of priorities, but spent on roads, bridges and harbour works, in such a way as to win votes in the House and to ensure the return of supporters to parliament.'²⁶

It is significant that the Constitution was silent on the practical details of the relationships between the ministries and government, the ministries and the public service and the relationship between the ministries themselves. Windeyer argued that constitutional conventions grow, that the players should be making the rules as the

²⁴ NSW V&P, 1855, Report from the Select Committee on the Changes in the Administration under the New Constitution Act of 1853, 7 December 1855, p.631.

²⁵ NSW V&P, 1855, Report from the Select Committee on the Changes in the Administration under the New Constitution Act of 1853, 7 December 1855, p.631. Spann defines ministerial responsibility as including ministerial responsibility for initiating expenditure proposals, detailed appropriation of spending money and definition of taxing authority by statute, and audit control before and after fiscal transactions by an independent officer of the parliament. Spann, R.N. and Curnow, G. R. 1975, *Public Policy and Administration in Australia: A Reader*, John Wiley and Sons Australasia Pty Ltd. Sydney, p.227

²⁶ Loveday, P. and Martin, A. W. 1966, *Parliament Factions and Parties*, Melbourne University Press, p.27

game proceeds, establishing the tradition of precedent. This has been the course of much British constitutional history and so it was in the first months of 1856 in New South Wales.²⁷

The Constitution Act was presented to the Legislative Council toward the end of 1855 and some weeks later Governor Denison prorogued the Legislative Council. The Act, which made provision for responsible government was in force but respective ministers could not be appointed until after the first popular elections.²⁸ In the interim executive officials retained their departmental status, including Colonial Treasurer Riddell (still acting Colonial Secretary) and who was anxious to secure his pension by parliamentary ratification. The Governor, to ensure an orderly continuance of government administration, formed a small interim Executive Council of independent men which included Riddell.²⁹

The Constitution Act was proclaimed on 25th November 1855 and Denison was sworn in under a new Commission and Instructions on 19th December, in time to conduct the Government through its first steps into a parliamentary democracy.³⁰ Deas Thomson returned to the Colony from Europe on 6th January 1856, resuming his position of Colonial Secretary. Denison immediately sought Thomson's opinions as to future political and administrative arrangements because of the thorough grounding in colonial politics and administration he had acquired as the senior public servant in the Colony. On 15th January 1856 Denison requested Thomson to form a Ministry to assist him in the 'experiment', which was 'about to be made'.³¹ Denison immediately had second thoughts as to that strategy and sought legal opinion from the judges of the Supreme Court. On that advice Denison waited until after the elections to proceed with the selection of a Ministry. The old Legislative Council was dissolved in February 1856 and elections called to vote for Members for the new Legislative Assembly. Thomson himself had also sought counsel, not having the support of colleagues to form a ministry after the elections. He was also concerned as to his legal position concerning his parliamentary pension upon his retirement. He consequently declined a

²⁷ Windeyer, (1957), p.272

²⁸ Melbourne, (1963), p.430

²⁹ Melbourne, (1963), p.430

³⁰ Foster, (1978), p.129

³¹ Sir William Denison 1870, *Varieties of Vice-Regal Life*, Vol. 1, Longmans, London, Green & Co. p.334. Currey, (1956), p.120

Commission, recommending Stuart Alexander Donaldson to the Governor to form a ministry with the support of John McArthur.

During this interregnum Riddell returned to his position as Colonial Treasurer and was appointed a temporary member of an interim Executive Council until a responsible Ministry was sworn in. The Governor availed himself of the administrative experience of Thomson the Colonial Secretary, Riddell, and Merewether the Auditor-General. One particular problem, 'peripheral to the main issues' was the fate of the five permanent heads of the government departments appointed before 1855, which number included the Colonial Treasurer.³² Riddell, like Thomson was concerned to protect his pension entitlements as provided by Section 51 of the Constitution. Pensions were to be granted to those permanent heads who, because of political changes, retired or were released from their administrative duties. Riddell and Thomson were keen not to jeopardise their expectations by accepting any permanent political nomination to the Parliament. They were in an awkward situation because the Constitution Act made it quite clear that upon the election of any member to the Legislative Assembly, accepting an office of profit under the Crown, rendered void the pension. Under the circumstances Denison decided to carry on the old departmental organization until it was appropriate for the permanent heads to resign.³³ During this interim period, between 24th November 1855, with the proclamation by Denison of the Constitution Act, and 6th June 1856, when the Ministers received their Commissions for their respective departments, the administration of departments was the exclusive responsibility, under the Governor, of the public servants 'who were administering them prior to 24th November 1855'.³⁴

Polling for the new Legislative Assembly was held progressively between 11th March and 19th April 1856. Deas Thomson was asked but refused to form a Ministry for a second time, giving as his reasons, a lack of support from his colleagues; he had a seat in the Legislative Council, and poor health, reasons that lacked substance according to his parliamentary colleagues. In mid-May Denison turned to Stuart Donaldson who agreed to form the first Ministry under responsible government.

The portfolio of Colonial Treasurer proved more difficult to finalise. Thomson, when attempting to form a ministry, he had offered the portfolio to Stuart Alexander

³² McMartin, (1983), p.251

³³ Melbourne, (1934), p.432

³⁴ Currey, (1956), p.126

Donaldson on 18th April, an offer which Donaldson declined, possibly having his sights on the Premiership and being aware of Thomson's lack of parliamentary support. Thomson had also offered, again unsuccessfully, the portfolios of Colonial Treasurer or Auditor-General to Henry Watson Parker, the son-in-law of John McArthur.³⁵ Thomson had also indicated to Parker on 18th April that it might be necessary to alter the political nature of the office of the Auditor-General in the future having received a convincing argument from the Victorian Parliament. Prudence counselled that the Auditor-General not be considered a political officer nor a member of either House as his independence was necessary for a transparent, efficient and accountable audit of the revenue.

The office was considered to be judicial rather than political, and tenure to be held during good behaviour. His tenure should be made secure, as with his salary, and he should not be removed by a Governor or Ministry of the day or the Executive Council, but only by vote of both Houses for misconduct. The public anticipated that the new department of Auditor-General would answer to the British Audit Office.³⁶ This speculation in the press on 26th April gave some indication of the limited understanding held by the colonists of responsible government.

Further offers were made to potential Colonial Treasurers without success. Successful colonists with backgrounds in commerce, pastoral activities and other capitalistic ventures, and who intended to face the electorate, refused to be nominated for a potentially difficult portfolio. On 23rd April Donaldson, when forming his Ministry, offered the Treasury portfolio to Charles Cowper who, two days later, declined. Daniel Cooper, who declined a similar offer the next day, was subsequently appointed Speaker. Donaldson also offered the portfolio to John Macarthur, 'the best he had', who agreed to be a member of the provisional Ministry on a temporary basis until the right person was found.³⁷

The appointment of George Robert Nichols as Auditor-General was short-lived, he being a Member and the appointment of a Colonial Treasurer elusive. The Ministers presumptive remained without active portfolios or salary because if they had accepted offices of profit under the Crown they were required to seek re-election and no new

³⁵ SMH, 7 June 1856, p.5

³⁶ SMH Saturday, 26 April 1856, p.4

³⁷ Donaldson to Macarthur, *Macarthur Papers*, Vol. 27, p.501; Currey, (1956), p.124

writs for fresh elections could be issued until the new legislature met. Nor could the new Legislative Council be constituted without advice to the Governor by responsible Ministers. The return of the writs for the Legislative Assembly was 30th April 1856, the foundation day of the New South Wales Legislative Assembly. The new Parliament was commissioned to open on 22nd May and on 6th June Ministers took up their administrative duties.

Further offers by Donaldson were made unsuccessfully to Members to fill the Colonial Treasurer's portfolio. John Macarthur iterated his refusal. Alexander Warren of the Legislative Council was approached, he being 'a gentleman ... to entrust one of the principal offices of the Government' but the Assembly was not prepared to accept an appointee from the Legislative Council.³⁸ Donaldson turned again to Macarthur to reconsider, but he again refused on 2nd June 1856, stating that he did not want office and that, 'of all the Departments, Treasury is the one for which I am in every way least fitted.'³⁹

Henry Parkes' *Empire* took a keen interest in the search for a Colonial Treasurer. The editorial of 5th June noted that:

'During the brief existence of the present administration, or, to quote Mr. Plunkett, ministry in embryo, we have had three gentlemen assuming the position of financial minister. Mr James Macarthur was first announced; then Mr. Warren suddenly started up from his rural seclusion on Williams River; now, it is reported, Mr Thomas Holt is to take charge of Treasury in the Donaldson cabinet. We confess our admiration of the facility with which our ministers adapt themselves to circumstances ... here we have a third minister assigned to the same place, before anyone has found time to take the oath of office.'⁴⁰

A notice in the *Government Gazette* of 6th June 1856 advised that Thomas Holt had been appointed a Member of the Legislative Council of New South Wales, a nominee chamber.⁴¹ Curiously, he had also been sworn in on that day as Colonial Treasurer, without portfolio.

A further notice in the *Government Gazette* on 10th June advised of a bi-election for the seat of Stanley Boroughs, by which means Holt entered the Legislative

³⁸ Denison to Labouchere, 22 May 1856 in Currey, (1956), p.131

³⁹ Macarthur to Donaldson, 2 June 1856, Donaldson Papers, in Currey, (1956), p.132

⁴⁰ *The Empire*, 5 June 1856, p.4

⁴¹ NSW *Government Gazette*, (Supplement) 27 May 1856, p.1621. Many departmental letters were signed by Stephen Greenhill, a senior clerk in Treasury. Correspondence in those early years of responsible government concerned, *inter alia*, salaries; debentures and interest; staff promotions and the new banking arrangements. Smith, (1974), p.37

Assembly that allowed his subsequent appointment as Colonial Treasurer.⁴² Thomas Holt was Yorkshire born, a wool-buyer, financier, pastoralist and company director. The Treasury portfolio was his only ministerial appointment and he transferred back to the Legislative Council in 1868. On 5th August 1856, a security of £10,000 was received from Billyard, the Civil Crown Solicitor representing two persons acting as guarantors for Holt with sureties of £5,000 each. On 26th October 1856, William Pitt Faithfull of Springfield, Goulburn and John Bayley Darvall of Sydney deposited sureties for £5,000 each.⁴³

The opening of Parliament was an unnerving time for most of the inexperienced, Members of both Houses. Before they entered the House they discussed the order of precedence, carrying their individual writs in their pockets, many unsure of the legality of their individual status and that of the new Parliament.⁴⁴ The new Ministers were observed by Denison to be ‘shocked and discomfited’ with the novelty of the bicameral Parliament and their oncoming administrative duties. Colonial Treasurer Holt was ‘agreeably surprised to perceive the accurate knowledge His Excellency appears to have of our financial position’.⁴⁵

Administrative Arrangements

Fitz Roy left the Colony in January 1855 and Denison, his successor, was less tolerant of Riddell’s ineptitude. Rumours circulated that the two men had quarrelled and Riddell, in a state of mental exhaustion, had requested Denison to relieve him of his duties. The enormity of the consequences if Denison had acceded to this request was brought to Riddell’s attention, he would lose his pension. The reality was that he must retain office pending the return of Thomson in January 1856 and the implementation of responsible government. Being exhausted, mentally, he did not wish to involve himself with the members of the incoming Executive Council. Riddell sat for the last time on the interim Executive Council on 23rd April 1856. The scheduled first meeting of the re-constituted Executive Council was for 29th April 1856. The five former permanent

⁴² NSW *Government Gazette*, 10 June 1856, p.1640

⁴³ 20 September 1858, note 56/6634, NSW Colonial Secretary, *Minutes and Memoranda*, M14.4034/1062 (SRNSW ref: 4/1062)

⁴⁴ Riddell to Denison, M 13,436, 28 April 1856, Colonial Secretary, *Minutes and Memoranda*, (SRNSW ref: 4/1056)

⁴⁵ Holt to Donaldson, 18 June 1856, *Donaldson Ministry Papers*, (ML ref: A731). Cell, (1970), p.171

heads were released from their appointments when the newly elected Ministers were sworn in on 6th June.

In conformity with the provisions of the Constitution Act of the colony, Riddell, Deas Thomson, John Plunkett, William Manning and Francis Merewether were released on constitutional grounds from their respective offices and granted retirement pensions. When Denison released Riddell from office he expressed his awareness of Riddell's wishes 'too well to pretend to sympathise with him upon the loss of the appointment of Colonial Treasurer'. The duties had become 'a drag upon both body and mind' and he was glad to formally accede to Riddell's wishes to be relieved. It was something he had not wished to do earlier when Riddell had first made the request, because it would have jeopardised Riddell's pension. Denison wished Riddell long health to enjoy the pension which he had 'fairly earned by long service'.⁴⁶ Riddell returned to England where he died after a short retirement.

It was unlikely that the administrative arrangements, for the public service, would have been settled prior to the parliamentary elections. An Administrative Committee had been instituted to study the administrative issues and the Executive Council had considered a number of proposals for an administrative framework and a delineation of the responsibilities of the Ministerial portfolios. When Thomson returned to the Colony in January 1856 he examined how the departments might be allocated among the members of the Cabinet and the distribution of public business amongst them.⁴⁷ He sought advice from various quarters including 'the young and brilliant' and administratively experienced Culling Eardley Childers a leading member of the first Victorian ministry. Childers subsequently advised that the public business in Victoria had been divided among six ministers including Colonial Treasurer. The Governor signed all orders for expenditure and all expenditures required the concurrence of the Colonial Treasurer or the Governor-in-Council. No matter involving finance was settled without reference to the Colonial Treasurer which implied a central role for Treasury.⁴⁸ In late March or early April 1856 Thomson invited Michael Fitzpatrick, a clerk in the Executive Council, to give his opinion as to workable administrative

⁴⁶ The Governor, *Copies of Letters sent to Officials and Private Persons*, Denison to Riddell, 6 June 1856, (SRNSW ref: 4/1665)

McMartin, (1983), p.262

⁴⁸ McMartin, (1983), p.263

arrangements.⁴⁹ The problem was to adjust the machinery of Government to the Ministerial formula provided under the Constitution.⁵⁰

The Administrative Committee received the advice of at least seven experienced administrators and politicians including those of Thomson as to the future structure of the administration. Models were studied from other British colonies including the Cape of Good Hope, Tasmania, and South Australia. They had all adopted Constitutions based on different principles, representing ideas reflecting diverse regional conditions and backgrounds.⁵¹

On 24th June 1856 Denison formally requested Thomson to formulate advice 'so as to make it (the new administration) work at once harmoniously and satisfactorily'. It was early July when Donaldson received Thomson's scheme of arrangement from the Governor. Thomson's scheme proposed a Cabinet of six Ministers responsible for five Ministerial Departments, the law officers, the Attorney-General and Solicitor-General, sharing the administration of justice; the Premier, or Principal Secretary, inheriting the status and role of the Colonial Secretary.⁵²

The Colonial Treasurer, a public servant, was to be subordinate to and incorporated into a department of a Minister for Finance and Trade. Thomson's intention was to remove any delay in accessing the public revenue if the Colonial Treasurer became a Minister and removed with each change of Government. The Colonial Treasurer should give a large security, this in itself constituting a strong reason for making him a public servant rather than a Minister. Thomson also suggested a reduction in the Colonial Treasurer's salary.

In Thomson's *schemata*, the Minister for Finance was responsible for the finances of the colony in the traditional manner. He was to ensure that expenditure was kept within the Ways and Means, or Appropriation, and that urgent payments were to be made under Warrant from the Governor and the Executive Council. This Minister was charged with overseeing the standard Treasury functions: the preparation of the Financial Statements and the Estimates of Revenue and Expenditure to be laid before the Legislative Assembly, and presentation in the House.

⁴⁹Foster, (1978), pp.139-142

⁵⁰ Thomson to Denison, 2 July 1856, *NSW V&P, LC*, 1856, Vol. 1, p.877

⁵¹ *SMH*, Thursday 8 May 1856, p.4. *SMH*, Tuesday 20 May 1856, p.4

⁵² Thomson to Denison, 2 July 1856, *NSW V&P*, 1856-7, Vol. 1, pp.877-84

Thomson looked to maintaining stability in government and his plan included the appointment of a permanent head or Under Secretary of Treasury, and personal clerical staff attached to the Minister. This stratagem precluded any disruption or dislocation in the department, and Government business would be conducted ‘with due regularity’ despite changes of Government and Ministries. Care had to be taken generally in constructing a permanent and capable public service; otherwise parliamentary instability would flow on into the portfolios.

Thomson’s plan was acceptable but he had assumed that there would be no necessity for Ministers to consider inter-departmental details.⁵³ He had envisaged each Ministry being ‘autonomous and virtually self-contained coming together only at the ministerial apex’. The realities of responsible government anticipated shared decisions, if not along party or faction lines then at a Cabinet level (the apex). Many matters, routine as well as important, involved more than one department and more than one ministerial portfolio.

Almost every Ministerial decision involved government revenue and therefore consultation with Treasury was mandatory. In the British Treasury there existed the means of collecting the opinions of all the different departments that one required, and ‘of getting into your hands all the threads which enable you to deal with them in a comprehensive spirit?’⁵⁴

Debate continued over the coming months concerning portfolios and attendant ministerial responsibility. On 7th August Donaldson gave notice of a motion that, ‘in the opinion of this House, with a view to the effective administration of responsible government it is expedient to arrange the ministerial departments as follows: 1. The Principal Secretary of the Government (the Colonial Secretary); 2. The Attorney-General and the Solicitor-General; 3. The Colonial Treasurer and Secretary of Finance and Trade; and 4. Secretary for Lands and Public Works.’ The citing of this latter department indicated the development of the Colony and the growth of public works, transport and communications. A portfolio was necessary to administer these increasingly important and demanding responsibilities.

⁵³ Foster, (1978), p.143

⁵⁴ Testimony before Select Committee on Telegraphic Contracts, *NSWPP*, 1859 (180, Sess.2); Cell, (1970), p.223

On 15th August 1856 the Executive Council, considered further the options for departmental arrangements.⁵⁵ The Auditor-General had lost his political affiliations and declared an independent, non-political officer, as anticipated by Thomson.⁵⁶ Attested statements of Collections of Revenue, and Accounts of Expenditure were to be furnished to the Auditor-General by Treasury. Any information required by him for the examination and audit of the Public Accounts was to be quickly provided to him by all government departments.

On 8th October 1856 the final decision concerning the administrative arrangements was circulated. Four portfolios were nominated, including two law officers. They were: the Colonial Secretary, Colonial Treasurer, Secretary for Lands and Works and the two law officers, the Attorney-General and Solicitor-General. The Colonial Treasurer and Secretary for Finance and Trade, an amalgamated portfolio, was responsible for finance generally: the custody, collection, and disbursement of all revenues; trade and commerce; taxation; the issue and sale of debentures; management of the public debt; the Mint and gold-receiving department; the Customs department; distillation; the issue of stamps; government stores; port and harbour regulations; navigation, including pilots, lighthouses, and telegraphs; the powder magazine.

The Colonial Treasurer (and Minister or Secretary for Finance and Trade) was also responsible for the supervision and control of the following departments: the Collector of Customs, a difficult portfolio as the Collector had adopted a somewhat autonomous role in the colony; the Chief Inspector of Distilleries; the Colonial Storekeeper; the Port Master; the Shipping Master and the Inspector of Stamps. The Minister was also directed to correspond officially with the independent Deputy Master of the Mint, the Banks, also the Pilot, Steam Navigation and Lighthouse Boards.

The administrative structure re-established the Colonial Secretary at its apex, with broad ranging responsibilities including the major departments administering the Postal Service, Immigration, Inspector General of Police and Police-Magistrates, Health and Welfare, Education, including the Sydney University, and Government Printing. Of great significance was the apparent central control maintained by the Colonial Secretary over departmental administration, monitored and maintained by control of the Executive Council's agenda. Residual powers concerning the broader relations with

⁵⁵ Colonial Secretary, *Minutes and Memoranda*, M13.622, 16 August 1856, (SRNSW ref: 4/1058)

⁵⁶ *Empire*, 9 August 1856, p.4

Whitehall, defence and foreign matters remained with the Governor.⁵⁷ The Governor referred major domestic issues to the Colonial Office for advice and arbitration when his own position was threatened or impugned by untoward conduct of his colonial Ministers.

The Colonial Secretary's department ceased to be, however, the major conduit through which correspondence passed, requiring the action or decision of the Government. Each Department now took responsibility for the conduct of its own official correspondence. Individual Ministers were now responsible for follow-up action and to direct the necessary instruction or reply to the department or person concerned.

The salaries of the Colonial Secretary, Colonial Treasurer, Attorney-General and Solicitor-General were provided for in the Constitution Act. Those for the Secretary for Lands and Public Works and subsequent additional portfolios were voted annually by Parliament in the Appropriation Act. Each Minister was assisted by a permanent Under Secretary administering a central department and providing continuity and steadiness with each change of government.

The relationship between Treasury and the Auditor-General also came under review. The status of the Colonial Treasurer had been formalized in the Constitution Act but doubts arose as to the role of the Auditor-General. His responsibilities were not identified formally, and he and his staff might very well become the hostages of a powerful Colonial Treasurer. The following decades witnessed consequently an adversarial exchange between Treasury's exercise of its power and influence and the Auditor-General's claim to an unfettered auditing process and reporting of the public revenue.

The Colonial Treasurer under the previous administration was a paymaster, with the Audit Office producing the annual Estimates of Revenue and Expenditure, and scrutinizing expenditure under these Estimates. The administrative arrangements for Treasury combined the roles of financial manager and policy maker, government accountant and budget supervisor in tandem with the crucial responsibility of loan-raising. The Colonial Treasurer was now responsible for presenting the Budget Papers to Parliament, removing that function from the Auditor-General.

⁵⁷ The present Colonial Secretary's building in Macquarie Street houses the Executive Council Chamber.

Holt soon became acquainted with his responsibilities as Colonial Treasurer. On 22nd July 1856 he requested the Auditor-General to be 'good enough to cause the calculations to be verified – as the short space of time intervening between this and the opening of the session and the paucity of clerical assistance, prevent their being examined in this office.'⁵⁸ For the first time the Colonial Treasurer's portfolio came under scrutiny in a matter concerning a conflict of interest. On 5th August 1856 the House debated the propriety of Ministers of the Crown being connected in any way with private financial institutions. Upon attaining office, Holt's first act was to resign from 'any such establishment', thereby complying with the standards demanded by the House.⁵⁹

During his brief term of office Holt introduced limited administrative reform. In August he introduced official cheque books for heads of departments entrusted 'with the disbursement of public moneys'.⁶⁰ On 16th August he also initiated changes in the conduct of Government Banking. He wanted more advantageous terms from the banks holding the public revenue.⁶¹ Holt arranged for tenders to be called from seven Sydney banks in order to obtain the best rate of interest on government funds.⁶² His experience as a company director and successful business man was a rare attribute for Colonial Treasurers.

The Parliamentary Sessions established the cyclic nature of Treasury routine, its responsibilities to the Colonial Treasurer, as his were to the Parliament. The conservative Donaldson Ministry held a brief tenure, between 6th June 1856 and 25th August 1856, the first of some thirty ministries installed over the next forty-five years, the 'epitome of Colonial government instability'.⁶³ After the fall of the Donaldson Ministry, Cowper formed a Ministry with Robert Campbell, son of the pioneer merchant Robert Campbell of Campbell's Wharf, as Colonial Treasurer. Negotiations were continued as to Holt's plans for competitive banking, the Australian Joint Stock Bank winning the tender, becoming in effect the State Bank for depositing government

⁵⁸ NSW Colonial Treasury, *Copies of letters sent*, 22 July 1856, (SRNSW ref: 4/248) in Smith, (1974), p.37

⁵⁹ *Empire*, 6 August 1856, pp.2-3. Smith, (1974), p.37

⁶⁰ NSW Colonial Treasury, *Copies of letters sent*, 13 August 1856, (SRNSW ref: 4/684)

⁶¹ NSW Colonial Treasury, *Copies of letters sent*, 16 August 1856, (SRNSW ref: 4/684)

⁶² NSW Colonial Treasury, *Copies of letters sent*, 10 September 1856, (SRNSW ref: 4/684)

⁶³ McMinn, (1979), p.60. With the demise of the Donaldson Ministry, the parliamentary protocol adopted the procedure that when the elected Assembly changed, the Ministers should resign. New South Wales Constitution Act, 1855, s. 37. Lumb, (1972), p.21. Smith, (1974), p.38

revenue.⁶⁴ The issue is, whether the department was responding to commercial requirements or was it an initiative attributable to Holt alone? In most cases the initiative was left to the department in response to a real situation.

The Donaldson Ministry was followed by the Cowper Ministry, in quick succession, and precluded Holt and Campbell from delivering a Financial Statement. It was not, therefore, until the formation of the third Ministry led by Henry Watson Parker that the first Financial Statement, under responsible government was delivered by Stuart Donaldson on 6th November 1856.⁶⁵ Donaldson indicated a firm grasp of the colony's economic situation. The colony was entering into a new phase, and the financial arrangements were to be regulated by the Legislative Assembly. His words were significant: 'By ourselves alone' and for the first time 'we are to run on our own legs'.

The Northcote-Trevelyan Report had urged the sole qualification for official employment be merit and, by insinuation, not ministerial patronage.⁶⁶ Section 37 of the Constitution Act of 1856 provided the only guidance for Ministers when appointing senior officers of their departments. The Governor, with the advice of the Executive Council, was vested with the power of appointment excepting minor positions of the government. The Cabinet had affirmed that the appointment and promotion of staff should, as in all other matters, be the responsibility of the relevant Minister. This was subject only to consultation with the Governor and the formal approval, when necessary, of the Executive Council.

The Secretary of State had outlined a general rule for the appointment of all public officers of senior rank, trust and salary of suitable candidates in 1847.⁶⁷ A list had been compiled in the colony for the Colonial Office, preference being usually given to properly qualified candidates in the colony. It was from this list that the local authorities made a selection for the Queen's approval and confirmation. In the distribution of government patronage in the colony, great weight was attached to local service and experience. Governors sent an annual confidential report to the Colonial Office listing the claims of candidates, whether employed in the public service or not,

⁶⁴ NSW Colonial Treasury, *Copies of letters sent*, 16 September 1856, (SRNSW ref: 4/684) NSW Colonial Treasury, *Copies of letters sent*, 18 September 1856, (SRNSW ref: 4/248) *NSW Government Gazette*, (Supplement) 26 August 1856, Vol. 11) p.2287.

⁶⁵ Financial Statement of the Hon. Stuart Alexander Donaldson, 6 November 1856, *SMH*, 7 November 1856, *Financial Statements of the Colonial Treasurers of NSW*, Vol. 1, (ML ref: 336.91)

⁶⁶ *SMH*, 21 October 1854 and 9 October 1855. See McMartin, (1983), p.274

⁶⁷ *NSW V & P LC*, 1847, Vol. 1, Lord Stanley to Sir George Gipps, 15 June 1842

who possessed suitable qualifications. This annual reporting mechanism was considered desirable and useful, increasing the prospects of advancement, and offering encouragement to meritorious officers seeking careers in the colonial public service. This system enlarged the range within which officers hoped to obtain promotion and was viewed as a reward for active and efficient service. This eligibility list of suitably qualified officers was transferred by the Governor to the new Cabinet, a listing to which Cabinet referred frequently in the early years of responsible government.

It was from the colonial eligibility list that Henry Lane was selected and appointed as the first Under-Secretary of Treasury and confirmed on 1st September 1856.⁶⁸ The appointment of Lane was a clever compromise between the execution of Ministerial patronage and appointment of the best officer available. Lane's career had been impressive. He had been appointed to the colonial public service on 4th November 1839 as an extra clerk in the Audit Office with a starting salary of £91 5s. per annum.⁶⁹ By 1842 he had been promoted to Clerk of the 3rd Class, and in 1844 Clerk of the 2nd Class, third in seniority below Lithgow, the Auditor-General. Between October 1848 and September 1849 Lane served as Secretary to the Board of Enquiry into Surcharges on the Accounts of the Collector of Customs, Sydney. In 1851 he was promoted to 1st Clerk immediately below Lithgow, and resigned from that position in December 1855. His salary had increased from £91 in 1839 to £575 per annum, over a period of sixteen years. This escalation in salary indicates a competent and well-qualified public officer, schooled under the disciplined eye of Lithgow, and not an officer under Riddell's tutelage.

The third Colonial Treasurer Sir Stuart Donaldson, appointed on 3rd October 1856, focused on financial administration. He established a Board of Inquiry on 23rd February 1857 to consider and propose improvements in the transaction of business of Treasury and the management of the Public Accounts.⁷⁰ Accountability, transparency, economic efficiency and effectiveness were high on the administrative agenda. The Board was composed of five members including Donaldson; Edward Knox, sugar

⁶⁸ Other Permanent Heads appointed under the new system were William Elyard, Under Secretary, Colonial Secretary's Department (26 June 1856) and Michael Fitzpatrick, Under Secretary to the Department of Lands and Works (9 October 1856). McMartin, (1983), pp.275-6

⁶⁹ *NSW Returns of the Colony*, 1839, (SRNSW ref: 4/288)

⁷⁰ Report of the Board, Printed 11 August 1857, Colonial Secretary, *Minutes and Memoranda*, (SRNSW ref: 4/1062)

refiner and banker; E. W. Ward, Deputy-Master of the Mint; George King, merchant pastoralist and politician and Captain Mayne the Auditor-General. On 11th August 1857, the findings of the Board, containing criticisms and recommendations for reform, were printed.⁷¹

Two main defects of administration were identified. The first was the almost entire absence of responsibility by Colonial Treasurers, particularly regarding payments from Treasury. The department, not the Treasurer, oversaw the payments without deferring to the Minister. Secondly, the Audit Office prepared all information regarding expenditure sought by the Executive and the Legislature, and not Treasury.⁷²

The Board iterated the recommendation of 1856, that all departments be made directly responsible for their expenditure, furnishing information to Treasury respecting that expenditure. Payments from Treasury were to be made by periodical advances of money to departmental heads. The issues concerned how to boost efficiency in departments and acquiring a reliable statement of revenue collected and departmental expenditure. Twelve months later, Treasury's Under Secretary and the Auditor-General prepared a Memorandum in response to the Board's findings. Recommendations were made for changes in the methods of carrying on the duties of both departments.⁷³ The proposals had the potential to lessen the workload and expedite the business of both departments. Modifications were proposed to the Regulations for keeping and presenting the public accounts. The outcome promised a reduction, if not elimination, in delays without any material loss of confidence or reduction in security of the public revenue. Experience had demonstrated that previous attempts at reform had been compromised by retrenchments and reduced staff numbers in both Treasury and the Audit Office and compounded by an increase in business.⁷⁴

On 25th September 1858, the Executive Council authorised reforms in both departments, following the publication of the Report, reforms which confirmed the activities of Treasury. The Auditor-General and Colonial Secretary were no longer

⁷¹ Report of the Board, Printed 11 August 1857, Colonial Secretary, *Minutes and Memoranda*, (SRNSW ref: 4/1062)

⁷² Borchardt, (1975), p.8.

⁷³ NSW Colonial Secretary, 20 September 1858, Min No. 58/36, *Minutes and Memoranda*, No. M14.403, (SRNSW Ref: 4/1062)

⁷⁴ The outcome of this Inquiry is supported by staff numbers that fluctuated very little between 1856 and 1870. Staff numbers remained on an average of thirty-three not including temporary appointments, and despite the increase in activities.

responsible for authorising public expenditure. This accountability now rested in the first instance with the Colonial Treasurer, who was responsible for expenditure according to law, and Treasury's Under Secretary. Accountability for departmental expenditure was transferred to departmental heads, upon whose recommendations the vote for respective departmental expenditure was given, and under whose stewardship the particular service or work was carried out. The British Treasury policy of 1826 and 1850 had centralised Treasury payments. The proposals of 1856 and 1857 reversed that policy, the Colonial Treasurer making cash advances to the departments, relieving him of detailed work after the advance had been authorised. The accounts of Treasury were simplified and the number of payments reduced from approximately 1,000 payments to an average of 40 per month. The Audit Office was no longer required to prepare Warrants for those 1,000 payments. This policy marked the genesis of the ascendancy of Treasury in the colony's economic affairs with its increasing control of departmental expenditure and budgeting without reference to the daily record of expenditure. The foundation had been laid for the future role and prestige of Treasury; a strong, working administrative unit, controlling the expenditure of each department by means of departmental accountants.⁷⁵

⁷⁵ Cell, (1970), p.178

CHAPTER 6

GEOFFREY EAGAR

Moore (1985), when analysing the theory of leadership, cites Wettenhall who argued that studies have moved closer to an individualistic interpretation of machinery of government changes. Wettenhall drew attention to certain ‘architects’ of government systems who were characterized by an ability to design new structures and a desire to impose their versions of order on a disorderly world.¹ Geoffrey Eagar, Colonial Treasurer for two terms, between October 1863 and February 1865 and between January 1866 and October 1868, was an architect of change in colonial financial administration.

Eagar was born in 1818 and died in 1891, living through the period when the colony was transformed from Georgian periwig to Gladstonian sobriety, a period of remarkable change in the colony. His involvement was pivotal to the advancement of Treasury in the second half of the nineteenth century. Eagar’s ministerial terms were brief, but his reforming zeal during his incumbencies was exceptional. He made a substantial contribution to the reform of procedures, functions and processes associated with government accounting in Treasury.² As Treasury Under Secretary between 1872 and 1891, Eagar gave financial advice to succeeding Colonial Treasurers. Eagar was respected by both the public and private sectors until his death in 1891.

The 1855 and 1857 Inquiries into the functions of Treasury had failed to achieve lasting reform in financial administration because of the ephemeral nature of the ministries, factional disputes in the House, a lack of knowledge by Colonial Treasurers of government finance, and unwillingness to become involved in administrative matters. Lamb argues that by 1863 the financial situation was chaotic. The prevailing arrangements had debased Parliament, which had neglected its constitutional right to check the Government’s expenditure. The Auditor-General had no clearly defined

¹ Moore, (1985), Preface

² *NSW V&P*, Legislative Assembly, 1864, p.803

powers and the disputes between the two senior financial departments in the Colony were increasingly acrimonious.³

As Premier James Martin's Colonial Treasurer, Eagar was aware of the problems and was in the position to reverse the situation. Eagar possessed flair, intelligence and intellectual rigor and was an initiator of progressive thought in public financial administration.

Geoffrey Eagar was born in Sydney on 17th February, 1818, the second son of Edward Eagar, lawyer, emancipist and businessman, and Jemima McDuell.⁴ In October 1821 when Eagar was nearly four years old, his father Edward and Dr William Redfern left the colony for London with the ostensible purpose of presenting the emancipists' claims to the Secretary of State. He never returned to his family in the colony. His inability to practice in the courts as an ex-convict and his multifarious and failed business enterprises may have contributed to this decision. He married, bigamously, Ellen Gorman in London in 1823 and with her produced ten children, seven of whom survived.⁵ By 1839 having fought by letter, essay and personal representations on behalf of the emancipists he was described as a 'perfect pauper' and undischarged bankrupt.⁶ Edward Eagar died a 'gentleman' aged 79 years on 2nd November 1866 in Brompton, London.

Eagar was seven years of age when he came under the tutelage of the 'fervid' Dr John Dunmore Lang and the noted pedagogue William Timothy Cape. At school he acquired the sobriquet 'Betsy', because of his apparent unmanly defencelessness, a title which accompanied him into politics. Eagar's financial prospects improved when he married Mary Ann Bucknell. The family had pastoral interests and provided the opportunity for private investment, an activity which rarely resulted in long standing financial success. His reputation as a book-keeper grew and he was employed as managing clerk by a large mercantile firm, Thacker and Co. He began to speculate unsuccessfully in the sale of stock from the Bucknell properties and he was declared

³ Graham, Neil I. 1972, *The Role of the Governor of New South Wales Under Responsible Government, 1861–1890*, PhD, School of Historical Philosophical and Political Studies, Macquarie University, p.133. Lamb, P.N. 'Geoffrey Eagar and the Colonial Treasury of New South Wales', in Spann, R.N. & Curnow, G.R. 1975, *Public Policy and Administration in Australia: A Reader*, John Wiley and Sons Australasia Pty Ltd. pp.261-262

⁴ Lamb, P.N. 'Geoffrey Eagar and the Colonial Treasury of New South Wales,' *Australian Economic Papers*, September 1962, p.24

⁵ McLachlan, (1963), p.442

⁶ Fanny Eagar to Geoffrey, 3 November 1839, *Correspondence of Geoffrey Eagar*, (ML ref: A4504)

insolvent on 14th September 1844.⁷ Eagar made a rapid financial recovery, speculating again in property, and gaining possession of *Rose Cottage* in Macquarie Street where he had lived as a child and where his first child was born in 1853. In 1854 Eagar accepted a senior position with the Bank of New South Wales as Branch Accountant in which capacity he developed a system of inspection of branch accounts that was considered highly satisfactory. He was appointed Chief Accountant and acquired an intimate knowledge of government finance, the Government having appointed the Bank as its financial agent in London when overseas government borrowing was established.

Over his professional career of 25 years he developed a considerable reputation for his business ability, particularly in reference to accounts and accounting practices. He was described at this time by a colleague as having:

‘a placid, suave, subdued manner, ... a new type of man – a gentle, refined, Sydney “Cockney”, far removed from the typical, rough Australian, and, yet, with nothing of London about him, either.’⁸

Eagar amazed his banking colleagues by resigning from the Bank in September 1859, refusing an opportunity for a further promotion, in order to accept an unpaid appointment to the Legislative Council of New South Wales.

Eagar was considered a liberal with a political agenda including compulsory, secular education, abolition of State aid to religious denominations, land legislation, reform of the Upper House and payment of Members of Parliament. Within a month he was appointed Secretary for Public Works. Within a short time, in November 1860, Eagar resigned his Council appointment and returned to private practice as a consultant accountant. He stood unsuccessfully for the electorate of the Glebe, but later contested and won the seat of West Sydney and took his seat in the Legislative Assembly in January 1863.

Eagar immediately attacked the Cowper Ministry on the state of the public finances, but as was the growing practice in this the most capricious of parliaments, James Martin replaced Cowper as Premier in October 1863. The Martin Ministry was

⁷ *NSW Government Gazette*, 19 September 1844, p.1148 and 1 October 1844, p.1206

⁸ Nehemiah Bartley, 1855, *Opals and Agates, or Scenes under the Southern Cross*, Brisbane, 1892, p.129, in Lamb, P.N. ‘Geoffrey Eagar and the Colonial Treasury of New South Wales,’ *Australian Economic Papers*, September 1962, p.26

considered a very strong one with Martin as Attorney-General and Premier, Henry Parkes, Colonial Secretary and Eagar as Colonial Treasurer.⁹

Eagar came to his portfolio of Colonial Treasurer possessing a reputation as an excellent accountant. Eagar's examination of Government financial administration was possibly motivated by an assumption that the public service 'was instrumental in carrying out political decisions'; that 'reform of the public service equated with administrative simplification; that the development of merit-based personnel principles offered a counter to political patronage and finally, that the introduction of new procedures and methods improved administrative performance.'¹⁰

Eagar was faced with an alarming deficit, shrinking revenue during a balance of payments crises, and a parliamentary objection to increasing taxation.¹¹ In order to trim the deficit he turned to ways to reduce expenditure in Treasury and its sub-Departments. Eagar had noted the proceedings of the Select Committee of Inquiry into the System of Tendering for the Public Service held between October 1860 and January 1861. Complaints had been made concerning members of Tender Boards who were inexperienced and not qualified to judge the relative merits of articles submitted for their approval. Eagar inquired into the conduct and operation of the Government Stores' department which was within his portfolio.¹² Nothing short of a total reform of the system was necessary to eliminate extravagance and wastefulness. Eagar subsequently disbanded the Government Stores' department in June 1864 with all stores required by the public service to be supplied directly to the individual departments by the respective contractors. This action increased the accounting problems because departments submitted individual estimates to Treasury as the departments lost control of this expenditure. Treasury monitored the process, requisitions were sent in duplicate to Treasury, showing the contract price and value of each article. The accounts were liquidated by Treasury upon receipt of the certificate from the relative department, declaring receipt of the goods, in good order and according to contract.¹³

⁹ Lyne, Charles E. 1896, *Life of Sir Henry Parkes*, George Robertson & Co. p.137

¹⁰ Zafarullah, (1986), p.xix

¹¹ Lamb, P.N. 'Geoffrey Eagar and the Colonial Treasury of New South Wales', in Spann, & Curnow, (1975), p.261

¹² Borchardt, (1975), p.33

¹³ *NSW Journal of the LC*, 1864, Vol. 11, pp.275-310. Borchardt, (1975), p.104

Eagar next turned his attention to the inconvenience and defects of the prevailing financial system and made proposals for reform. The reforms of the 1850s had not kept pace with the exigencies of the developing Colony in the administration of the economic and financial spheres of Government. Eagar complained about his inability to furnish, statements of the Public Balances and Accounts from resources within Treasury sufficient for the parliament's understanding and the public's right to know.

For eight months Eagar observed Treasury's methodology applied in financial administration. In June 1864 he sent proposals to Cabinet that were calculated to place the public expenditure and accounts on a 'safe and intelligible basis', by introducing an improved system of conducting the business of Treasury.¹⁴

Eagar arranged for the transfer of three Examining Clerks from the Audit Office to the Account Branch in Treasury to examine accounts payable. With additional experienced staff a more reliable set of accounts of revenue and expenditure could be kept and annual publications or quarterly abstracts produced. Eagar's reforms included Treasury's centralized control over expenditure, a reversal of the 1856 initiatives. Under this system of direct payment from Treasury, the work of the Pay Branch was increased in extent and importance. Incompetent officers were replaced with experienced officers more fitted for the duties of the restructured Account Branch. A Chief Clerk with the designation of 'Paymaster' conducted the payments from the Branch. He was assisted by two clerks of 'industry and intelligence' and they all paid sureties for the first time, an indication of their increased responsibilities when dealing with government revenue. The Paymaster and his first assistant were authorised to sign cheques, countersigned by the Treasury Accountant, to liquidate claims on Treasury. The first Assistant prepared receipts and the second Assistant kept the Cash Book and arranged the payment vouchers sent daily to the Chief Accountant. A copy of the Cash Book showing each day's transactions, supported by vouchers, was sent by the Paymaster, to the Accountant, as early as possible on the morning of the following day. With the removal of incompetent staff and the transfer of experienced Audit staff, Eagar anticipated a saving of possibly £975 in salaries alone.

Cabinet adopted the changes, and regulations prepared for the keeping and publishing of the Public Accounts. A notice of intent was published on 20th June 1864

¹⁴ *NSW Journal of the LC*, 1864, Vol. X1, p.140

for the information and guidance of Treasury officers, departments, Government Contractors and others connected with the administration of the public accounts.¹⁵ Treasury now controlled the government's financial administration with a larger, more efficient staff, better and able to meet emergencies swiftly.

The reforms were not accepted without complaint. The Auditor-General, Captain Mayne, objected strenuously to the staff transfers from the Audit Office to Treasury three days after the publication of the administrative changes. The Auditor-General had arranged for the transfer to Treasury of his senior officers together with the books of account necessary for keeping the public accounts.¹⁶ Examining Clerks were also transferred together with the necessary Registers for examining accounts before their payment. Mayne objected to the mandatory withdrawal of five of the 'very best, the most effective and the most valuable' of his officers. This had been done without the courtesy of warning him, and would result in 'grave hardship' for the conduct of his own department.¹⁷ His objections continued into August when he asked acerbically 'Did the Colonial Treasurer wish to "aggrandize" the importance of his office and functions, to augment ... to enlarge Treasury?'¹⁸

The succeeding Auditor-General Christopher Rolleston argued bitterly against the deliberate devolution of his duties to Treasury and the Colonial Treasurer in a framework of legitimacy, the consequence of inquiries and Reports of Boards called into existence by the Executive Council or on recommendations submitted to and adopted by the Governor and the Council, in other words a pre-determined and political strategy to emasculate the Auditor-General's Department. The Auditor-General's powers remained ill defined in order to balance Treasury centrality. The relationship between Treasury and the Auditor-General's office did not achieve professional or personal equilibrium for some years and certainly not, as presumed, when the functions of the Auditor-General were formalised in the Audit Act of 1870.¹⁹

This influx of officers required additional accommodation in the Treasury building in Macquarie Street. A room used by the Audit Office was commandeered and connected with Treasury by constructing a door in the partition wall, a partition that had

¹⁵ *NSW V&P*, Legislative Assembly, 1864, p.809

¹⁶ *NSW V&P*, Legislative Assembly, 1864, p.811

¹⁷ *NSW V&P*, Legislative Assembly, 1864, p.812

¹⁸ *NSW V&P*, (1864), p.847

¹⁹ Graham, (1972), p.134

divided the two Departments, since the building's initial occupation in 1851. Eagar personally sought information from consulting banks and public companies as to the rates of remuneration paid in the private sector. He confirmed that talented employees were remunerated at higher rates in the private than the public sector, due regard being paid for their abilities and the analogous nature of their duties. Where a high degree of ability and experience was required the government paid a great deal less than was paid for comparable ability by the banks and in the private sector generally.

Eagar took a personal interest in appointments to Treasury. He was familiar with the register of the list of names for promotion that had been made available to Cabinet in 1856. In 1868 he referred to it when refusing an applicant because of the number of his previous applications registered at Treasury.²⁰

The political satirists of the day found Eagar a popular focus for cartoon and jibe. 'Betsy' was the cartoonist's ideal subject, balding with a thickening waist yet sporting a sharp angular face and intelligent, yet humourless eyes. He featured in a number of cartoons, lampooning his role as Colonial Treasurer, the Budget and later his position as Under Secretary of Treasury.²¹

The Duncan affair underscored the elements of sectarianism, hubris, factional politics, political chicanery and stalled objectivity which all contributed to this unprofessional episode in the course of Treasury. The roles of Governors Young and Belmore in this episode also marked the end of a relationship between Governor and the public service which had been in place since 1788. The main participants included Eagar, William Duncan, Collector of Customs, James Thomson, Accountant of Treasury, Sir Henry Parkes, and the Governors, Young and the Earl of Belmore. Eagar's term as Colonial Treasurer coincided with the terms of these two Governors who had broad financial experience. If he had sought their advice in the Duncan matter, which is unlikely, or accepted their advice, he may have acted in a more conciliatory manner and saved his political career. Nevertheless, because of his obdurate behaviour and lack of political skills, Eagar's career was altered significantly. Doing so, he

²⁰ Eagar to Belmore, 26th June 1868, Belmore Letters (ML ref: A 2542-3, p.286). Loveday, (1959), p.345

²¹ See Hogan, Michael 'Cartoonists and Political Cynicism', *The Drawing Board: An Australian Review of Public Affairs*, Vol. 2, No. 1, July 2001, pp.27-50. In many of the cartoons featuring Eagar the tone was more sympathetic, benign and not overtly cynical.

involved, for the last time, two governors who became engaged, intimately, in the administrative affairs of the colony.

In 1861, Governor Young brought to New South Wales 24 years experience in the British Parliament with six years in executive office, specifically British Treasury work and Irish Administration. In 1841 Peel had made him a Lord of Treasury, and from 1844 to 1846 he was Secretary to Treasury.

The Earl of Belmore demonstrated ‘a distinct flair for finance, coupled with a tidy minded efficiency in administration’. As Governor of Hong Kong, Belmore had negotiated the acquisition of Kowloon, reorganised the colony’s civil list and finances, and, in 1863, enquired into the finances of the Straits Settlements. Governors Young and Belmore considered their dominant roles to be ones of tutelage. When Ministers and Members were feeling their way they were inclined to defer often to their wider experience.²²

William Duncan, a Catholic was considered a man of ‘very great ability and assiduity’ and had been the editor of a periodical, the *Weekly Register*, published in Sydney. He was well-read in French and English, on many subjects, including political economy; all the great historians and most of the philosophers.²³ Henry Parkes thought highly of him, publishing his writings and poetry. Duncan had been appointed to Moreton Bay as Sub-Collector of Customs on 20th October 1846, and returned to Sydney as Collector of Customs on 10th May 1859. Eagar was a staunch Anglican, poet and essayist, a translator of Classical Greek, who considered himself the equal intellectually of Duncan, his professional inferior.²⁴

On 15th August 1868, Eagar, in a Minute to the Executive Council, advised that he had suspended William Duncan as Collector of Customs, a sub-department of Treasury. The suspension applied until directed otherwise. The then Martin-Parkes Ministry was experiencing an uneasy union, divisions arising on matters of policy.²⁵ Parkes was anxious to resign not only because of a personal financial crisis but because

²² Graham, (1972), p.52

²³ *New South Wales Papers*, 1812–1863, Correspondence, Duncan to Stuart Alexander Donaldson, 28 June 1856, (ML ref: A668).

²⁴ Eagar may have followed the exhortations of Frederic Barker, the second Anglican Bishop of Sydney, between 1855 and 1882. He warned his congregation against fraternizing with Roman Catholics, urging them not to subscribe to the 1865 appeal for the rebuilding of St Mary’s Cathedral after it was destroyed by fire.

²⁵ Loveday & Martin, (1966), p.69

his supporters were critical of the financial maladministration, ‘ignorance’ and ‘shuffling’ of Colonial Treasurer, Eagar.²⁶ The attempted assassination of the Duke of Edinburgh by O’Farrell in March 1868 had also inflamed sectarian divisions and overtaken political matters.

The background to the matter involved Duncan who had, on 2nd July 1867, seized a case of goods which had been landed. The owner had entered the contents in the declaration form as ‘fancy goods’ which was liable to an *ad valorem* duty of five per cent. Duncan asserted that the case contained in addition to the ‘fancy goods’ over five dozen bottles of scent to the value of £3 5s. 10d. and liable to a duty of 10s. per proof gallon as ‘perfumed spirits’, the duty amounting to 3s. 9d. The case of goods was seized by Duncan personally, the Colonial Treasurer minuting the report ‘let the usual course be taken’.²⁷ The owner of the goods complained to the Colonial Treasurer and that a mistake had been made. Eagar requested a report from Duncan, not agreeing with Duncan’s assessment of an intentional case of fraud. He directed that the case be given up on payment of duty on the drapery and the perfumed spirits.

Duncan refused to obey Eagar’s directive and, on 20th July 1867, Under Secretary Lane informed the Colonial Treasurer that Duncan had sought to delay the return of the goods for ‘cogent’ reasons. On that same day, Eagar minuted that ‘unless Mr Duncan give a plain and straightforward answer to the questions contained in the Minute, I shall treat his failure to do so as an act of disobedience to my lawful demand – and take the needful steps to have my authority respected.’

Duncan responded that the goods had been seized ‘for a clear and indisputable fraud, the most indisputable of the kind I have ever known’, and that the importer had the opportunity to claim restoration with an appeal to the Supreme Court. The act of the Colonial Treasurer in ordering the goods to be given up was *ultra vires* and illegal and he was interfering in a legal matter that was *sub judice*. Eagar’s interference was ‘most demoralizing to the officers, and disastrous for the revenue.’ Duncan had also given the papers to Parkes with a view to seeking his advice and protection. Eagar sent a further note to Duncan on 21st July ordering him to return the goods to the importer. Duncan obeyed but at the same time attaching a Minute to the foot of the order, ‘In the absence

²⁶ J.L. Montefiore to Parkes, n.d. (late 1867), *Parkes Correspondence*, (ML ref: A895, p.75), and 29 November 1867, p.72 in Loveday & Martin, (1966), p.70

²⁷ *NSW V&P*, 1868-69, p.76. All evidence concerning the Duncan affair has been recorded in the *V&P*

of the Attorney-General (who was away from Sydney), I have no alternative but to submit to this peremptory order.'

Eagar requested that a meeting of Cabinet be convened to consider the case which was subsequently held in Parkes' office on 27th July. Cabinet were unanimous in its opinion that Duncan ought to be suspended from duty, and he was called upon to show cause why he should not be dismissed. On that same day, Eagar sent the order to Duncan suspending him, and ordering his replacement. Duncan refused to be suspended under any authority other than that of the Governor and Executive Council. He also refused to hand over control of the department, saying that Eagar had no power to appoint any person to his office 'any more than he has to make an Archbishop'.

A second Cabinet meeting was held on the morning of 28th July where it was resolved that in the difficulty:

'in which the Colonial Treasurer was placed by Mr Duncan's refusal to obey his order, it was unanimously resolved, that he should inform Mr Duncan that unless he handed over charge to Mr Berney by 1.30 pm, the necessary steps would be adopted to enforce obedience; and that in the event of continued disobedience, the assistance of the police would be resorted to.'²⁸

Duncan capitulated but Eagar considered it impossible to overlook the insubordination of a government officer and the Executive Council confirmed the suspension on 18th August. Parkes resigned from office as a consequence of Eagar's insistence on Duncan's suspension and the threat of police action to eject Duncan from his office.

Duncan, from his residence, *Colebrooke*, Double Bay, sent an explanation to the Governor and the Executive Council on 25th August and sought leniency. He indicated that he had never been intentionally disrespectful or insubordinate to the Colonial Treasurer. His opinion of his official position was at variance with the Minister, but he had acted in good faith. Duncan reminded the Cabinet that he had been in office for 22 years without a single week's leave of absence and had endeavoured to discharge the important and onerous duties of his office with fidelity and zeal for the public interest. He was entitled to retire on a pension.

Eagar rejected Duncan's plea, 'having in view the imperative necessity of enforcing due subordination in the public service and maintaining the authority of the

²⁸ NSW LA, Select Committee, Records of Proceedings, Item 27, 1870–71, No. 19: Charges against the Collector of Customs'. *Proceedings, Minutes of Evidence, Correspondence and papers*, (Ref: NSW Parliamentary Archives)

Government over its own officers.’ He recommended that Duncan be removed from office but not be disqualified from seeking employment in some other public department or from seeking some allowance from the Government in consideration of his length of service.

Initially, Parkes had chosen not to interfere.²⁹ He wrote to Duncan explaining that ‘I and Mr Eagar stand upon an equal footing as members of the Government and I should simply put myself in a false position by presuming to interfere in the Department of the Public Service under his Ministerial control.’ A few days later he wrote again to Duncan:

‘you should know quite as well as myself, that Government must govern, and that it is not for the servants of the Government, whatever their rank, to dictate the course of action which should be pursued by those, who for the time being, represent and hold the powers of the Constitution ... It is this Minister constitutionally clothed with authority, whom you have disobeyed, treated with contempt, accused of illegal conduct, and threatened with correction from his colleagues in power.’³⁰

Parkes attempted to mediate and bring the affair to a satisfactory conclusion. Duncan was in the wrong and Eagar had no other course open to him, than the one he had taken, the two Ministers being in accord as to ‘the insubordination of the Collector, and the necessity for adequate punishment’. Duncan had offered a ‘full and ample’ apology which Parkes, Martin, the Cabinet and Governor Belmore thought reasonable and one acceptable to Eagar without ‘loss of dignity’ and thus restore Duncan to his position.

Eagar refused to accept the compromise, being supported reluctantly by Martin, and Duncan was dismissed.

Parkes, pleased to escape the irresoluteness of the faltering Ministry, resigned on 17th September 1868 citing Duncan’s dismissal as harsh and having failed to give effect to his views in the deliberations of the Cabinet. Parkes’ conspiracy speech at Kiama following the O’Farrell assassination and his resignation on the Duncan question aggravated the sectarian differences which prevailed in the colony and in Treasury.³¹ Eagar was a strong Protestant, and there seemed to be a great deal of bitterness between some of the subordinate officers of different religious persuasions in the department.

²⁹ NSW LA, Records of Proceedings, Item 27, 1870–71, No. 19

³⁰ NSW LA, Select Committee, 1870–71

³¹ Belmore to Under Secretary of State for the Colonies Sir Frederick Rogers, 28 January 1869, *Belmore Correspondence*, (ML ref: 2542)

Belmore reported the political nature of the situation and the ‘bad feeling’ between Duncan and Eagar. It was not the first time that they ‘had come into collision’. Duncan in a note to Belmore’s private secretary spoke of the Colonial Treasurer as ‘his enemy.’ Belmore understood that the suspension was necessary for the maintenance of discipline in the public service, that Duncan’s apology should not be accepted, and that Duncan should be dismissed from his office. Belmore considered that this action was technically proper and in accordance with the law, but was contrary to sound policy; that the Parliament had not been given an opportunity for expressing an opinion in the matter. Rather than come into dispute with the Government, Belmore did not urge his opinion on the Government but thought it important that it be discussed in the House particularly as the law affecting dismissal appeared to be ‘a good deal misunderstood’.³²

Eagar’s dismissal of Duncan was not a popular decision, the public and the press branding Eagar a tyrant. Saul Samuel, a future Colonial Treasurer, promised to expose ‘acts of tyranny unprecedented in the acts of any Minister’.³³ Eagar lost his seat in the aftermath of the Duncan affair in 1869, Parkes intimating that Eagar had treated him with contempt, acting in a blind rage.³⁴ When the second Martin Ministry failed, Eagar stood unsuccessfully for the Western goldfields and, in 1869, retired from active politics in New South Wales, retaining the title of ‘Honourable’ as a former Executive Councillor, considered by him a singular honour.³⁵

Parkes’ resignation created a rift between himself and Eagar not mended before 1891. Eagar was invited to a luncheon held at Hampton Villa, Parkes’ Balmain home, on 10th August 1891 to honour the contemporaries of the advent of Constitutional Government. This was one month before Eagar’s death. In his acceptance, written

³² Belmore to Sir Somerset Richard Lowry-Corry, 15 October 1868, Belmore Correspondence, *Copies of Correspondence* 1868–1872, (ML 2542, CY 496). Belmore was possibly preoccupied by what he considered a matter of far greater consequence: the problem of money grants being paid before the passing of the Appropriation Act. Belmore to Mr Adderley, 18 May 1868, p.129. *Belmore Correspondence*, 1868–1872, (ML 2542, CY 496)

³³ Lamb, (1962), p.38

³⁴ Lamb, (1962), p.38

³⁵ Eleven years later Eagar’s loss in the Duncan matter was underscored by the Duncan Superannuation Bill assented to on 13 April 1880.³⁵ The Act enabled Duncan to retire upon a superannuation allowance notwithstanding his temporary removal from office. There was no doubt as to the faithfulness of Duncan’s service as Collector of Customs.

from his Blue Mountain's home at Valley Heights, Eagar accorded Parkes his passing testimony, 'the foremost man of all his time so far as Australia is concerned'.³⁶

Eagar's electoral defeat and removal from political life resulted in a personal financial crisis. By an act of Ministerial patronage Martin found Eagar a senior position in Treasury in 1871 and in February 1872 the Martin-Lord Administration appointed him to the office of Under-Secretary for Finance and Trade. Eagar replaced the ailing Henry Lane, who subsequently died at the relatively young age of 55 years on 19th September 1873 from a kidney disease.

Eagar's appointment to Treasury in 1871 was greeted by the press with some derision. He had accepted a subordinate appointment in Treasury, remaining out of sight but accepting a reasonable salary. Paradoxically, 'Betsy' Eagar's professional ability with accounts and figures persuaded his former ministerial colleagues that the appointment was to their advantage. Eagar played a significant and singularly important role in formulating economic policy between 1871 and 1891.

Belmore was the last of the imperially trained Treasury men, educated and tried in financial management. The Audit Act of 1870, an initiative of Governor Belmore, was 'the chief or one of the two chief official results of his term'. The provisions of the Act rendered the issue of expenditure of public money, by appropriation, on a much better footing than he had found it.

After Belmore's departure, Eagar was left alone to formulate Treasury policy and direction. Eagar brought to Treasury a considerable grasp of government finance and a keen knowledge of accounting procedures. These were skills possessed by few if any of the following sixteen Colonial Treasurers under whom Eagar served over the following twenty years.

The latter decades of the nineteenth century in New South Wales were financially tumultuous, and Eagar was a force in economic decision making and policy formulation, especially with regard to public expenditure, loan raising and the delicate management of relations with banks both in the Colony and overseas, especially in London. Eagar orchestrated the floating of loans and their repayments, convincing various institutions and the English lending public of the colony's capacity to repay. He

³⁶ *Correspondence of Sir Henry Parkes*, Luncheon to Contemporaries of the Advent of Constitutional Government, 10 August 1891, (ML ref: A1028)

became indispensable to Colonial Treasurers and, indeed, was the bridge between the private banking world and the public sector.

Eagar's poetic and scholarly inclinations gave him comfort in his last and difficult years. He was reputed to be still writing 'fair poetry' and engaged in translating the Odes of Horace into English verse before his death in 1891. In his private life he was tormented by financial adversity. Each and every attempt to improve his financial status resulted in near bankruptcy. In 1880 he failed in cattle speculation but it was land speculation that brought about his final financial calamity. This occurred in 1885 when the Chief Commissioner of Insolvent Estates gave notice of the sequestration of his estate.³⁷

Eagar's involvement in the colony's administration was not impaired by his financial embarrassment, for in that same year, 1885, Eagar was appointed to the Civil Service Board. Eagar's contribution to economic affairs was also appreciated by the transitory Colonial Treasurers with whom he had experienced amicable relations. Alexander Stuart when taking his departure in March 1877 wrote 'I feel that it would be both discourteous to you and repugnant to my own feelings were I to leave this office without recording the deep sense I entertain of the value of the services of yourself and your entire staff'. Eagar had made Stuart's 'administration both easy and pleasant'. Stuart had 'a grateful recollection of the ready assistance Eagar had at all times and in many very difficult cases so cordially given to him.' He appreciated the 'frankness and cordiality' which had existed between them. The retiring Colonial Treasurer also commended the staff 'for the ready help' which they gave and 'for the excellent way in which their duties' had been performed. He added that he would not 'desire to work with better staffs than that which exists in Treasury'.³⁸

On 26th February 1891 the Colonial Treasurer, William McMillan, recommended the retirement from the public service of Eagar. The proposal was in consequence of the 'able and faithful services of Mr Eagar for so many years in one of the most trying and difficult positions in the public service'. McMillan recommended that Eagar be given leave of absence on full salary for a period of twelve months prior to his retirement and that his pension be awarded to him, such action considered to be 'very

³⁷ *NSW Government Gazette*, Thursday 12 November 1885, p.7327

³⁸ *Correspondence of Geoffrey Eagar*, Alexander Stuart to Geoffrey Eagar, 16 March 1877, (ML ref: A4504)

generous treatment at the hands of the Government'. The Executive Council concurred and Francis Kirkpatrick was appointed Acting Under-Secretary on that same day, his appointment at Under-Secretary being confirmed on 28th July 1891 to be effective from 1st March 1891.³⁹

Eagar left Treasury in March and 'his familiar figure, venerable with age, and carefully muffled, was often to be seen driven in his accustomed cab.'⁴⁰ He died at 'Elmville', Glebe Point on Saturday 12th September 1891 following a stroke. Following Eagar's death Henry Parkes moved in the House the resolution: 'That this House desires to place on record its regretful sense of the loss sustained by this colony by the death of the Hon. Geoffrey Eagar', describing him as one of the 'most striking figures who watched over the introduction of parliamentary government'.⁴¹

Two other men who had been officers of Treasury held the position of Colonial Treasurer of New South Wales. Sir George Reid, Colonial Treasurer and Premier, was Correspondence Clerk and later acting Accountant of Treasury between 1869 and 1878, when he became Secretary to the Attorney-General. After a successful career in colonial politics he entered the Federal Parliament and held the Prime Ministership of the Commonwealth of Australia.⁴² Sir Bertram Stevens in the twentieth century was Treasury Under Secretary before his dismissal by Jack Lang. He subsequently entered State Parliament.

It is difficult to give a precise assessment of Eagar's contribution to Treasury's improved financial administration. He did stand out because he dared to make a difference when so few Colonial Treasurers were sufficiently knowledgeable to enter the debate about government finance and its administration. It is also acknowledged that Colonial Treasurers, after 1871, did rely on his judgment when dealing with overseas bankers. Lamb's summation of Eagar's career as Colonial Treasurer and Under Secretary of Treasury was that it 'was impossible to convey adequately the significance of his control of government policy and the lasting influence of his

³⁹ *Executive Council Minutes*, Min. No. 9, p.152, p.133; Min. No. 39, 28 July 1891, (SRNSW ref: 4/1585)

⁴⁰ *Evening News*, 14 September 1891; Lamb, (1962) p.29

⁴¹ *Daily Telegraph*, 15 September 1891, and *NSW Parliamentary Debates*, Vol. 53, pp.1663-4

⁴² Reid, according to Lamb, completed in large degree the work which Eagar had started in 1864; the establishment of Treasury as the great co-ordinating department of government. Lamb, P.N. 1963, *The Financing of Government Expenditure in New South Wales, 1856-1900*, ANU Ph.D Thesis, p.398

reforms'.⁴³ His achievements rested on three factors: his reputation as an experienced cabinet minister before joining Treasury; his profound knowledge of accounting procedures acquired during his career in the banking sector permitting him to achieve mastery over the increasing complexities of government accounting and overseas borrowing, and his support given to Colonial Treasurers represented by sixteen ministries, between 1871 and 1891. This summation is tempered by Eagar's strange detachment from the Treasury Accountant Thomson and his imbroglio with Dibbs coinciding as it did with his failed property speculation. Justification for his absence from Treasury's involvement in the litigious nature of the Colony is manifold. His attention was certainly focused on the problems of litigation with the Bank of NSW, local cash balances to finance the rapidly mounting capital outlays, land sales, the London Stock Exchange, uneasy indications from the Bank of England and the floating of a £2m. overseas loan. He is little known or remembered today in political or government spheres other than the Eagar Essay Competition held in the New South Wales Treasury and Office of Financial Management.⁴⁴

⁴³ Lamb, (1962), pp.264

⁴⁴ The NSW Treasury essay competition was offered for NSW and ACT university students who were permanent residents and enrolled in an undergraduate (including honours) degree. The winning essayist received the Geoffrey Eagar prize of £3,000. NSW *Treasury Focus*, Issue 22, July 2003, NSW Treasury

CHAPTER 7

FINANCIAL ADMINISTRATION, 1871–1901

N. G. Butlin argued that:

‘the epithet of colonial socialism ... defines a part (though not unchanging) pattern of partnership between government and private institutions to which the Australian economy was subject for most of the second half of the nineteenth century.’¹

Political policies and patterns of partnership between government and private institutions impelled and accelerated the disparate functions and responsibilities of Treasury.² The animosity that characterised the colonial parliament between 1871 and 1901, impinged on Treasury operations but without major dislocation to its core functions. In the Parliament, factions were evolving towards the party system, fierce debate accompanied the annual Financial Statements, and overseas borrowings and land use dominated political policies. Through the turmoil of failing Ministries, and succeeding Colonial Treasurers, the Treasury was expected to function, indeed, flourish. Political personalities and public inquiries, circumscribed problematic leadership and the economic crisis associated with profligate overseas borrowing determined any progress made towards improving financial administration. The department survived and sustained its efforts, ensuring that the incumbent Colonial Treasurer was able to present an annual financial statement with professional correctness, and without ambiguity, sufficient to sustain the rigours of parliamentary debate.

Between 1871 and the turn of the century, Treasury underwent a number of inquiries into its procedures, functions, structure and accommodation. The reason for the inquiries was part of an accelerating world-wide interest in efficiencies in financial administration, tethered with the growing complexity of government involvement in international money markets. The outcome of each inquiry was limited, opportunities

¹ Butlin, N.G. ‘Colonial Socialism in Australia 1860–1900’, in Aitken, H.G.J. ed. 1959, *The State and Economic Growth*, Social Science Research Council, New York, p.27

² Parsons, T.G. ‘The Development of Early Colonial Capitalism: Some thoughts on Connell and Irving’s Class Structure in Australian History’, *JRAHS*, Vol. 68, Pt. 2, p.155

taken for improvements in Treasury activities reduced because of factors unfavourable for immediate action.

It was indispensable that with the increasing importance of government activities and intervention in societal activities such as providing infrastructure, communications, public works, transportation and other facilities, that the public service should employ, particularly in the senior positions, men of 'ability, character and intelligence, ... capable of counselling and assisting Ministers, particularly when there was a frequent change of Ministries.'³

The Commission of Inquiry of 1871, convened to inquire into the Civil Service, was the fifth inquiry involving the Treasury since 1855.⁴ The object of the Inquiry was ill-defined other than to inquire into the state of the Civil Service. Objectives included defining the means to introduce a system of examination, prior to appointment to the public service, and establishing a 'better' system to improve the proficiency of public servants.⁵

The Committee of 10 members included the Chairman, retired naval officer and Member for Camden, Captain Arthur Onslow, one past and two future Treasurers, William Forster, Patrick Jennings and Saul Samuel. A progress Report was tabled on 2nd August 1872 and the final report and evidence published on 5th March 1873. Treasury, though not specifically targeted, received sufficient attention by the Committee to give some idea of the deficiencies inherent therein. The inquiry incidentally, verified the abrasive relationship existing between the Treasury and the Auditor-General, not tempered by the 1870 Audit Act.

The Committee dwelt on the selection process and appointments to the public service. On Thursday 7th December 1871 Henry Lane, Treasury's Under Secretary, outlined Treasury procedures for entry examinations, qualifications of its officers, and required standards of professionalism.⁶ Lane provided a working model of the department and his personal involvement in its operations. The Committee found that Treasury was, overall, satisfactory in all aspects, the standard of entry high; there was

³ NSW V & P, 1872, Vol. 1, p. 654. NSW V & P, 1872–1873, Vol. 1, p. 667.

⁴ Borchardt, No. 255, *Reports and Proceedings* (21 November 1871, 30th July 1872; 12 November 1872) (2 August 1872. 5 March 1873), NSW V&P 1872 (Vol.1) pp. 665-725

⁵ SMH 13 November 1872, p.2. NSW V&P, Session 1872, Vol. 1, pp. 19, 208, 234, 281. See p. 665 for progress report

⁶ NSW V&P, Vol. 1, 1872, p.679

limited Ministerial patronage or interference in appointments, and the attractiveness of a career in Treasury remained. Applicants had not been confined to young men but to all ages - boys to old men, but rarely were appointments made of adults over thirty years of age. Lane had appointed to his own office an elderly man who had been a bookkeeper in a merchant's office. He was well qualified for the duties he performed and, excepting for his age, the appointment was satisfactory. Lane adhered to his belief, however, that entry to the service should not be allowed beyond the age of 30 years.

Lane made himself well acquainted with the candidates' qualifications, making an assessment before they were drafted into responsible positions in any of the branches. He culled those he considered unfit for the work. He was also in favour of reverting to the system of examination prior to entering the public service, and classification afterwards. This examination system had prevailed in 1836 but relaxed with the introduction of responsible government and ministerial patronage. In order to maintain and improve standards, if classification by examination were reintroduced, he would insist on a higher test being applied to those progressing from the lower to the higher grades. The standards of entrants into Treasury were equal, however, to any employed in former years and the work performed as efficiently. Nor had the public service deteriorated in public status, especially the revenue raising departments such as Customs, the Pilot Branch and other Treasury sub-departments.

Nevertheless, inefficiencies remained in current practice. Under an old system clerks were entitled to annual increases of salary. This they obtained only on the certification of the departmental head. Withholding of the certification deprived the clerk of the annual increase. Now, if there was a case of discipline, there was no other course than dismissal, rather than a stay to a salary increase. As a consequence offences of greater or less turpitude went unpunished because dismissal was the only weapon for supervisors.

In Treasury's Account Branch, junior clerks were required to undertake special training. The usual practice was to induct young men, generally Australian youth and place them in a training scheme. They came under the personal care of Lane, initially for assessment and afterwards were drafted into the various branches according to their personal adaptability. If placed in the Account Branch they came under the immediate control of the Accountant.

While in service the honesty and accountability of Treasury officers was also tested. Those who were susceptible to accumulating personal debt were identified and the Insolvency Court recommended. If the officer was guilty of anything dishonourable or discreditable the insolvent was immediately dismissed. But, if through circumstances over which the officer had no control he was reduced to applying for relief, was allowed to retain his position, and liquidate all just claims upon him.

The life-style of Treasury clerks was a matter of ongoing interest for Lane. Betting or gambling by officers in the office was also examined. The regulations prohibiting such behaviour were not formalized, but all clerks were cognizant of the rules of employment. Private conduct was not addressed by printed regulations, as were the instructions concerning professional duties.

The Committee queried the incidence of appointments to Treasury through Ministerial patronage and outcomes. The Treasurer, George Lord, and the immediate past Treasurer, Saul Samuel, never made an appointment without conferring with Lane, a custom which had generally prevailed since 1856. When consultation had been occasionally overlooked the outcome had proved disastrous to the appointee himself, as he was proven unfitted for the position to which he was appointed, and in consequence of that unsuitability, he was dismissed.

Work practices were also scrutinized including office technology. Lane had introduced copying-machines without encountering staff objections and the cost-benefits had been the savings in salaries of at least two clerks.

Lane declined to offer any suggestions for improving Treasury functions. Treasury had improved in efficiency and conduct to a satisfactory degree, a situation, which he considered did not apply to the public service generally. From a social point of view young man entering Treasury clerkships were equal to those obtaining bank clerkships in the private sector.

On 7th December 1871 a witness of international standing, the Victorian novelist and late of the Postal Department in England for thirty-three years, Anthony Trollope followed Lane.⁷ Trollope agreed with Lane that an entry examination into the public

⁷ Trollope had joined the British Post Office in 1834. He worked on his novels in his spare time, the first begun in 1843. He was appointed Surveyor General of the Post Office in 1859 at the height of his literary powers. He went on postal missions overseas and after resigning from his post he visited for the first time, his pastoralist son in Australia in 1871 and accepted the opportunity to appear at this Inquiry.

service was the best method of proving that the aspirant possessed an adequate education. A refereed system by nomination was the best method of attracting men with professional aspirations. The qualifications necessary for a clerk were ‘that he should write a good hand, that he should spell, which is the greatest qualification of all, and that he should have some adequate knowledge of arithmetic. He should be “faithful, obedient and, if possible, a gentleman”.’⁸

The Committee’s final Report criticized various aspects of the civil service employment and recommended that a Bill be introduced providing for ‘proper classification of jobs; examination, probation and appointment of candidates; promotion; offences and misconduct; granting of leave on uniform principles, retirement and superannuation.’⁹

The outcome of this 1871 Inquiry was non-conclusive, with no outstanding changes introduced into the administration of Treasury.

In October 1868 when Eagar was replaced as Colonial Treasurer by Saul Samuel his keenest critic, Governor Belmore, took advantage of the change of ministry and pointed out to Samuel his concerns as to current parliamentary practice concerning financial administration. Parliamentary control of expenditure was little more than an abstract notion, that parliament had ceded control of the accounts and expenditure to Treasury.¹⁰ Out of that concern was drafted the Audit Act of 1870. The outcome of Belmore’s legislation was essentially ineffective. Eagar, as head of Treasury made sure that Treasury remained dominant, with control of expenditure, and none of Belmore’s successors were Treasury men prepared to argue matters concerning financial administration. The Auditor-General’s Annual Reports of the 1870s and 1880s supported Parliament’s sense of a loss of control of the public purse and expenditure to Treasury, contrary to the provisions of the Audit Act of 1870.¹¹

These observations were supported by a valuable assessment of Government accounting in the Australian colonies in 1880–81. They were made, not by an Australian critic but by the New Zealand Auditor-General, James Fitzgerald. Fitzgerald’s report had been commissioned by the Public Accounts Committee of the

⁸ *NSW V&P*, 1872, vol. 1, p.681

⁹ Borchardt, D. (1975) Part 4, p. 81. *V&P*, 1872–1873, Vol. 1, 5 March 1873, p. 665

¹⁰ Graham (1972), pp.136-141

¹¹ *NSW Auditor-General Annual Reports*, 1871–1881. Lamb, in Spann & Curnow, (1975) p. 264

New Zealand government in September 1880, which requested a full account of the management of public monies in all the Australian colonies, and especially their auditing procedures. Fitzgerald's conclusion was that overall the Audit Act had been ineffective.¹² New South Wales had failed when applying Fitzgerald's criteria of good financial administration under the heads of Consolidated Fund, Loan Moneys, and Trust Funds. There were no controls in place to prevent the Government from obtaining moneys other than by Parliamentary appropriation as exercised by the Exchequer and the Comptroller and Auditor-General in England.¹³ There was little to recommend in the accounting practices followed in New South Wales, the deficiencies not escaping the notice 'of a keen inquirer into our system, sent over from New Zealand ...'¹⁴ Granted the rivalry between Treasury and the Auditor-General he is probably going to report the negative assessment of Fitzgerald.

The only explanation for this critical assessment was the determination of the Under Secretary, Eagar to control all aspects of government accounting and financial administration. From his personal experience he may have formed the opinion that the financial acumen of consecutive Colonial Treasurers was questionable and that matters should be left to his mastery of government finance, ignoring the precepts of responsible government.

Economic expansion in the 1880s was reflected in the total outstanding debt of the colony in December 1883 which was £21,632,459 9s. 2d. This was attributed to the increasing involvement by the Government in the overall improvement of communications and public works in the colony. The population was increasing, and immigration encouraged. The Government was investing in railways, electric telegraph

¹² Fitzgerald, James Edward 1881, *A Report on the Management, Accounts, and Audit of the Public Revenues*, Wellington. In 1897 Treasury's Head Accountant, John Vernon, sent a request to New Zealand for a copy of Fitzgerald's Report as it contained 'much valuable information.' NSW Treasury, *Memoranda*, 15 February 1897, (SRNSW ref: 10/22326)

¹³ The 1866 Exchequer and Audit Departments Act, initiated by William Gladstone, had established the position of Comptroller and Auditor-General. This position was given two main functions – to authorize the issue of public money to government from the Bank of England, having satisfied himself that this was within the limits Parliament had voted – and to audit the accounts of all Government departments and report to Parliament accordingly. The House of Commons authorized expenditure, the Comptroller and Auditor-General controlled the issue of funds, and accounts were produced by departments and audited by the Comptroller and Auditor-General. After 1834 the Commissioners for Auditing the Public Accounts worked in tandem with the Comptroller of the Exchequer, who was charged with controlling the issue of funds to the government. The UK National Audit Office, the history of the National Audit Office, <http://www.nao.gov.uk/about/history.htm> 2 October 2001

¹⁴ NSW Auditor-General, *Tenth Annual Report*, 30 June 1881, p.97

lines, improving the navigation of the coastal harbours and rivers. Roads and bridges were being surveyed and constructed, sewerage works were being established for Sydney and the supply of water improved, together with numerous public works and buildings being provided for in the estimates.¹⁵

Nevertheless it was still considered ‘utterly impossible’ to comprehend the state of the colony’s finances from the Financial Statements.¹⁶ In 1882, and again in 1883, the Auditor-General recommended the establishment of a Committee of Public Accounts as in the House of Commons, so that Parliament would have more effective control over the public expenditure; as a moral support to the Audit Office.¹⁷ It was regretted that Parliament had not expressed an opinion as to the illegal action of the Treasury in laying its hands on the public revenue without Parliamentary sanction.¹⁸

The *Dibbs v The Daily Telegraph* action for alleged libel of 1888 brought the issue of the validity, the credibility, the genuineness of the Financial Statement into the public arena for the first time. The action became a *cause célèbre* in the colony following the delivery of the 1885 Financial Statement by the Treasurer, Sir George Dibbs. The case exposed the entire procedure and formality associated with the production and delivery of the Financial Statement by the Treasurer and Treasury. The relationship between the Ministry and its public servants was examined displacing a distant abstraction with the working reality. The role of Treasury officers was scrutinized, in particular their guidance and advice; any contribution made in controlling financial policy, defining acceptable and permissible parameters of influence. Also brought forward for public scrutiny was Treasury’s contribution and involvement in the formulation of the final draft of the Financial Statement for the Treasurers’ deliberation.¹⁹

It was the also the first time in the history of the colony that a judicial tribunal had questioned whether an elected representative, one who had held the positions of Premier and Treasurer was or was not, in the performance of his public duties, negligent as

¹⁵ NSW Auditor-General, *Thirteenth Annual Report*, 31 July 1884, p.107

¹⁶ *PD*, 9 March 1880, p.1403

¹⁷ NSW Auditor-General, *Eleventh Annual Report*, 17 August 1882, p.93, Twelfth Annual Report, 30 June 1883, p.91

¹⁸ NSW Auditor-General, *Sixteenth Annual Report*, 20 August 1887, p.113

¹⁹ NSW Colonial Secretary, *Special Bundle*, ‘Dibbs V Daily Telegraph,’ 1888, (SRNSW ref: 4/885.2)

alleged in the *Daily Telegraph*. Allegations imputing dishonesty and malpractice against a person of the standing of the litigious George Dibbs ensured a legal rebuttal.

One of the pivotal events of the year for Treasury was, and remains today, the delivery of the Treasurer's annual Financial Statement. In it he gives an account of the debit or credit balances carried forward from the year before, the amounts actually received, anticipated returns and the final balance at the end of the year. The prepared statement goes before the Parliament, sanctioned, and so much money appropriated for expenditure. The Treasurer advises the House that the revenue estimated is a matter of opinion, no more. The Treasurer then deals in like manner with expenditure and the figures available, the deficit or surplus.

After the Treasurer Dibbs had considered accounts from the different departments and had considered the probable position of the finances for the following year, and had formed an opinion of what he hoped to receive in the current year, he then considered the supplementary estimates. Supplementary estimates contained the promises of the Treasurer to different Ministers, who might upset, often the Treasurer's (or Treasury's) own reckonings. The Treasurer was the only person who had a right to exercise his judgment as to whether this money should be expended or not, subject, of course, to whether Parliament approved. It was his judgment, assisted by Treasury accountants who consulted and discussed matters with him. A printed draft of the estimated revenue and expenditure was produced, the calculations having been made up by the departments, subject to revision by Treasury, although each of the departments gave information with respect to the probable revenue for the ensuing year. There may not have been agreement but the Treasurer's word was final. The figures depended entirely on the capricious state of the colony's prosperity, shaped by nature's hand, floods or more often drought, industrial unrest, and, in 1885, strikes. There was indeed a large element of uncertainty in the Treasurer's forecasts. It was impossible for a Treasurer to be absolutely accurate in his figures, anticipation of revenue and expenditure being based on figures provided by officers of Treasury.

Before the Treasury Budget Branch was established prior to the Second World War Treasurers appointed *ad hoc* committees or individuals to provide advice on financial matters and make recommendations to the Government as to how reductions in expenditure could be made. Until 1895 the estimates were prepared on a calendar

basis and were introduced frequently after the year had commenced. Supplementary estimates were a common feature and the Treasurer was, consequently, more closely involved in the detail of the day-to-day affairs in Treasury than in following years.

An intimation of the coming crisis occurred following the issue of Treasurer George Dibbs's Financial Statement in 1884 when a question was asked in the House in September as to the accuracy of his Financial Statement and his announcement of an anticipated deficit of £1,000,000.²⁰

Dibbs had inherited a fiscal policy which reflected profligate overseas borrowing and reduced colonial means for servicing the interest debt. The Stuart Ministry taking office from the Parkes and Robertson Ministry had inherited a supposed surplus of some £3M acquired from the sale of Crown lands by auction. That surplus was immediately reduced by undertaking public works valued at £1,800,000, and instead of a surplus of £3,000,000, at the end of 1885 Dibbs was faced with a deficit of £1,050,000 and over £2,000,000 by 1887. Dalley's commitment to sending troops to the Soudan in 1885, with the Treasurer's assistance, compounded the financial crisis. The 1883 Land Bill of the Stuart Ministry had successfully arrested the profligate sale of Crown land by auction in the colony in an attempt to halt land despoliation and degradation, and establish a pattern of orderly settlement, but in so doing had made no provision to supplement the loss of revenue. No proposals were made to introduce fiscal reform, increase taxation, make tariff changes or reduce the public works program, as Dibbs was later to recall 'the gravest political blunder of my life'.²¹ Dibbs was forced to retreat to a policy of retrenchment with other insignificant fiscal remedies.

Following the resignation of Stuart in October 1885, and a subsequent disappointing showing at the following election, Dibbs prepared to deliver his budget to Parliament, the estimates having been presented to Cabinet on 9th December 1885, two days before the anticipated Budget Speech. Dibbs announced a deficit of £1,052,614 15s. 1d., 'with great regret and pain' and 'startling in its magnitude,' a fact which he, as Treasurer, was 'almost (too) afraid to make public'.²²

²⁰ *NSW PD*, Dibbs Deficit, 25 September 1884, p.5425

²¹ *ADB*, George Dibbs, Vol. 4, p.66

²² Hubbard, Nigel and O'Brien, Gerard 1985, *Dibbs v Daily Telegraph*, Private Publication, Macquarie University, p.3

The Dibbs Ministry collapsed on 21st December 1885, giving way to the Robertson Ministry, John Burns appointed Treasurer. After a limited tenure the Jennings Ministry followed in February 1886, with Sir Patrick Jennings as Premier and Treasurer and Dibbs, Colonial Secretary.

An action for libel, between Dibbs and the *Daily Telegraph*, opened on 22nd August 1888 in the Supreme Court of New South Wales in No. 1 Jury Court, and before a special jury of 12, and heard over 10 sitting days.²³ Mr. Justice Long Innes presided, and at the bar table was an extraordinary array of luminaries representing the political and legal professions. Charles Edward Pilcher QC, Dibb's counsel, had been the Member for West Macquarie in the Legislative Assembly between 1875 and 1882. The *Daily Telegraph* was represented by Edmund Barton QC, a future Attorney-General in the Dibb's Ministry of early March 1889, and the first Prime Minister of Australia, and George Reid, one time Correspondence clerk in the Treasury, who formed his own ministry and held the portfolio of Treasurer between August 1894 and July 1899.

The matter for adjudication were the circumstances attending Dibbs Financial Statement delivered on 11th December 1885, three years before. Did Dibbs, at midnight, change a deficiency in the public account into a surplus prior to its delivery to Parliament on 11th December 1885?²⁴ This was a question to which the public had not received a convincing reply in three years, and had provided an opportunity for political opponents and other antagonists, including the Free Traders, to make political capital.

Treasury's protagonist was Chief Accountant, James Thomson, born in Kirkcudbright Scotland in 1826 and arrived in the colony in the mid-1850s. His first appointment in the public service was in the Audit Office, joining Treasury as an accountant on 1st July 1864. After a meritorious and rapid rise through the ranks, Thomson served on a wide variety of committees and Government inquiries, offering financial opinion and advice. He retired from the position of Chief Accountant and Consulting Accountant and Acting Under Secretary of Treasury on 29th February 1888. He died of heart disease at his home 'Telopea' at Lawson on 12th December 1892,

²³ NSW Colonial Secretary, *Special Bundle*, Dibbs v *Daily Telegraph*, Newspaper cuttings, (SRNSW ref: 4/885.2)

²⁴ Hubbard & O'Brien, (1985), p. 11

close to the estates of Parkes and Treasury's Under Secretary, Eagar, who had died in September 1891.²⁵

Dibbs, in early September 1885, requested Thomson to prepare some paragraphs for the Governor's speech which was usually 'inspired' by the Premier, and, if that Minister happened also to be the Treasurer, the financial aspects received greater attention. Each Minister prepared a paragraph referring to progress or otherwise in his department, and then the final draft was prepared. Thomson, as head Accountant, prepared the financial paragraphs.

On Sunday 7th December 1885, the Sunday before the Financial Statement was delivered, Dibbs and Thomson spent the day in Treasury discussing past and current accounts in the Treasurer's ante-room. Thomson explained them in detail to Dibbs who made notes for his speech. On Monday 8th December Dibbs stayed at Treasury between 9 am and 12 mid-night. Three Treasury inspectors and five Treasury clerks prepared the accounts of which the estimates formed a part, but did not prepare the estimates before the accounts had been approved and returned from the Cabinet.

Before he brought down his Financial Statement, Dibbs asked Thomson what he thought the deficit would be. Thomson estimated it to be £500,000. Dibbs decided to make the financial statement the following night and use those figures. Sometime during the day of 10th December 1885 Thomson informed Dibbs that he had been mistaken and the deficit was £750,000. Later on in the day further discoveries were made and by slow stages the sum was brought up to £900,000. The calculation was growing 'more interesting every moment.' Dibbs asked Thomson if there was a probability of any further increase being made before that night. Thomson expressed the 'greatest grief at the miscalculations' and added 'I don't know what you will think of me; I cannot understand how I made such an error.' Thomson's opinion was that this assessment was the final figure.

Dibbs, not having eaten during the day, went to the Reform Club where he hoped to take a supper of a glass of beer and bread and cheese. He was recalled urgently to the Treasury by Scarlett, his Private Secretary. Dibbs immediate reaction was to ask Scarlett 'what is the matter? Is the building on fire, or has old Thomson had a fit?' Thomson had discovered a further £250,000 taking the deficit over £1,000,000.

²⁵ Hubbard & O'Brien, (1985), p.5

Acknowledging that the deficit for 1885 was going to be much larger than he anticipated he, and Thomson sat down late on the night of 10th December and they examined the items in the papers of revenue and expenditure. They agreed that items amounting to £315,000 be struck out. A final document was agreed to by Thomson as to probable revenue for 1886, and the figures presented to Parliament.

After he and Thomson had ‘pruned the estimated expenditure in order to reduce substantially the estimated deficiency’, a procedure subsequently approved by Cabinet, Dibbs delivered his Statement. Thomson later attributed the variations in the deficit to a refusal by Dibbs to ‘go into the matter with him’.²⁶ Dibbs did not claim that Thomson had deliberately concealed the state of the public accounts, but there were errors of judgment. Thomson’s counter claim was that Dibbs had manipulated the estimates of revenue and expenditure for 1886 with a view to misleading and deceiving Parliament and the people. Dibbs later denied lambasting Thomson with the charge that ‘this must be some d...d blunder of his, of having abused his departmental Accountant, that he was not in the habit of swearing at officers of the Treasury’. He averred that he always treated officers of the Treasury as gentlemen.

The incident that forced Thomson’s hand was a chance encounter between Dibbs and Thomson. On Tuesday 30th November 1886, Dibbs and Fletcher, Minister for Mines, met Thomson at the corner of Bridge Street, near the Treasury Building in Macquarie Street. Dibbs was reported as having said to Fletcher that ‘this fellow has brought me into a pretty trouble over the deficit, for which I have been pitched into all over the colony.’ Thomson responded by saying that ‘it is very unfair of you to talk in that way, as you knew quite well that there was a deficit, and you yourself concealed it. I have been 23 years in the Treasury and I have never been treated like that by any Treasurer.’ Dibbs contradicted him and gave his version. Thomson ‘got his temper up and fired up immediately’. Dibbs replied: ‘You know it is a fact, and that you have deceived me before.’ Thomson denied that he had misled Dibbs. Dibbs attempted to mollify Thomson, explaining that his remarks were jocular, but without success.

Thomson wrote to the *Daily Telegraph* charging Dibbs with incompetence, recklessness and criminal concealment. He had been in the habit of falsifying the public accounts and making false and dishonest estimates of public expenditure and revenue

²⁶ Hubbard & O’Brien, (1985), p.9

and had suppressed and concealed facts and altered figures. He had been in the habit of making his financial statements to the Assembly based on falsified and altered accounts with the intent to deceive the Assembly and the people of the colony.

Dibbs and Jennings entered into their own personal and acrimonious exchange of correspondence, made public by Dibbs. This series of letters, exchanged between Dibbs and Sir Patrick Jennings, led to a personal rupture between them. Jennings presented Thomson's complaint to Dibbs who replied on 30th December 1886 with obvious impatience, but restraint:

'Let me say that your (Treasury) officer appears to me to have a bee in his bonnet and is endeavoring to work a grievance, real or imaginary through the Ministerial head of his department. I decline to be a party to a controversy in which any statements I may have made to my colleagues in Cabinet will be discussed by a subordinate in your office...As a government we have much more serious matters to occupy our time and attention than in allowing officers to abuse their positions in the manner in which it appears Thomson is doing.'²⁷

In a further letter written on 5th January 1887, Dibbs wrote

'The papers this morning have further details of an *ex parte* character in reference to the Thompson (sic) embroglio which information can have been supplied only by an interested party ... Today I will give the papers copies of all the correspondence which has passed with a statement of the facts, and thus having given the whole case it will, I hope, prevent the necessity for garbled statements, appearing day by day in the morning papers ...'

In September 1887, the *Daily Telegraph* referred to Dibbs's 'incapacity and recklessness and contempt for the people's constitutional right to know what was the state of the public finances.' Parkes later described Dibbs's life as a 'continued disgrace'. Questions were asked in the House as to Thomson's terms of tenure in the public service, as Thomson's resignation from Treasury had taken effect from 17th May 1887.

Political stratagems now took over from an apparent accounting lapse, and the *Daily Telegraph* pursued Dibbs unrelentingly in a number of following editorials. Dibbs took legal action on 12th December 1887 claiming damages for libel for £25,000.

The hearing of *Dibbs v The Daily Telegraph* was concluded on 7th September 1888 and the jury, after a retirement of over 19 hours, returned to deliver its verdict to a packed court. The verdict went in favour of the plaintiff Dibbs, and assessed the damages at £100.

²⁷ *Daily Telegraph*, 30 August 1888, Colonial Secretary *Special Bundle* (SRNSW ref: 4/885.2)

During the hearing it became evident that record keeping in Treasury was inadequate. Records subpoenaed from Treasury relating to Thomson's involvement and the 1885 budget, together with those pertaining to Premier Jennings and Dibbs, between December 1886 and January 1887, were non-existent. Treasury held no records, not even those pertaining to the 1885 budget papers. The *Daily Telegraph* could not prove its case because of the destroyed, misplaced or lost records.²⁸ Thomson held his own personal repository of documentary evidence but Treasury held no internal information.

Thomson asserted that he had conducted himself as a loyal public servant, but his advice and alleged collusion had become a factor in a political skirmish. His professional integrity had been tarnished and he accordingly sought redress and justice through the judicial system. Thomson put the Ministry on notice as to the potential for rebellion from public servants if and when they became the objects of political manipulation when dealing with the colony's revenue.²⁹

The Auditor-General remained silent during this imbroglio. After the Audit Act of 1870 he had the opportunity to render an objective report as to the financial management of the colony's revenue and expenditure. Seldom did the Auditor-General consider the activities of Treasury with approbation, such was the odium held by his office for Treasury. Nevertheless, if Treasury officers were the silent manipulators of fiscal policy and expenditure, then a sleight of hand was required to conceal it from the investigations of the Audit Office.

The whereabouts and silence of Under-Secretary Eagar during this hearing is relevant as he did not retire from Treasury until 1891. An active Under-Secretary would not have tolerated the schism that had divided Treasury from its Minister. Premier Jennings might have conducted his own investigation, made a decision and made various orders resolving the issue. Neither Eagar nor Jennings was up to the task of taking their subordinates in hand. Probing questions were asked in the House in September 1887 seeking an explanation as to why Thomson was Acting Under-Secretary of the Treasury when he had already tendered his resignation as Chief Inspector of Accounts? Eagar was, no doubt, overwhelmed by his own personal financial problems and unofficially he may have retired from active participation in the administration of the Treasury leaving the day-to-day conduct of the department to

²⁸ Hubbard & O'Brien, (1985), p. 18

²⁹ Hubbard & O'Brien, (1985), p.11

Thomson.³⁰ Would this matter have progressed further than a squabble within Treasury and Thomson's professional hurt placated by strong and determined leadership? Dibb's litigious nature, encouraged by political factions, carried the antagonists firmly across the Rubicon to litigation and public scrutiny.

The Dibbs hearing straddled the Public Service Inquiry Commission established in December 1887.³¹ The Commission included several men familiar with the responsibilities of the Treasury: William McMillan, merchant, parliamentarian and future Treasurer, the Auditor-General Christopher Rolleston, James Watson, a past Treasurer, and John See, a future Colonial Treasurer. The Inquiry extended over four years. George Dibbs described it as 'an interminable commission' and wished it would cease.³² Treasury's involvement was completed by October 1888. McMillan hoped the Commission would be 'a great good'.³³

The Commissioners' report on Treasury was favourable; that, generally, Treasury conducted its business in an efficient manner and that the officers in charge of the different branches were all trustworthy and efficient. The requirement for accountability had nevertheless overtaken common sense. There were too many checks to guard against error or fraud, and consequently unnecessary work was being done. Pragmatism was necessary if Treasury were to function efficiently. By simplifying the work, a great saving of time and labour might be realized. They estimated a saving of the salaries of at least twelve clerks in Treasury without impairing its accountability, efficiency or inconveniencing the public to any appreciable degree.

Major administrative reforms within Treasury depended also on the erection of a new Treasury building. The Commissioners had arrived at these findings following a personal tour of the Treasury building in Macquarie Street. They noted the 'unsuitable nature of the accommodation afforded for the transaction of business of one of the largest Departments of the State'. This impression intensified as they were guided from one office to another. They noted the small rooms, narrow passageways and isolated position of the various offices. Suitable fire-proof strong-rooms were needed for the

³⁰ Hubbard & O'Brien, (1985), p.12

³¹ Researchers should be warned not to rely solely on Borchardt for evidence of this Inquiry. He reports that only one Report can be traced, in the Parliamentary Papers. See Borchardt, p.144. Commissions, *Report on the Treasury*, 26 October 1888, (SRNSW ref: 5/4768)

³² NSW PD, 3 December 1890, Vol. 50, p.5904

³³ NSW PD, 31 October 1888, Vol. 35, p.196. NSW PD, 31 October 1890, Vol. 50, p.5904

safe custody of the many important records and documents retained in the Treasury buildings. A Treasury building after the design of the Australian Mutual Provident Society building, with its spacious hall suitable for business transactions, 'was absolutely necessary'. With an open plan senior officers could supervise the general work, rather than have junior officers in separate rooms away from their supervisors and the public. Because the building in Macquarie Street was so inadequate more officers were employed than would otherwise be necessary.³⁴ McMillan stated (in the context of retrenchment generally) that in a department like Treasury where the Minister relied implicitly upon his officers, and especially when persons were inclined to accuse ministers of 'cooking accounts', it was necessary that the officers be very high-class men.³⁵

In the latter quarter of the nineteenth century, Treasurers such as John Burns, William McMillan, Bruce Smith and John See were all unsuccessful in curbing their Ministerial colleagues spending and imposing Treasury's attempts at controlling expenditure by their various departments.³⁶ The Treasurer's Advance Vote was abused by Ministers and the big departments such as Public Works, deliberately underestimated the cost of their projects, relying on supplementary estimates. The sum normally voted to this Advance Vote was £200,000 annually. These votes had been misused in the past and the departments when they exceeded their appropriations, merely expected the Advance Vote to make up the difference and past Treasurers had acceded to their requests. When Bruce Smith used this device Kirkpatrick voiced his disapproval in noting that by doing this Smith had exhausted the annual Advance Vote by July 1891.³⁷ O'Brien argued that Reid was probably close to the truth when, somewhat sarcastically, he hoped See would immortalize himself, by stopping the practice of misusing Advance Votes.³⁸

³⁴ *NSW PD*, 4 December 1890, Vol. 50. In the debates on Supply for the Treasury in December 1890 McMillan arguing vigorously for salaries to be increased for the senior officers because of their years of service and responsibilities. The Paymaster, for example, had been responsible for £18,000,000 in 1889, that no better man for the post could be found in the colony. Any one who compared the position of this officer with that of other officials in the Treasury must admit that he was deserving of the salary.

³⁵ *NSW PD*, 4 December 1890, Vol. 50, p.5989

³⁶ Curnow and Golder (c1900) Chapter 10

³⁷ Kirkpatrick to Colonial Treasurer, 9 July 1891, (SRNSW ref: 91/506, P17035) in O'Brien (1974), p.52

³⁸ O'Brien (1974), p. 56

At the political level the hurdles were multiple, overcoming factional debate, dealing with an economic crisis and the federal debates. The Treasurer also had the difficult and semi-autonomous Customs Department to bring under his umbrella. O'Brien viewed See's incumbency as Colonial Treasurer, between 1891 and 1894, as a transitional phase, achieving limited change.³⁹ His success depended on his own ability, the advice of his subordinates in Treasury and parliamentary support.⁴⁰ In November 1892, income, derived from taxation, was separated from income derived from other revenue sources. He separated railway earnings from other revenue sources in the Consolidated Revenue Account. See was applying sinking fund provisions to all railway revenue to keep confidence with the London investors for the repayment and eventual liquidation of the colonial debt. The London Agent-General, Saul Samuel suggested that See earmark for the sinking fund the Water and Sewerage Revenue.⁴¹ O'Brien argued further that See was carrying out changes, with the advice of some of his senior Treasury officials, and moving Treasury to a position more suited to changing circumstances. He issued comparative returns for the general public rather than the bland quarterly public revenue returns, as done by previous Treasurers. When Treasury was requested to give information as to spending on particular electorates Kirkpatrick refused to divulge any information, a stand See endorsed as being necessary to preserve the independence of the public service but then See added that 'the functions of the Treasury are to pay and receive'.⁴² O'Brien's summation is that:

'Here was the contradiction between the new role of an independent civil service and the older role of a Treasury that merely collected and dispensed public money and not controlled expenditure or made economic adjustments in anticipation of future economic trends. This was a type of contradiction characteristic of transitional periods and See mirrored these contradictions.'⁴³

It was left to George Reid as Premier/Treasurer after 1894, to ensure that Treasury became the controller of expenditure and an interpreter of the estimates, making adjustments to budget policy, depending on economic trends and revenue received. Nevertheless, prolonged debate as to the acuity, the financial soundness of the

³⁹ O'Brien (1974), p. 357

⁴⁰ O'Brien (1974), p.48

⁴¹ O'Brien (1974), p.200

⁴² Joseph Cook and George Donati to Kirkpatrick, 13 December 1893, Treasury, Letters Received Misc. 1886-1900, No. 93/10811, p. 17001 in O'Brien (1974), p. 294

⁴³ O'Brien (1974), p.294

statement, constantly followed the issue of annual Financial Statements.⁴⁴ No one, professional economists claimed, could understand or arrive at any definite conclusion as to the true financial position of the colony from a perusal of the Government accounts, as they were then submitted. There was no reason, it was argued, why the Colonial Treasurer should not present his accounts in the simple form of cash account.⁴⁵

As in previous periods of reform it was through strong, intelligent and determined leadership that change was imposed. Under George Reid's Ministry in 1895 the financial year was changed from the calendar year to the financial year, ending on the 30th June instead of 31st December. A new style of statements made receipts and payments, within a defined financial period, a basis for arranging the finances of the colony.

In 1896, Reid established, for the first time in the history of the colony, a policy that led to the adoption of the system of direct taxation. Nicholas Lockyer, Eagar's son-in-law, was appointed the first Commissioner of Taxation within Treasury. For the Government this was 'a policy which was the dream of treasurers from the dawn of responsible government, namely that of adjusting the physical burdens so that they would fall fairly upon the different classes of the community.'⁴⁶ George Reid introduced a further amendment to the Audit Act in 1898 which provided a further statutory basis by which the public accounts were to be kept, audited and presented in statutory form.

The core function of Treasury, as identified by the Commissioners of Inquiry into the Public Service in 1888, was to respond to the frequent demands for financial returns, information required to satisfy questions asked in Parliament and fulfilling statutory obligations.⁴⁷ Because of the growth in the complexity of its responsibilities, by 1888 Treasury had been divided into eight divisions: the Ministerial or Administrative Office, the Account Branch, Revenue Branch, Pay Branch, Examining Branch, Correspondence and Contract Branch, Records Branch and Inspecting Branch, all supported by messengers and housekeepers.

⁴⁴ Black, R. J. Remarks, 'Colonial State Borrowing', *The Australian Economist*, 23rd November 1892, p.277

⁴⁵ Black, (1892), p. 277

⁴⁶ *SMH*, 14 September 1899, in *B. Wise Album of Newspaper Clippings 1892–1903* (ML ref: Q320.991/2)

⁴⁷ Commissioners of Inquiry into the Public Service in 1888, *Report on the Treasury*, 26 October 1888, (SRNSW ref: 5/4768)

In the Account Branch 17 officers recorded business transactions, the ledger-keepers prepared daily, weekly or monthly balance sheets, statements, memoranda, and completed the compilation of statutory and parliamentary returns. There had developed a duplication of work between Treasury and the Audit Office and inefficient business practices followed, coupled with unnecessary audit work of a detailed nature. The Commissioners recommended closer liaison between the two departments.

Improved efficiency was recommended for the Revenue Branch. The work done in this Branch required a large staff. It dealt with the collection of revenue from lands such as pastoral leases, homestead leases, conditional leases and conditional purchases, a branch. Other land dealings included refunds, cancellations, transfers, and disallowances by local Land Boards, resurveys, alterations of area, and over and under payments. Treasury Registers, numbering 183, held 147,000 open accounts which could be transferred to the Department of Lands. This proposal was investigated by the Under Secretary for Lands and his Accountant, the Auditor-General and Treasury officers. It was decided that the revenue was better protected, under Treasury control, than if transferred to the Lands Department.

They found that an approximate balance had not been established from the Conditional Purchase registers, a serious defect. An estimated £20 million was involved. Again, closer liaison with the Auditor-General's Office was recommended. Duplicate registers held in the Auditor-General's office were considered dispensable as were duplicate sets available in Land Offices and Treasury.

The method of maintaining Salary Registers and pensioner's monthly or quarterly claims was also reviewed. A final recommendation was that the Examiners should be transferred from Treasury to the Audit Office. Selected duties of the Pay Branch were also identified and recommended for transfer to the Audit Office with further responsibility given to departmental heads, having their own accountants. Further decentralization meant the saving of clerical work in Treasury.

The Dibbs litigation had exposed the deficiencies of Treasury's record-keeping methods. The Correspondence and Records Branch was centralized in order to improve the administration of Treasury. All letters, enquiries, returns among others, were to be received by the Correspondence Branch, recorded immediately then distributed to the specific branches, the papers being returned to the Correspondence Branch for final

action, reply, and then filed in a central record office. This rationalization improved the efficient flow of business. Records management was given a higher priority. All text and reference books currently scattered throughout the department were deposited in a general reference library where they were made readily available for Treasury officers.

The Inspecting Branch was also considered to be misplaced in the Treasury as the officers performed duties more suitable for the Audit Office. A recommendation was made for all the Inspectors, except the Chief Inspector who should remain in the Treasury as Consulting Accountant in charge of the Account Branch, to be transferred to the Audit Office. Being Inspectors of Revenue their duties included travel from place to place under the direction of the Chief Inspector who was also the Consulting Accountant to the Treasurer which was a conflict of interest. Before an account was paid by Treasury it passed through the hands of at least 15 different officials: four clerks in the Examining Branch, four clerks in the Account Branch, and seven clerks in the Pay Branch. An examination was also made of the scale of authorized expenses permitted for senior officers' travel on government business: 15s. per day and, for officers of the second class, 12s. per day with additions for conveyance, horse hire or forage allowance. All officers, senior and middle management, were entitled to first class railway and steamer fares. All other subordinate employees were remunerated at rates specially authorized.

The nineteenth century closed with one more inquiry into Treasury and the colony's financial administration. Since 1855 at least eight inquiries had touched on its administration and structure. It was a department crucial to good governance, accountability, transparency, and upon which the Parliament, and more specifically, the Colonial Treasurers, depended for timely and dependable advice. It was essential, more so now than previously, for Treasury to be led by men of professional standing, with sound qualities for leadership. This was important because Treasurers, on the whole, lacked a close affinity with dense figures, accounting principles and an understanding of government finance.

Without men of substance in the permanent public service the Ministries would have foundered, attempting to comprehend the financial complexities of loan and revenue raising and expenditure; balancing the threat of bankruptcy with the prodigal spending associated with the development of the colony in the late nineteenth century.

Real financial administrative reform was achieved in an incremental fashion and in response to colonial economic trends. A specific program for reform was not implemented until the second decade of the twentieth century when modern principles of economic reform and management were explored and applied. The impetus stemmed from a confluence of ideas concerning public administration, borne along by gifted management at the Board and Treasury levels. This did not happen without the support of Cabinets concerned with the implementation of ideas that reduced departmental expenditure yet ensuring accountability and transparency of the stewardship of the public purse.

CHAPTER 8

TREASURY AND FEDERALISM, 1901–1945

The colonial Treasury was not intimately involved in the federation debates, but the outcome of those debates determined the direction of its financial administration in the following century. The deficiencies inherent in the Constitution influenced, immeasurably, Treasury's intellectual efforts, energies and professional skills, demonstrated when negotiations were assumed between State Treasurers and federal agencies.

On 9th June 1899, in a speech at the Protestant Hall, Sydney, former member of the Assembly and barrister Albert Piddington declaimed, with prescience, on the proposed financial provisions of the Constitution. 'There is in its financial provisions every element of friction and inter-Colonial dissatisfaction.'¹ Piddington was not alone in expressing his fears as to the consequences for the State accepting poorly drafted provisions for the disbursement of revenue by the federal government.

During the 1880s and most of the 1890s, the Economic Society and the pages of its journal, *The Australian Economist*, provided a forum for discussion on the proposed federation. Members made frequent contributions and offered encouragement and criticism as to the proposals, with prognostications for the proposed Commonwealth and future State financial relations.

Advantages for federation as identified by advocates for federation included uniform customs tariff, combined defence, a common bankruptcy law, a common bank-note circulation, a simpler system of legal process, early adoption of a uniform railway gauge, and consolidation of public debts with consequent great savings in annual interest charges.²

It was argued by the pro-federationists that the functions of the State Governments would be reduced, together with public expenditure. The work for customs would be centralized and localized; a new central Court of Appeal would

¹ Piddington, A.B. Speech at the Protestant Hall, Sydney 9 June 1899, in Crisp, (1980), p.100

² Walker, J. T, 'Federation-Imperial v Australian,' *Australian Economist*, July 1889, p.165

function, with the retained State superior and inferior court system. An immediate cost would be for new buildings for the Federal staff, and a Federal Parliament would be necessary, therefore the first and immediate effect of federation would be a requirement to meet the cost of federal government. The federal or Commonwealth government would raise its own revenue and leave the State Governments with avenues to raise theirs, and the Federal Government would distribute surplus funds, depending upon the fiscal policy adopted. A uniform tax system would have to be levied and at the same percentage, if not there would always be a tendency for unattached persons to drift from state to state where the tax was considered less onerous.³

By 1895 informed public debate was increasingly directed to the financial aspects of the proposed Constitution. Concerns were being expressed by such noted professionals as Timothy Coghlan, State Statistician, and barrister Robert Garran from New South Wales, as to the poor delineation of terms offered, and the indecent haste with which the debate had been introduced. There was also a sobering warning for the colonists. It had taken the best men to emancipate the colony from the ‘irritating thralldom of the Colonial Office’ and where was the wisdom in committing ‘ourselves to a more galling tutelage under another name; to practically admit that we had mistaken our capacity for self-government?’⁴

Garran, Secretary to the Convention’s drafting committee, published a handbook in 1897 in which he discussed the proposed federal system.⁵ Garran conceded that perhaps the most difficult of all questions connected with Australian Federation was the financial one. It was a question which until the 1890s economic depression had not attracted the debate it deserved.⁶ The major problem was one of adjustment of the financial resources of the Commonwealth and the States, terms to be established with equanimity and mutual satisfaction, and the manner of adjustment and the distribution of revenue.

Garran identified four areas to be resolved and they were issues of some magnitude: the duties and liabilities to be imposed on federal and state governments, identification of the sources of revenue to be directed to which sphere of government,

³ This was proven to be true when death duties were abolished in Queensland in 1977 and retirees were attracted to that State.

⁴ Mr. Black’s Reply, ‘The Finances of Federation,’ *Australian Economist*, 21 September 1895, p.522

⁵ Garran, Robert 1897, *The Coming Commonwealth*, Angus & Robertson, Sydney, p.12

⁶ Garran, (1897), p.157

the basis for apportioning among the States, and the opportunities for further adjustment in view of States' probable growth, and other contingencies.⁷ Coghlan's opinion was that a federation based on such a manner of distribution, as proposed was impossible.⁸ He analysed particularly the proportions in which the colonies would contribute to the Federal revenue and their financial positions after federation. In blunt language, he wrote that

‘the use of the word “insolvent,” applied to the future condition of some of the States, has been characterized as wicked and unpatriotic. But it will be seen that there is no other term that will so fitly describe the condition to which they will be brought under the financial arrangement proposed by the Convention.’

The distribution of the surplus revenue by the Commonwealth, on a per capita basis, was inequitable, and federation based on such lines was out of the question. There was no way in which the Commonwealth could guard against a loss of revenue for the States, through inter-colonial free-trade. There would be no savings after the federation adopted the financial responsibilities of State services. The conversion and consolidation of state debts would give relief to public expenditure, but the relief would not be immediate. Nevertheless, the consolidation of the public debt would be an act of prudence on the part of the States, secured as they were on the States' Consolidated Revenue. Interest obligations could not be met from the little surplus revenue generated by the States' public works which were being expanded on borrowed money.

New South Wales was in a position to federate as long as she received her share of the surplus, on the basis of total collections by the Federal government. Only then would her position be secure. If not, it could mean additional taxation without a corresponding advantage. Coghlan was attacked by many of the delegates at the Constitutional debate at Melbourne for his opinions which were considered ‘fallacious, founded on fallacious figures.’⁹

⁷ Garrahan, (1897), p.161

⁸ Coghlan, T.A. 1898, *Notes on the Financial Aspect of Australian Federation*, NSW Government Printer

⁹ New South Wales recognized the importance of a guarantee for the return to the states of some per cent of their lost revenue from customs and excise. Section 87 of the Constitution gave that guarantee for a ten-year period. The intervening Surplus Revenue Act of 1908 provided for the Federal Government to retain some surplus for pensions and naval fleet construction. Appropriations from the surplus circumvented the provisions of Section 94 and the States became supplicants for their own contributions the Federal Government arguing higher expenditure on account of the states. Per capita payments replaced the surplus returns until the advent of the Financial Agreement of 1927.

At the Sydney Convention in September of 1897, the financial questions still remained unresolved and pragmatists believed that the practical solution should be to leave it to the incoming Federal government to resolve. The return of the 'surplus' revenue, the 'book-keeping' resolution, state debts, the limitation on federal expenditure and State railways remained without consensual agreement.

The Report of the Finance Committee on Chapter IV, Finance and Trade, was eventually laid on the table on Wednesday 9th February 1898 and delegates were given their first opportunity to consider them. The following day George Reid made a brief statement of the work done by the Finance Committee, and answered questions as to the amendments. As an afterthought, he commented that the Report did not represent, in all respects, the unanimous opinion of the committee upon some important points, but not too many. Reid later added that the financial aspect of the Commonwealth Constitution was the part at which federation would be exposed, to the keenest criticism. William Lyne, after listening to Reid's long and exhaustive explanation referred to the financial Report of the Finance Committee as a Chinese puzzle and sought unsuccessfully for an immediate adjournment to study it in detail.¹⁰

In January 1898, Reid returned from the Melbourne Convention with a sense of defeat, having been absent for two months. All the compromises demanded and gained by the other colonies had not benefited New South Wales, such as the financial clauses, differential railway rates and control of inland rivers. Reid's concerns included, *inter alia*, the equitable distribution to the states of the surplus customs revenue, the obvious solution being a rapid transition from the bookkeeping system to per capita payments, being the best compromise available.¹¹ It was the Braddon Clause, or the Braddon blot as it was to be called in New South Wales, the proposal of Sir Edward Braddon, Premier of Tasmania, that introduced a compromise, unsuccessfully opposed by New South Wales. The compromise required the Commonwealth to return to the States, for all time, three-fourths of the customs and excise revenue raised.¹² This scheme would enforce a high tariff, anathema to the free trade thinking Reid.

Campbell, W.J. 1954, *Australian State Public Finance*, The Law Book Co. of Australia, Sydney, pp.101-102

¹⁰ *Official Record*, (20 January–17 March.1898), p.783

¹¹ McMinn, (1989), p.146

¹² Scott, (1988), p.449

On 28th March 1898, Reid expressed his ambivalence to federation in the Sydney Town Hall. He neither recommended nor condemned federal proposals thus earning himself the soubriquet of ‘Yes-No’ Reid. Reid could not adopt the Constitution Bill with enthusiasm. It contained ‘serious blots’, and he wanted it to be more ‘democratic’. He finally bequeathed the bill to the crowd, asking the people to judge for themselves, he did, however, reluctantly record a vote ‘in favour of the bill’.¹³

The referenda campaign in New South Wales which followed was muddled by the ambivalence of Reid who, although favourable to the concept of federation, denounced the financial provisions and the inherent dangers they held for the prosperity of New South Wales. Voting was held on 3rd and 4th June 1898 with positive returns for Victoria, South Australia and Tasmania. New South Wales fell short of the statutory minimum votes required. Federation dominated the 1898 election. The Reid government was returned, with Reid remaining Premier and Treasurer, but with reduced support. It was only by increasing the numbers in the Assembly by 12 new members who were favourable to federation (including the first Labor members), that approval was given for a further and successful referendum on federation. In June 1899 the State held its second referendum and gained a majority of votes: 107,420 in favour; 82,741 against. The population of New South Wales was at the time 1,339,214, Australia’s population numbering 3,715,988.

A ‘discreet’ Conference followed in Melbourne in January 1899 with Reid now a proponent for federation. This change of direction was probably a political ploy, since winning the recent 1898 State election by a narrow margin, he sensed that the electorate was tired of the Constitutional debate and wanted a quick and positive outcome. Further amendments to the Constitutional Bill met little resistance from New South Wales. Western Australia remained unresolved because of the financial provisions, but that was of little moment for the other States, the opportunity for secession remained a notion for that State.

In October 1900, the Queensland Treasury sought advice from the New South Wales Treasury concerning the sum which this State proposed to provide, in its Estimates, as a contribution to federal expenditure. The Statistician, Timothy Coghlan, did not think that the Federal Government could demand any assistance from the States

¹³ McMinn, (1989), p.150

or call upon them for any contribution whatever. The Federal Government would have enough in hand from Customs, at the beginning of that year for initial expenses. The States arranged for the first general election, the expenses payable by the Federal Government, each voting an advance to the Federal Government, to be eventually recovered.¹⁴

Administratively, arrangements had to be made to carry on the duties and to meet the obligations of those departments taken over by the Commonwealth on 1st January 1901.¹⁵ Treasury received the revenue from the Customs, as was the practice, and credited it to a Trust Account on behalf of the Commonwealth. The Treasurer charged against the revenue held in Trust, all claims of the transferred departments, on the basis of the appropriation for those services for the half of that financial year. By that arrangement, the departmental business of the Customs and Military were not dislocated and on the completion of the Commonwealth arrangements, accounts were submitted by the State government, the balance of collections handed over, and a satisfactory adjustment agreed to by both parties.¹⁶

The Australian Federation was established under the Commonwealth of Australia Constitution Act 1900, an Act of the Parliament of the United Kingdom which became operative from 1st January 1901.¹⁷ New South Wales re-enacted its own Constitution Act, which gave legality to the federation of the Australian sovereign states. This action formally recognized this relationship between the State's legislative authority and the Commonwealth government with its legislative authority. By so doing New South Wales accepted the legality of the two tiers of government, the Commonwealth Government holding concurrent powers with defined and exclusive powers. Federation ostensibly left each State sovereign within its own sphere, to deal with individual local issues.¹⁸

¹⁴ NSW Treasury, *Correspondence Received*, Memoranda, 750, 17 October 1900, (SRNSW ref: 10/223329)

¹⁵ Sir Nicholas Lockyer who had been with Treasury as a Treasury Inspector and later Receiver of Revenue to the Treasury and Accountant was eventually promoted to the combined position of Collector of Customs and first Commissioner of Taxation

¹⁶ NSW Treasury, *Correspondence Received*, Memoranda. 947, 13 December 1900 (SRNSW ref: 10/223329)

¹⁷ Harris, C.P. 1979, 'Relationships between Federal and State Governments in Australia', Advisory Council for Inter-Government Relations *Information Paper*: 6, AGPS, Canberra, p.3

¹⁸ Campbell, (1954), p.4.

Though the drafters of the Constitution wrote with ‘such certainty of expression as will prevent the risk of too much conflict hereafter’, the question of federal finance and the problem of State relations were not resolved with the adoption of the Constitution Act.¹⁹

The Federal Government imposed a broad and composite control over the States’ finances thus reducing the political status of the federated states to what may be described as a mendicant affiliation. Alfred Deakin, a participant in the federal conventions, had foreseen this dependency and anticipated that:

‘The rights of self-government of the States have been fondly supposed to be safeguarded by the Constitution. It has left them legally free but financially bound to the chariot wheels of the Central Government. Their needs will be its opportunity ... The Commonwealth will have acquired a general control over the States while every extension of political power will be made by its means and go to increase its relative superiority.’²⁰

Apart from the esoteric financial terms understood by few, federation was accepted by the community with anticipation and celebration. On 21st December 1900, Kirkpatrick, Treasury Under Secretary, sought six additional constables to guard the front and side of the Treasury building from 8 am on 1st January 1901.²¹ Federation Day was a public holiday and Kirkpatrick feared for the security of the Treasury building. Kirkpatrick’s major concern was for the safety of Treasury records and other important State documents within. The Commonwealth procession was scheduled to pass by the building and additional protection was required, if only to protect the seats that had been erected for public viewing purposes round the building on Macquarie Street. Kirkpatrick, in a circular of 27th December to Treasury officers, asked for volunteers to attend Treasury on the public holiday at 8.30 am in order to prevent the public rushing this viewing platform. He considered that the Treasury building lacked adequate police protection due to an unprecedented demand in other vulnerable locations.²² The procession passed and no untoward behaviour was reported.

¹⁹ *Convention Debates*, Melbourne, 1898, Vol. 2, pp.2466-7, quoted in La Nauze, (1974), p.270

²⁰ Deakin, Alfred in a letter to the *London Morning Post*, 1 April 1902, Campbell, (1954), p.4

²¹ NSW Treasury, *Office Memoranda*, 21 December 1900, (SRNSW ref: 10/22329)

²² Kirkpatrick had decided on 22 December 1900 that the policeman on night duty at the Treasury Building could be safely withdrawn and dispensed with permanently. NSW Treasury, *Office Memoranda*, M. 665, 22 December 1899, (SRNSW ref: 10/22329)

Federation introduced financial complexities of a nature not encountered previously by Treasury. In the first decade the Commonwealth government exerted great pressure on the States to transfer their debt to a Loan Council, to manage new borrowing conversions and redemptions which the Premiers resisted.²³ In 1909 discussions led to the repeal of the Braddon clause, the end of the book-keeping system and in August, Deakin made a financial agreement with the States under which the Commonwealth would pay 25 shillings per capita per year to the States. Aggregate Commonwealth payments to the States declined immediately but State taxation and business undertakings absorbed the financial difficulties, whilst special arrangements were made for Western Australia and Tasmania. This arrangement was satisfactory so long as the States retained control of flexible sources of tax and loan revenue. In 1918, because of the growing complexity of the financial arrangements Premier William Holman proposed the appointment of an Advisory Finance Committee. It was a proposal not followed up, the Ministry depending on Treasury advice.

Events during the 1920s and 1930s impinged gradually upon the relationship between the State and Commonwealth. In 1923, the Voluntary Loan Council was established by the Commonwealth, to co-ordinate borrowings by each State Government, and Commonwealth payments to the States for specific purposes commenced. The Commonwealth's objective was to prevent the undue competition and clashes between States in the raising of loans. In August 1925, Premier and Treasurer Jack Lang withdrew from the Council, New South Wales rejoining in 1927 under Premier and Treasurer, Thomas Bavin.

Until the passing of the Financial Agreement Validation Act of 1929, membership of the Loan Council was voluntary. Until the advent of the Financial Agreement between the Commonwealth and all the States which took effect from 1st July 1929, New South Wales raised its own loans for capital and developmental works. Although public issues on the London market were the main source of the State's loan funds during the early years, no approach was made to the market for the express purpose of securing funds to construct, for example, the Sydney Harbour Bridge, nor were any

²³ Much of the information on Commonwealth/State financial relations has been adapted from a paper delivered by Mathews, Russell, 'Horizontal Balance in the Australian Federation: the Reduction of Inequalities,' 1970, *Treasury Working Papers* (SRNSW ref: 10/48366)

moneys borrowed direct from the British Government for this purpose.²⁴ In 1927, and shortly before the operation of the Financial Agreement, William McKell and Clarence Chapman, Treasury Under Secretary, travelled to New York between February and April 1927, and negotiated two loans, each of \$US25 million by the Equitable Trust Company, New York.²⁵ The New York negotiations were carried out successfully despite the strong anti-American sentiment in the New South Wales Parliament and the persuasive powers of the negotiators, McKell and Chapman. 'The American response proved eventually to be far more accommodating than that which the party received in London, the State's economic credibility being at a very low ebb, and the State's stock the lowest of all the Australian states.'²⁶

Under the Financial Agreement of 1929 the Australian Loan Council was established on a permanent basis. Under its terms, the Commonwealth assumed responsibility for raising loans on behalf of the States, subject to the decisions of the Loan Council. The New South Wales State co-ordinator was Clarence Chapman, Treasury Under Secretary.

In 1933 the Commonwealth Grants Commission was established, a key institution in the field of Commonwealth/ State financial relations. The Commission was responsible for recommending the level of additional revenue assistance (in the form of special grants) to be provided to claimant states.²⁷ The Commonwealth and State public debts were amalgamated and the Commonwealth Government accepted responsibility for the States' public debts. The Commonwealth was reimbursed by the States for interest and other costs paid on their behalf and the debt was redeemed from a National Debt Sinking Fund to which both the Commonwealth and the States made contributions.²⁸

²⁴ The capital cost of the Sydney Harbour Bridge, as originally constructed, reached £20,114,340. Of that amount, £16,762,116 had been provided from the proceeds of public borrowings and the major part of the balance represented contributions by Municipal and Shire Councils. Finance was provided from the CRF, borrowings by the Department of Main Roads and surplus toll revenue. The loan liability was subject to amortisation by sinking fund payments in accordance with the terms of the Financial Agreement. NSW Treasury, *Finance Branch Handbook*, (Treasury File no. T96/2860)

²⁵ The Equitable Trust Company subsequently merged with the Chase National Bank, New York, which in turn became the Chase Manhattan Bank in April 1955

²⁶ Kelly, Vince 1971, *A Man of the People*, Alpha Books, Sydney, p.50

²⁷ Nicholls, (1991), p.111

²⁸ *Treasury Working Papers*, 'Premiers' Conference – Canberra 11 October, 1973', (SRNSW ref 10/48361) A consolidated set of rules was passed in May 1936 and strengthened in June 1939. A revised document was adopted by Loan Council in June 1972.

With the onset of the economic depression of the 1930s the increasing strategic importance of the Loan Council became apparent. It became a vehicle of economic policy. Short term borrowing was resorted to by State governments, and in 1930 private trading banks sought to check growth of government over-drafts. They required that all short-term borrowing be against Commonwealth Treasury Bills issued with Loan Council approval through the Commonwealth Bank. In 1936 borrowings by semi-government and local authorities were brought under the control of the Loan Council on a voluntary basis via the Gentlemen's Agreement.²⁹ Until the outbreak of World War II distribution of revenue was in proportion to population, and to the financially weaker States, on the basis of careful economic analysis intended to establish relative financial need.

At the outbreak of the Second World War the States were able for the most part to meet their expenditures from funds which they themselves were responsible for raising. Both the Commonwealth government and the State government levied income tax, which meant that the Commonwealth was severely hampered to the extent to which it could raise extra revenue from this source. Although income tax was the principal method by which the State collected funds for general public services it was by no means the only source of revenue. Other sources were stamp duties, death duties, betting tax, and licenses to sell liquor as well as the profit made in the conduct of the State Lottery, all under the administration of Treasury.

In 1942 a uniform income tax was imposed for the period of the War and one year thereafter. The revised plan of uniform income tax introduced, in the national interest, had important and far-reaching effects on the finances of New South Wales.³⁰ The sole income tax power assumed by the Commonwealth introduced a fundamental change in financial relations. There developed a widening gap between revenue sources and expenditure needs. When the Uniform Taxation legislation was challenged by the States, the High Court found that the Australian Government could enforce priority in the collection of its income tax and could make grants to the States on condition that they vacated the field of income taxation.

It became apparent that the financial arrangements were proving quite inadequate to meet the needs of the States, both because the original base figure was too small and

²⁹ Superseded by the Global Resolution

³⁰ Commonwealth Grants Commission, *Thirteenth Report (1946)*, Commonwealth of Australia, 1946, p.8

because the formula was not producing increases sufficient to match increases in State responsibilities. It became necessary for State Premiers and Treasurers to adopt, annually, the role of supplicants and it did much to bring the Premiers' Conference itself into disrepute. The financial controls circumscribed the ability of the States to undertake new policy initiatives without the knowledge that the necessary finance would be forthcoming from the Commonwealth. In order to meet expenditure the States were obliged to impose heavy and recurring increases and extensions in their taxes and charges.³¹ By the 1950s the operation of Uniform Taxation plan, tax reimbursement scheme, and operations of the Loan Council involved the New South Wales Treasury executive in intense strategic planning.

In June 1970, Professor Russell Mathews addressed the Committee for Economic Development of Australia Forum. His subject was 'Horizontal Balance in the Australian Federation: The Reduction of Inequalities'.³² Mathews spelt out the genesis of the mendicant attitude of State Premiers approaching the Commonwealth in its annual pilgrimage to Canberra, seeking financial relief.

He outlined the genesis of this perennial problem. When the Australian federation conventions met to draft the Commonwealth Constitution, differences in the size and economic strength of the several colonies presented some of the more serious problems which had to be overcome, if federation was to become a reality. Some of those problems were resolved by political compromises, others involved far-reaching economic adjustments, such as the adoption of a uniform tariff and the consequential arrangements which were made for redistributing surplus Commonwealth revenue among the States. The powers which the Commonwealth obtained with respect to equalization grants and the provision of other financial assistance to the States came almost as a by-product of the arrangements for sharing surplus revenue.

Since federation the loss of financial independence may be ascribed to three distinct developments during the first half of the twentieth century: the surrender by the States of their authority to impose customs and excise duties; later in 1927 the entry of New South Wales into the Australian Loan Council, and finally during the Second

³¹ *Treasury Working Papers*, 'Under Treasurers' Conference, Adelaide January, 1975', (SRNSW ref: 10/48361)

³² Mathews, Russell, 'Horizontal Balance in the Australian Federation: the Reduction of Inequalities', 1970 in *NSW Treasury Working Papers* (NSWSR ref: 10/48366)

World War, the surrender of the States' unilateral right to impose personal and corporate income taxation. Specific Purpose payments were increased after World War II. Allocations of Commonwealth payments among the States had been determined by a hotch-potch of political bargains, arbitrary and inflexible formulae and *ad hoc* arrangements which for the most part appeared to be unrelated to national policy objectives of equity, efficiency and growth. Mathew's assessment of the relationship in 1970 was that the existing basis of distribution which had resulted from a mixture of historical accidents, arbitrary decisions and political bargains, was demonstrably unfair to the three larger States of New South Wales, Victoria and Queensland.³³

³³ Mathews, (1970)

CHAPTER 9

FOCUS ON REFORM, 1900–1945

In the first year of the twentieth century, revision of the functions of Treasury and financial administration was pursued, as in previous decades. Party politics replaced the faction system and an improved, more professional approach to financial administration was anticipated by a State parliament, negotiating funding with the federal regime. The rational patterns and rhythms which governed a broad spectrum of Treasury experiences, and which interposed and peopled the nineteenth century continued into the twentieth century.¹ Inquiries and reforming disciplines followed at intervals within Treasury, intercepted by political, social, national and economic issues, of major proportions.

Theoretical studies that probe the policy and administrative dichotomy indicate that, while vision clearly articulates goals, and political determination is crucial to policy delivery, they are often far from enough.² Contextual complexities are crucial determinants in the success or failure of reforms.³ Reform is only successful when both leadership and time are favourable. Government stability is essential; one cannot expect the administrative system to outpace the polity, of which it is a part. Broad revolutionary administrative reform was therefore not feasible in nineteenth century New South Wales. There was not, *in situ*, the means for ‘administrative simplification, which included the broad development of merit-based personnel principles to counter political patronage.’ These principles required, in turn, to be reinforced by ‘the introduction of new procedures and methods to improve administrative performance.’⁴

Ministries in New South Wales came and went with bewildering frequency. The leadership of Treasury was occasionally rewarded with success in progressing improved financial administration but reform was episodic. Treasury’s core accounting activities

¹ Rey, Roselyne 1993, *The History of Pain*, Harvard University Press, Massachusetts, p.261

² Gray, Andrew and Jenkins, Bill ‘Government and Administration: The Dilemmas of Delivery’, *Parliamentary Affairs*, Vol. 54. No.2, April 2001, Oxford University Press, p.206

³ Zafarullah, (1986), p.xix

⁴ Zafarullah, (1986), p.xix

remained intact, but federalism generated unfamiliar concerns when dealing with finance at a national level. Commonwealth/State financial relations and their associated policy and stratagems placed fresh strains on available resources in the department. Less emphasis was placed on the book-keeping side of its activities with greater emphasis and amplification of its role as a provider of financial and economic advice to the government. In order to accommodate this shift in emphasis Treasury attempted to maximize reform of its management policies and administrative structure.

In the first decades reform was episodic, indeed retarded at times because of the exigencies of war and economic depression. Progressive reform in financial administration was made possible by favourable conditions: relatively stable government with a firming party power base, improved professional standards of education and leadership in the major government departments including Treasury, statutory provisions supporting financial reform, Commonwealth/State financial relations, proposals for reform and standardisation of accounting methods in the State's public service, the professional appointment of qualified or graduate personnel to Treasury, a Commonwealth requirement for greater uniformity in States' public accounts,⁵ improved education in the theory and practice of public administration, and global economics. Whatever the agents of change, internal or external to Treasury, they stimulated and gave impetus to the requirement for greater transparency and accountability, more efficient and effective stewardship of the State's revenue and expenditure.

At the turn of the century, and despite previous criticism and attempts at reform, the methodology used by Treasury to present the annual budgets and Financial Statements still attracted public scrutiny and adverse criticism from professional and commercial interests. Compounding problems associated with the production of the Financial Statements was the Auditor-General's non-compliance with his statutory obligations. Member 'Honest Jim' McGowan, to be appointed the first Labor Premier in the State in 1910, asserted that despite statutory provisions, introduced in 1898, the

⁵ On 19 May 1932, the Commonwealth Joint Select Committee of Public Accounts advocated uniform presentation of public accounts. In 1933 the Commonwealth iterated the need for greater uniformity in State public accounts. Differences were apparent in accounting procedures, form and content of the public accounts and financial practices relating to depreciation, debt repayment etc.

Auditor-General still resorted to previous practices that were time wasting and contrary to the spirit of the Audit Act of 1898. McGowen asserted that:

‘The Auditor-General persists in adhering to the old system, and openly flouts Parliament when there is no necessity for it. What benefit can be served by having the Auditor-General putting the accounts in one way and the Treasury officials putting them in another way? ... This has been going on for the last five years, and if it continues we shall have a rehash of the same thing when the next financial Statement is made ...’⁶

Public jousting and conflict between the two chief State financial departments exacerbated the problem, and firm resolve was necessary to correct this untenable situation, in tandem with financial administrative reform.

In December 1899, Premier and Treasurer William Lyne urged the establishment of a select committee to make a full inquiry into the Public Accounts, and report upon the State of the finances of the colony.⁷ The genesis of this 1900 inquiry is found in an accretion of problems: a political stratagem to embarrass the previous government led by George Reid, a genuine attempt to address the perennial problem of government accounts, or a veiled justification for further imposts.

Lyne advocated altering the system by which the accounts were kept, identifying and clarifying, for government and the public, once and for all, the accounts from which the government was financing its expenditure. Lyne’s immediate concerns were based on the need for boosting capital investment in the State and to promote the State’s potential to overseas investors. The Committee’s brief was to determine the financial position of the colony, to report on the differences of opinion between Treasury and the Audit Office, and seek to resolve their disputes. This inquiry was the first Audit of the State antedating, by eighty years, the Commission of Audit appointed by Premier Nicholas Greiner in 1988.⁸

Also supported was an inquiry into:

⁶ NSW Parliamentary Debates, Financial Statement, 6 December 1899, p.3022. The Audit Act of 1898 provided the statutory basis by which public accounts were kept, audited and presented in prescribed form. Also, the receipt or disbursement of public revenue; for shared responsibility between the Treasury and the Audit Office to present audited annual accounts.

⁷ Sir William John Lyne Premier and Colonial Treasurer, 15 September 1899–20 March 1901 *NSW PD*, Financial Statement, 8 December 1899, p.3112

⁸ New South Wales Commission of Audit, July 1988, *Focus on Reform, Report on the State’s Finances*, NSW Government Printer.

‘... all questions of straightforward book-keeping, of honest exposition of the finances, of Parliament and the country, upon all these questions I invite the fullest investigation ...’,⁹

The pivotal and key question for the Committee was whether the methodology used for dealing with the State’s finances generally, and the Loan Expenditure, specifically, was sound, and of permanent benefit to the colony. Accountability and transparency were the key indicators of a responsible government, and stability of government flowed from those precepts of responsible government. The Committee of Inquiry which convened on 2nd April 1900, was significant for the calibre of its members. Included on the tribunal were: Thomas Allwright Dibbs, the eminent banker and General Manager of the Commercial Banking Company of Sydney and brother of the former Premier Sir George Dibbs, John Russell French, General Manager of the Bank of New South Wales, and Frank Nelson Yarwood, Accountant and Honorary Secretary of the Sydney Institute of Public Accountants.¹⁰

Key Treasury witnesses included John Vernon, Treasury Accountant and soon to be appointed Auditor-General, Treasury Under Secretary for Finance and Trade, Francis Kirkpatrick, who had succeeded Geoffrey Eagar, the Treasury Sub-Accountant, the Special Clerk to the Under-Secretary who had been seconded from the Government Statistician’s Office, and the Clerk of Records and Correspondence branch.

The Committee issued an interim Report on 8th June 1900, after examining the annual Accounts, published between 1895 and 1899. Taking into account the change to the ‘cash’ basis accounting system, introduced in 1895, the Committee concluded that the Accounts submitted were misleading, and the real state of the finances was not apparent.¹¹ On 21st July 1900, the General Report of the Committee of Inquiry into the Public Accounts was issued and found that:

⁹ *Daily Telegraph*, 1 May 1900, The Public Accounts. See Lyne’s contentions and Statement by Reid, NSW Treasury, *Special Bundles*, 1900–04, Committee of Inquiry into Public Accounts, (SRNSW ref: 10/4156)

¹⁰ *NSW V & P*, Vol. 3, 1900, Public Accounts, p.287

¹¹ Treasury had adopted a year as an accounting period and accepted the difference between receipts and payments as the measure of general revenue welfare from year to year. Financial reporting in so far as it dealt with the operations on the CRF was therefore said to be on a cash basis. It was considered final and adaptable. See Campbell, (1954), pp.47-48

‘... it is, in our opinion, perhaps in the case of New South Wales more than in that of some other countries, absolutely essential that sound business lines should be followed in and common sense characterise the treatment of our Finances ...’¹²

The Report included recommendations for specific changes to current financial administrative practice.¹³ In reaching a balanced opinion, the Committee had explored the differences between accounting practices in both the public and private sectors. State finances were held theoretically, in perpetuity and in trust; the latter was involved in operations for the purpose of paying dividends at stated periods.

At a functional level, the Committee reported that the State Accounts should show, at a glance, the result of the activities on the Consolidated Revenue Fund during each and every separate year. If adhered to, this approach should relieve the public’s uncertainty arising from the Parliamentary debates which raged on an annual basis, as to real, or perceived, deficits. The Committee also made a number of suggestions as to the presentation of the various accounts supported by legislation, if necessary.

A limited examination had been made of Treasury work practices, suggesting only minor adjustments, and the Auditor-General was required to issue his Annual Report within three months of the end of the financial year.

The history of public enquiries does not lend itself to a belief in optimistic outcomes. This Inquiry did, however, result in tangible benefits to the financial management of government revenue. The consequence of this Committee of Inquiry into the Public Accounts was the passage of the Audit Act of 1902. This Act made provision for the State’s budgeting, accounting and banking arrangements. It was a successful piece of legislation, evident from the fact that it remained largely unaltered until replaced, in 1983, by the Public Finance and Audit Act.¹⁴ The Act contributed significantly to safeguarding the Consolidated Revenue Fund from being accessed for expenditure, except under lawful conditions.¹⁵ The legislation clearly defined the office, duties and functions of the Auditor-General *vis-à-vis* the Treasurer and Treasury. The Auditor-General’s powers were amplified respecting the inspection of accounts,

¹² NSW V&P, Vol. 3, 1900, Committee of Inquiry into the Public Accounts, General Report, 21 July 1900, p.313

¹³ NSW Treasury, *Special Bundles*, 1900-04, Committee of Inquiry into Public Accounts, (SRNSW ref: 10/4156)

¹⁴ Nicholls, (1991), p.29

¹⁵ NSW Auditor-General Rennie, *Thirty-Second Annual Report*, 1902, p.158. The balance of the Consolidated Revenue Fund was fixed as at 1 July 1902, providing an indisputable basis for the future transactions of the Fund.

contributing to a quicker resolution of the bitter debates, ongoing between the two departments. The Treasurer was required to present the Public Accounts annually to Parliament in a prescribed form, to be certified by the Auditor-General, then submitted to Parliament within a certain specified time. Treasury was empowered to make regulations concerning the State's public accounts which were to be published in the *Government Gazette*.¹⁶ The scope of the Act extended to the total administration of the State's finances by the Treasurer, whether authorised or not by the Parliament.¹⁷ All transactions by the Treasurer, affecting State finances were, however, to be brought immediately to the notice of the Auditor-General, in order that a direct certificate be given, for the information of Parliament. The Audit Act of 1902 enabled the Auditor-General to conduct individual departmental audits. This power superseded the previous Appropriation Audit, which was considered neither efficient, nor economical.

The Audit Act of 1902 also provided for the establishment of the Public Accounts Committee. This Committee was required to 'exercise the Parliament's review powers over the efficiency, effectiveness and accountability of the public sector.'¹⁸ It was required to report to the Legislative Assembly upon any question which may arise in connection with the Public Accounts, referred to the Committee, either by a Minister of the Crown, or by the Auditor-General, or by a resolution of the Legislative Assembly. In its first report, the Committee issued its findings after taking evidence concerning the matters of unauthorised expenditure.¹⁹ The Public Accounts Committee met on an irregular basis, however, over the next 80 years. The inactivity of the Committee was clearly the result of a 'lack of appreciation by successive governments of the need for a legislatively backed watchdog of public expenditure.'²⁰

On 20th November 1902, the fragile relationship and personal rivalry between the two financial departments was tempered by the replacement of Auditor-General Edward Rennie by John Vernon. Vernon had been Treasury's Chief Accountant, also brother-

¹⁶ The first Treasury regulation was published on 15 April 1904

¹⁷ NSW Auditor-General John Vernon, *Thirty-Third Annual Report*, 30 June 1903, p.125

¹⁸ *Ninetieth Anniversary*, November 1992, Public Accounts Committee, Parliament of New South Wales, Report No. 65, p.7

¹⁹ NSW Auditor-General, *Thirty-Third Annual Report*, September 1903, Minutes of Evidence, Public Accounts Committee, Appendix Q, p.190. The effectiveness of the Public Accounts Committee was limited, meeting seldom. It was reactivated in 1982.

²⁰ *Ninetieth Anniversary*, November 1992, Public Accounts Committee, Parliament of New South Wales, Report No. 65, p.7

in-law of Joseph Barling, a member of the Public Service Board.²¹ Vernon's approach was conciliatory, as indicated in his first *Annual Report*. It was a clear, simple report, indicating the condition of the State's finances, refraining from captious criticism, as to the form or order in which the accounts were compiled by Treasury.

Vernon acknowledged the courtesy and help rendered by Treasury officers in effecting the changes he found necessary, and generally assisting the audit of the Accounts. He had no difficulty in certifying the Accounts when they were compiled correctly, and in accordance with figures existing at the close of each financial year. The certificate did not endorse (from a statutory point of view), however, the correctness of the Treasurer's treatment of the finances, but simply demonstrated that a true, faithful, and complete account of all such transactions was given, leaving the details of the accounts of individual items open to comment or criticism. Parliament was to be placed in possession, not only of the bare facts and figures, but of the conclusions to be formed as to the true condition of the finances at the close of that financial year.²²

At an interstate level, the true meaning of federalism was closing in on State politics, and States' rights were becoming an issue. By 1907, the States were beginning to realize and appreciate that the Constitution was a document in search of financial equity. 'Unfortunately for the States, the Constitution gave the Commonwealth the right to modify the (financial) arrangement, simply by legislation rather than by agreement with the States.'²³

At the State level, a Labor Ministry instituted the endorsement of government enterprises which involved Treasury. In 1911 a McGowen Labor Ministry decision led to the formation of one of the most powerful and influential financial institutions in the State. The Treasury Insurance Board was established by the Treasurer to supervise the insurance of Government assets, and was administered by the Treasury Insurance branch. The branch formed the nucleus of the Government Insurance Office (GIO) instituted on 1st July 1926, upon the commencement of the Workers' Compensation Act, 1926.²⁴ It provided a medium through which officers of the public service could

²¹ Cohen, (1939), p.44

²² NSW Auditor-General John Vernon, *Thirty-Third Annual Report*, 30 June 1903, p.125

²³ Hogan, Michael, 1910, in Hogan and Clune, Vol. 1, (2001), p.94

²⁴ See *Concise Guide to*, SRNSW.

take out the obligatory fidelity guarantee policies.²⁵ Hogan's evaluation of the McGowan years was that in establishing a strong tradition of State enterprises, such as the GIO, the State Abattoirs at Homebush, and State Fisheries, these actions instigated one of the fiercest ideological topics, socialism, in NSW politics.²⁶

During the Great War the inability of Treasury to extend itself seldom beyond its book-keeping activities became apparent. Cabinet expectations were thus not met for economic advice and support from Treasury.²⁷ After the declaration of war in 1914, there was an increasing need to confer with the other States in order to resolve mounting complex financial problems associated with the war effort, and Commonwealth/State financial relations. Industrial unrest in the mining sector, shortages in the building industry, inflation and mounting unemployment, exacerbated community unrest. Ministerial work-loads increased because the staffing of Treasury had rendered it incapable of coping with the additional demands for information. This incapacity to 'cope' was because of the temporary loss of staff from the middle and junior ranks to the AIF, and an associated loss of expertise and knowledge of the functions of Treasury. Several proposals for an economic advisory committee were discussed, the Premier raising his concerns with French of the Bank of New South Wales, and George Allard, Accountant and Lecturer, Sydney University, but no positive action was taken.²⁸ French, as a banking official was reluctant to interfere in Treasury affairs. By 1918 the matter remained dormant and Premier Holman made no further contribution to the matter.²⁹

²⁵ In 1941 the Government Insurance (Amendment) Act established the Government Insurance Office as a corporate body with power to carry on the general business of insurance, including any class or form of insurance. The GIO was now in open competition with private insurance companies. In 1991 the organisation changed from a statutory authority to an incorporated company and traded on the Stock Exchange on 23 July 1992. SRNSW *Government Insurance Office, 1926-1991*

²⁶ Hogan, Michael, '1913', in Hogan and Clune, Vol. 1, (2001), p.129

²⁷ The employment of women in the New South Wales Public Service is addressed briefly in Bland (1939), pp.158-170. Recent studies address the introduction of female clerks during the First World War other than in the Teaching, Nursing, Post and Telegraph Service and Domestic services. See especially Kingston, B. 1975, *My Wife, My Daughter and Poor Mary Ann*, Nelson, Melbourne, passim, and Deacon, Desley 1989, *Managing Gender: the State, the New Middleclass and Women Workers 1830-1930*, Oxford University Press, Melbourne, passim

²⁸ George Beeby, Minister for Labour and Industry, proposed in 1917 the adoption of the American practice of appointing an independent Board of Commissioners to analyze departmental estimates. NSW Treasury, *Working Papers*, Proposed Advisory Committee on Finance, Premier's Letter, July 1918, (SRNSW ref: 10/48390)

²⁹ NSW Hansard, 20 November 1918, NSW Treasury, *Working Papers*, Historical/Financial Matters, (SRNSW ref: 10/48390)

When war was declared, Treasury, administratively, was placed on an immediate war footing and an immediate freeze placed on permanent and temporary appointments, salary increments and overtime, except in cases of emergency. Treasury's structure remained generally as in 1905, staffed by approximately 115 staff members. The branches included the Account branch, Pay branch, Examining branch, Inspecting branch, Correspondence and Records, Revenue branch, messengers and cleaners. The positions of housekeeper and constable had been abolished in 1907 in the interests of economy, though a caretaker was employed for £10 per annum, with quarters, fuel and light provided.

Treasury's Administration branch included the Under Secretary, John Holliman and 16 officers: the Chief Clerk, the Chief Officer, and Correspondence and Records Section. The Financial branch included the Comptroller of Accounts Arthur Pearson, the Receiver, the Sub-Accountant, an Examiner of Accounts, the Paymaster and Clerks, 85 officers in total. The General branch of 14 officers included messengers and cleaners.

One initiative of the Public Service Board was to introduce females into Treasury's clerical division, to replace absent male staff. Shortages had followed enlistments, and the decrease in the overall number of young men who had sought admission to the public service, pre-war.³⁰ Prior to 1916 few females had been employed in Treasury, apart from the long serving housekeepers. The employment of women in the clerical division had been restricted to positions of shorthand-writers and typists, possessing deftness, neatness and concentration.³¹ The first female typist, a university graduate, was employed in Treasury in May 1908.³² After the Board increased the opportunity for the employment of female clerical workers, con-joint examinations were held for both female and male junior clerks, on a trial basis, without noticeable male opposition. An example of the opportunities now offered to females is found in the careers of three women in Treasury. Phoebe Alice Turner was appointed to Treasury as a Junior Clerk on 30th October 1916, and Doris Love on 20th November 1916, both on probation. By 1921, both women earned £143 each annually, but less than their male colleagues at the same clerical level, commanding on average of £222

³⁰ *NSW Public Service Lists*

³¹ *NSW PSB, Annual Report, 1914*

³² *NSW Public Service Lists*

per year. Lorna Beatrice Hales, appointed to the service in June 1916 had overtaken her junior male colleagues by 1924, and was earning £236 annually. Love then earned £188 6s. annually. Older, retired members of the public service were also re-employed in Treasury for the duration of the conflict to make up the numbers, ensuring the continuation of albeit, limited government services.

Female permanent employment in the public service was curtailed after 1916, when preference in employment was given to returning soldiers. Those wounded, or suffering from shell shock, were permitted to sit their own structured entrance examinations.³³ The Armistice, signed on 11th November 1918, terminated hostilities and was followed by the repatriation of the members of the AIF back to Australia and Treasury. In 1920 the Arbitration Court introduced an award for male clerks, providing a lengthy career scale of increments which extended to the maximum salary of £421 annually. Every clerk, irrespective of value of the work available, had the opportunity of progressing to the maximum salary. A new class was also introduced to cover female office assistants used in minor clerical work in the various departments. These positions were not intended to provide a life career but did provide the opportunity to qualify for future promotion.

During the war years Treasury lacked the funding, ability and expertise to adopt advancing office technology, or fresh administrative ideas. The loss of expertise is made apparent when the figures are analysed of departing enlisted officers. In the first year of conflict over 900 'young, energetic and capable' public servants enlisted.³⁴ Two hundred and sixty one officers enlisted from Treasury and its sub Departments, including Treasury Head Office, Stamp Duties Office, the Navigation Department, Government Printing Office, Taxation, and Stores Supply Department. Of that number, 15 enlisted from Treasury head office. Overall, 36 officers died on active service. Acts of bravery were reported from the areas of conflict. Leslie Burnett, born on 20th January 1895, appointed clerk in the Treasury on 5th November 1912, was awarded the Military Cross. Two Military Medals and the CMG and DSO, were awarded to three officers from sub-departments.³⁵

³³ NSW PSB, *Annual Report* 1916

³⁴ NSW PSB, *Annual Report*, 1914

³⁵ NSW PSB, *Annual Reports*, 1914–1921, *passim*

The peace that followed was accompanied by unprecedented social and employment disruption, difficulties associated with economic instability. Public servants experienced, as did the rest of the population, the fear of the influenza pandemic, an escalating cost of living, inflation, and an associated push for an increase in wages.³⁶ In 1920, labour saving technology was finally introduced into Treasury, with the Board's approval, in the form of ledger posting, cheque writing and accounting machines. To contain expenditure, staff numbers were reduced by way of a policy of attrition, a politically digestible solution as opposed to retrenchment. This strategy became paramount in budget estimates. Planned cost savings were brought about by a re-organisation of the public service in tandem with an improvement in efficiency and the introduction of labour-saving technology. From a high of 129 Treasury officers in 1922, by 1924 the numbers had decreased to 92, falling to a low of 70 in 1930, reflecting the exigencies of the economic depression.

Holliman was successful with his proposal to establish in Treasury a separate Statistical branch, under an officer possessing specialised qualifications. Holliman had entertained this initiative for some time, but owing to the need for economy in Treasury he had been reluctant to forward the proposal to the Premier.

The opportunity for radical reform in financial administration was presented with the Government's enforced economic rationalization of resources towards the end of the Great War. The basic, functional role of the State's book-keeper had been subsumed in a changing world of economic management and federalism. In the post-war period Treasury's Under Secretary Holliman's attention was focused on matters which included, the financial re-adjustment following the termination of the then present agreement with the Commonwealth for the payment of 25s. per capita from Customs and Excise Duties in 1920, the transfer of the State debts to the Commonwealth,³⁷ and currency and rates of interest for loans about to be raised.

An analysis of the methodology behind many of the functions within Treasury indicated a decline in many areas of financial administration. The major administrative weakness lay at the head of the pyramidal structure of the bureaucracy, the Public Service Board. This disinclination of the Board to act was not of recent mind. By 1918,

³⁶ NSW PSB *Annual Report* 1920

³⁷ This question had been under consideration before the war, but had been abandoned with the onset of hostilities.

the year of the Allard Commission, the Board was found to be drifting ‘along in the uncontrolled current of Service affairs, twisted from time to time in the eddies of expediency.’³⁸ It ‘had become preoccupied with routine, less able to assert its authority over the departments, and to win the ear of governments.’

The Board was, nevertheless, responsible for any proposed administrative reform of Treasury and the public service. The Board needed to target suitable recruits, to devise and impose a program of reform at the financial, administrative and technological levels. The Board was responsible for recruiting Bertram Sydney Barnsdale (Tubby) Stevens, to implement major administrative changes of the post war years. Between 1921 and 1939, Stevens overcame many of the deficiencies of financial administration in the State’s public service. His employment history was impressive. He had proved immediately successful as a young clerk in the public service. As a Board Inspector he developed a reputation as a first class professional accountant. He became absorbed in the landscape of accounting practice in the public service, and the minutia of office management did not escape his personal attention. He became a senior member of Treasury and, subsequently, entered Parliament and soon appointed Assistant Treasurer, then the State’s Treasurer and Premier.³⁹ His early leadership of Treasury was strengthened by the authority delegated to him by the Board and later by Cabinet. He possessed prodigious energy, ambition, and determination to achieve the necessary improvements. He was a ‘master’ in the financial arena.⁴⁰ He applied the professional eye of the accountant to the standardizing of accounting methods in the public service. Schedvin considered Stevens’ review of the economy, when Treasurer, the best that he had read.⁴¹ Nevertheless, he was quite ruthless in his decision making, an ambitious, self-made man who, if thwarted, bullied or cajoled in order to succeed.⁴² He referred to his mother as being the greatest influence on his life. She commanded respect and attention without becoming dictatorial, qualities, Stevens considered, the

³⁸ Spann, R.N., 1979, *Government Administration in Australia*, George Allen & Unwin, Sydney, p.291

³⁹ No comprehensive history of the life and career of Stevens has been written. See Ward, J. M., entry for Stevens, *ADB*, 1990, Vol. 12, Smy-Z. Ward’s account omits Lang’s intervention in the management of Stevens’ final years, which were, ironically, distressing financially; McCarthy, J.M. *The Stevens-Bruce Government 1932–1939*, MA Thesis, UNSW, 1967. Further biographical detail of Bertram Stevens is included in Appendix A

⁴⁰ Aitkin, Don 1969, *The Colonel*, ANU Press, Canberra, p.103. Stevens’ role as Under Secretary is treated akin to a footnote in Aitkin’s work, though always complementary of Stevens’ contribution to State politics.

⁴¹ Schedvin, C.B. 1970, *Australia and the Great Depression*, Sydney University Press, p.89

⁴² McCarthy, (1967) p.89

essence of real leadership.⁴³ His father was a carpenter and on the hustings, in 1932, Stevens claimed an intimate knowledge of the working man's aspirations.⁴⁴

Stevens was Weber's 'ideal type' of bureaucrat, placing emphasis on structure and procedure within the bureaucracy. He recognised the role of the subordinate officer, discipline and formal rationality, a one sided concept, in order to serve.⁴⁵ Stevens embodied the bureaucratic structure; he specialised, he relied on a hierarchy representing power and authority; he recognized rules and regulations defining the responsibilities of public servants; he was impersonal in his attachments in the bureaucracy, and he possessed the necessary qualifications for office.⁴⁶ In summary, he believed in the fundamental dichotomy, the relationship between leadership, founded on knowledge and rationality, and unreflected discipline; the submissiveness of the governed. For Stevens, strong leadership was of fundamental importance in any program of reform and management. Stevens provided the authority and skills to bring about measurable change in Treasury's administration, absent for 60 years since the 1860s and Eagar's reforming zeal.

Treasury, in 1921, was a passive participant in Government financial administration, a situation which Stevens halted and reversed. He gave Treasury direction, creating a dynamic and authoritative voice in the State's affairs. Stevens did not act alone. He was one of two public servants, John Spence the other, and they complemented each other. Spence had a legal background and sound managerial experience in the public service.⁴⁷ Stevens possessed the necessary accounting abilities and managerial expertise.⁴⁸ Both were recruited by the Board to manage its program for reform.

⁴³ *SMH*, 21 July 1936, p.12

⁴⁴ *SMH*, 1 June 1932, p.12

⁴⁵ Mommsen, Wolfgang 1974, *The Age of Bureaucracy*, Oxford University Press, p.19

⁴⁶ Spann, R.N. 1979, *Government Administration in Australia*, George Allen & Unwin, Sydney, p.100

⁴⁷ John Spence was a Senior Inspector with the PSB for three years, one year acting Government Printer, two years an Under Secretary and Director of Finance, Treasury. He was a member of the PSB for four years. He was an Honours graduate in Arts, Sydney University graduating LL.B. As a law student, he was the Wigram Allen Scholar and Prizeman in Political Science. He lectured and examined in Book Keeping and Business Principles and was a Member of the Council of the Economic Society and Fellow of the Australian Institute of Cost Accountants. Spence passed the first examination held by the PSB constituted under the PSB Act for entrance to the public service. See (SRNSW ref: 14/4573).

⁴⁸ NSW Public Service Board, *Annual Report 1923*

In 1921, when a Board Inspector, Stevens investigated the Account branch of the Department of Public Instruction (Education), making recommendations for changes and reforms.⁴⁹ Stevens presented his Report, with recommendations, to the Board on 11th November 1921, identifying technology as the major instrument for reform. In June 1922, in an interim move, funds were provided by the Board, for the purchase of accounting machines together with a rearrangement of the accounting staff. Stevens was rebuffed by Treasury staff, objecting to changes to accounting methods, and whose opposition was influential. New technology threatened disruption, redundancies, and unemployment. Stevens accepted reluctantly that without Treasury support, reform would be incremental, and not sweeping.

In a Minute sent by Treasurer Cocks to Cabinet in October 1922, he reported that:

‘The Public Service Board consider themselves to be a staff Board, but decline to assume the responsibilities of a Board of management and control of the whole of the Public Service ... they claim no executive authority to make alterations either in method or usages associated with the various departments having a bearing upon efficiency in the carrying out of the work ... It is nobody’s duty to attempt alteration in (a) system for the inauguration of more up-to-date methods to replace those that have been so long in existence ... There is no executive authority placed in anyone (to introduce and impose reform).’⁵⁰

The Board claimed that it lacked the essential power to determine the manner in which departmental accounts were to be kept.⁵¹ Central power was truncated, the Treasury and the Board shared a power base but neither was prepared to invoke individual residual powers. Treasury traditionally held the power to direct departmental accounting practices, but the Board was unable to effect the desired changes and economies in the Education department unless the recommendations for re-organisation were acceptable to Treasury. This debility threatened or enfeebled attempts at administrative reform in Treasury and the public service overall. Stevens noted that

⁴⁹ NSW Treasury, *Reorganization of Accounting Activities, Report by Mr. B S Stevens*, Under Secretary and Director, Department of the Treasury, 25 May 1925, (SRNSW ref: 9/1700) This report is a thorough and concise Report on the organization of the NSW Treasury, closely typed and with summary headings to the left of each paragraph. It is an indication of the precision and clear thinking of the man and gives an indication of an aptitude for government administration. Both he and a previous head of Treasury and Treasurer, Geoffrey Eagar, conclude their notable careers financially destitute and mendicants, depending on the State for relief. (SRNSW ref: Premiers Department, File No. QQ 351, 10/47739)

⁵⁰ NSW Treasury, *Reorganization of Accounting Activities, Report by Mr. B S Stevens*, Under Secretary and Director, Department of the Treasury, 25 May 1925, p.4 (SRNSW ref: 9/1700)

⁵¹ Bland, (1944), p.xv

‘the Board could, so it seemed, merely suggest reforms, it could not execute them’ and, perversely, had to await approval of other concerned parties, namely Treasury.⁵²

The Board, anxious to proceed with Stevens’ reforms persuaded Treasurer Cocks to resolve Treasury’s intransigence. An eminent Public Accountant and Actuary, E. S. Wolfenden, was engaged to give an opinion to the Treasurer on the merits of Stevens’ proposals.⁵³ Wolfenden’s report was favourable and Treasury was thus persuaded to withdraw its objections. A selection of Stevens’ proposed reforms were instituted, with the concurrence of the Department of Education, Treasury and the Auditor-General. Stevens’ reforms justified his appraisal and savings of £6,000 per annum were realised with the reorganization of the Education Department’s accounting systems.⁵⁴

In the same Cabinet Minute of October 1922, Treasurer Cocks, when attempting to overcome the Treasury deadlock, recommended the appointment of a special officer, possessing sufficient authority to institute reforms in accounting practices throughout the public service.⁵⁵ The officer was to investigate systems of bookkeeping with associated staffing arrangements, and introduce new accounting methods wherever warranted.⁵⁶ Treasury held the authority to decide which accounting systems and accounting methods should operate in the various government departments. That power was irregularly employed, however, and generally only exercised in respect of the endorsement or disapproval of any particular ledger books submitted to Treasury by departments. Treasury was reluctant to give direction, and standardise accounting procedures.

There was also evidence of ossification at the executive level of Treasury. Holliman’s reluctance during the War to deliver his submission to the Treasurer concerning the establishment of a Statistical branch was one instance. The Treasury executive, in a culture of ennui, had lost its will to introduce administrative change in a

⁵² S. Stevens, *Reorganization of Accounting Activities*, Treasury, 1925. (SRNSW ref: NSW Treasury, Accounting and Financial Policy, 9/1700)

⁵³ E. S. Wolfenden (consulting actuary and Chartered Accountant) had a long association with the NSW Government. He issued a Report in 1956 on appropriate salaries and allowances for members of Parliament in New South Wales. The E. S. Wolfende memorial prize is given annually by the Faculty of Commerce and Economics UNSW.

⁵⁴ In Steven’s Report as Under Secretary and Director of Treasury of 25 May 1925 into the reorganization of accounting activities in the Treasury he refers to the changes and reforms recommended for the Department of Education of 1921 and to which he referred as being attached but they were not located with this Bundle. S. Stevens, (1925), (SRNSW ref: 9/1700)

⁵⁵ S Stevens, (1925), p.4 (SRNSW ref: 9/1700)

⁵⁶ S Stevens, (1925), p.4 (SRNSW ref: 9/1700)

fast changing financial environment. Administratively, no single person or entity accepted responsibility to innovate and introduce reform. An individual department could resist change, another gladly adopt any suggestions made by the Board, but no one exercised or enforced overall executive authority to enforce compliance.

The Board had to contend also with a related issue concerning the authority of the Auditor-General.⁵⁷ The Auditor-General's responsibilities disallowed attempts to establish alternate standards of efficiency, procedures, and outmoded accounting practices, without antagonising Treasury.⁵⁸ Stevens, in a subsequent Report of 1925, proposed the inclusion of the Audit Department in discussions, knowing that some of his proposals for altering audit procedure required an amendment of the Audit Act.⁵⁹

In order to overcome this impasse between Treasury and departments, the Treasurer recommended the appointment of an Assistant Under Secretary to Treasury, 'with the power of investigating all the systems of bookkeeping and with the executive authority to establish new methods.'⁶⁰ The Board recognized the potential of an elite core of public servants to make a change 'with power to affect organizational outcomes individually, regularly and seriously.'⁶¹ The Board took the initiative in April 1923 when Treasury's Under-Secretary Arthur Pearson retired.

Treasurer Alfred Cocks agreed to the transfer of John Spence from the position of Acting Government Printer to that of Treasury Under Secretary and Stevens to the position of Assistant Under Secretary. Spence and Stevens took up their appointments in Treasury on 4th April 1923. Spence introduced immediately new administrative arrangements such as the signing of Treasury correspondence, delegating to senior officers the authority to sign off in his name. This speeded up and improved the handling of Treasury correspondence.⁶²

Stevens worked with 'almost fanatical energy and dedication' to his professional and personal life, coupled with a reputation for 'his ability with figures and for his

⁵⁷ Campbell, (1954), p.24

⁵⁸ NSW Treasury, *Finance Guard Books, Proposed Audit Bill*, 14 November 1901, (SRNSW ref: 7/2201)

⁵⁹ S. Stevens, (1925), (SRNSW ref: 9/1700)

⁶⁰ S. Stevens, (1925), (SRNSW ref: 9/1700)

⁶¹ Higley, John, Deacon, Desley and Smart Don, 1979, *Elites in Australia*, Routledge & Kegan Paul, London, p.3

⁶² NSW Treasury, *Correspondence Cards*, October 1923, (SRNSW ref: 10/22136)

powers of endurance'.⁶³ He introduced a direct system of communication into his own office and Treasury branches and a dictograph service.⁶⁴

Stevens' aim for Treasury was to have it function as a co-ordinating agency, getting to knowledgeable of the ways and requirements of the departments, and keeping in close touch with them. His determination was encapsulated in his report of 1923 to Cabinet in which he outlined his methodology and thought processes, believing that:

'... It is an accepted truth the world over, that there is a need for a "restraining force for economy" in connection with the "spending" departments of government. As the activities of government increase in volume and intricacy the external control of the Treasury weakens – there thus arises the necessity for a well-organised financial staff operating internally.'⁶⁵

He believed that firm control was attainable under his scheme of administration and management. The Treasury investigating officers functioned as the 'external force for economy' in financial administration; working at times in collaboration with, and at time independently, of the departmental Accountants. They followed up matters of importance when departmental Accountants were unable to do so, or initiated actions for departmental Accountants to pursue. Departmental Accountants were to be 'internal forces for economy' in the departments, and to that end they were, theoretically, Treasury agents. Stevens iterated his thesis that the reforms introduced into the Department of Education, especially in technology, had paved the way for a technological revolution in accounting methods throughout the public service.

Stevens subsequently set in train an examination of the internal functions of Treasury, the epicentre of the State's spending departments. This purview included all the systems of bookkeeping, Stevens possessing 'executive authority to establish new methods'. Before undertaking his Treasury review and restructure he set out on a familiarization mission. He visited the Commonwealth Treasury in Melbourne and the State Treasuries in both Victoria and Queensland, studying the accounting activities of the respective Treasuries, and various accounting branches in a number of other Government agencies.⁶⁶ Stevens identified ample scope for reform, producing two

⁶³ *Sun-Herald*, 25 March 1973, p.2

⁶⁴ NSW Treasury, *Correspondence cards*, 13 September 1923, No.2890, (SRNSW ref: 10/22112)

⁶⁵ S. Stevens, (1925), (SRNSW ref: 9/1700, p.9)

⁶⁶ The Secretary of the Commonwealth Treasury in 1923 at the time of Steven's visit was James Richard Collins (1916-1926) a career public servant and one of the first permanent appointments to the

comprehensive reports, focusing on proposed administrative changes of Treasury staff and functions.⁶⁷ He focused on two principle aspects: internal rearrangement of Treasury staff and functions, and revision of accounting methods in Treasury and other departments, and the concomitant establishment of Treasury control over departmental accounts. He considered this latter factor central to his reforms.

Internally, Stevens proposed the division of the functions of Treasury into two main administrative streams: Administration, and Finance and Accounts. This streaming of the activities of Treasury included the appointment of a Secretary responsible for administrative matters and a Chief Accountant responsible for finance and accounting. These two officers were to be responsible to the Under Secretary with the Assistant Secretary having direct access to the Minister in matters of administration.

Under the existing structure, the Under Secretary was in direct control of all branches of Treasury, financial and administrative. Stevens contemplated a position of a principal executive officer or permanent head, liberated from the detailed oversight of each Treasury activity. To be titled the Under Treasurer, he was to be free to devote his attention to major issues. The Assistant Secretary to the Treasury would relieve him of detailed work, taking over the administrative and secretarial responsibilities.

Stevens also recommended the streaming of the various sections or branches which up until that time reported directly to the Under Secretary. Stevens also recommended that the positions of Comptroller of Accounts, established in 1908, the Receiver, Paymaster, and Examiner, positions established pre 1880, be abolished. In Steven's words, his scheme provided for the 'elimination of eight separate "water-tight" branches, and combining under one head, cognate activities', a combination which would, if introduced, produce efficient and economic practices in administration. Those eight distinct and separate branches were: Comptroller of Accounts, Examiner, Paymaster, Chief Clerk, Registrar of Funded Stock, Receiver, Paymaster and Treasury Insurance branch. Three branches were to replace the eight separate branches.

The public was critical of the proposed restructure as it was perceived as making the finance areas vulnerable to illegal activities.⁶⁸ In the 60 years since the era of

Commonwealth Treasury on 9 July 1901. *Centenary of Treasury 1901–2001*, Department of Treasury, ACT, 2001, p.20

⁶⁷ Stevens noted in his report that the system of accounting at the Commonwealth Treasury was clearly set out in Commonwealth Regulations.

⁶⁸ *Sydney Sun*, 26 September 1923, p.6

Geoffrey Eagar there had not been a single instance of embezzlement or defalcation by a member of Treasury staff.⁶⁹ Officers had been guilty of minor infractions caused mainly by alcohol,⁷⁰ releasing information without express direction or permission,⁷¹ or matters of personal bankruptcy,⁷² but there had not been any scandalous conduct involving the public revenue. Treasury's rectitude was due in part to the existing and relative independence of the Accountant, Paymaster, Receiver and Examiner of Accounts. Under one supreme Treasury head, with relative departmental independence, transparency and accountability were open to manipulation. Departmental responsibility for the payment of accounts was considered dangerous given the history of the Registrar-General's Department, the Lands Department and the Imperial Pensions Department, which had cost the government a considerable sum from defalcations and fraud. It was supposed that Stevens' 'smart young men' would bring about a change in the culture of the financial areas of government and risks had to be reduced. The public's interpretation of the Treasury review was not an exercise in efficiency but economic expediency. Reform pointed to retrenchment which was puzzling, given that Treasury was one of the:

'hardest-worked and most reasonable departments for the public to do business with, (and) has for some unexplained reason ever been the first office to come under the shears by any Government bitten with the retrenchment bug'.⁷³

Despite criticism, the Treasurer and Cabinet approved Stevens' proposals with one major change: the permanent head retained the direct and sole line of communication with the Minister. Cabinet also rejected the title 'Under Treasurer' for the Under Secretary, he retaining the designation 'Director of Finance' as held by Spence. Stevens' own title was altered from 'Assistant Under Secretary' to 'Deputy Director of Finance' together with titles Chief Accountant to the Treasury and Consulting Chief Accountant to the Public Service and Departments.⁷⁴

⁶⁹ See Tyler, (2006) for a Chapter on 'Scandals and Impropriety' in the public service, p.217

⁷⁰ NSW Public Service Board, *Register of Persons charged 1896–1929*, Clerk Accounts branch, 'Being absent without permission and returning intoxicated on 3 April and 4 April 1912', (SRNSW ref: 12/6780, p.197)

⁷¹ NSW Public Service Board, *Register of Persons charged 1896–1929*, Clerk Pay branch, 16 October 1903 (SRNSW ref: 8/1166, p.107)

⁷² NSW Public Service Board, *Register of Persons charged 1896–1929*, Clerk, 21 June 1905 (SRNSW ref: 8/1166, p.128)

⁷³ *Sydney Sun*, 26 September 1923, p.6

⁷⁴ *S. Stevens*, (1925), (SRNSW ref: 9/1700)

In summary, the principle features of the reorganisation of Treasury intended a reduction in accounting functions at Treasury, facilitating the preparation of the periodical Financial Statements and granting financial independence and responsibility to departments as far as revenue was concerned.

The reorganisation of Treasury was delayed because of Stevens' absence in Melbourne attending the Premiers' Conference in 1923. He now dealt, not only with domestic reform, but with changes imposed by Commonwealth/State financial relations.⁷⁵ In that year Commonwealth payments to the States for Specific Purposes commenced and the Voluntary Loan Council was established to co-ordinate borrowings by each State government.

It was not until early September 1923 that a move was made to implement Stevens' reforms across the public service. The extent of the changes was wide-ranging, such as varying accounting methods and introducing mechanical devices for cheque writing. His proposals for reform had to be translated from a theoretical to a practical plane. In theory Treasury had responsibility for developing accounting procedures and practically, to institute them. The Under Secretary of Treasury from this time bore 'a prestige which for the most part seemed undiminished by whatever fluctuations in influence the Department itself might experience.'⁷⁶

Stevens took charge of the investigation and remodelling of the accounts of the various Departments and the application of modern principles and methods to accounting systems utilised within the public service. The first two large departments reorganised by Stevens were Public Works and Agriculture. He introduced into each department complete systems of accounting, self-balancing and, at the same time, provided for continual accounts against which each local office completed a periodic balance, not possible under the old system. The new system provided for the collection of data covering administrative costs of sections and branches. Accountability was thus improved.

⁷⁵ At the 1923 Premiers' Conference, it was agreed to establish a voluntary loan council to co-ordinate borrowing. The Commonwealth Government also proposed to evacuate a portion of the field of income taxation and withdraw from the States the capitation payments. S. Stevens, (1925), (SRNSW ref: 9/1700, p.10)

⁷⁶ *The Mandarins*, 1975, 12 Profiles of Major Commonwealth Government Departments, Hoquara Pty Ltd, North Sydney, p.10

The main features of the reorganisation of individual Accounts branches included the provision of a single departmental expenditure account, instead of between four and five expenditure accounts. These were financed from different Treasury funds, for example, the General Loan Account, the Consolidated Revenue Fund or the Special Deposits Account. The preparation of cheques, cash sheets and abstracts were now completed mechanically, on machines fitted with mechanical totalisers and pin-point type for cheque protection.

A properly balancing but simple system of double-entry book-keeping was introduced, differentiating between the accounts required for Parliamentary or Appropriation purposes, and those required for Departmental and costing purposes. The accommodation for accounting staff was improved, encouraging maximum output under improved working conditions. Office administrative methods which had applied for many years were discarded; books of accounts and records re-designed, and staff specially selected and trained to work under the new system.

The Auditor-General, Frederick Coghlan, (1st October 1915–30th November 1928), assisted in the implementation of this project. Each change in the accounting method received his agreement and support. He also made available one of his officers to confer with Treasury when producing final versions of arrangements.

Treasury branch heads did not altogether welcome all administrative and methodological changes. Treasury officers feared a loss of control over expenditure with increased financial independence and responsibility given to departments. Another concern was the retrenchment of officers in the Pay, Examining and Accounts branches of Treasury.⁷⁷ The direct method of payment by the departments had obviated the need to send detailed accounts to Treasury.

Nevertheless, the benefits of reform extended beyond the departments to the private sector which dealt with Government departments. One commercial firm with extensive dealings with Treasury noted that:

⁷⁷ With the introduction of labour-saving methods into Treasury in September 1923, two officers were retired with positions being found for others in other departments at the same or lower salaries. In January 1925 a salaries review of the displaced officers recommended allowances be made to officers affected.

‘any change that will enable us to obtain payment of vouchers in a shorter period than at present will be heartily welcome and we trust that your efforts will meet with success.’⁷⁸

Another firm congratulated Treasury ‘on the change as far as departments paying their own accounts. (The firm) could never understand why Treasury should have to be bothered with them.’

One positive aspect of the reforms, not anticipated by Treasury staff, was the time made available to prepare the annual Financial Statements, with the reduction in the volume of accounting work at Treasury. Unnecessary detail and volume had been removed from Treasury ledgers. Emphasis had shifted from solid accounting activities to a more specialised approach to the preparation and publication of the annual budget and estimate papers. A review was made of the various Financial Statements published by other States, also those of the Governments of South Africa, New Zealand and selected Canadian provinces extracting ideas as to double-entry book-keeping and other accounting efficiencies.

Stevens’ objective was for Treasury to become the State’s central and authoritative financial organization.⁷⁹ This was achieved by his personal effort, liaising with permanent heads and departmental accountants. Treasury officers became the ‘watchdogs’ of the entire public financial system. Treasury inspecting accountants were appointed to visit departments, supervising, controlling, assisting and advising in matters relating to the preparation of departmental accounts, and investigating and probing into the details of individual financial administrations.⁸⁰ These inspecting accountants became the ‘business doctors’ of the accounting sections of all government departments.

The departmental accountants became, unofficially, Treasury officials, responsible to Treasury’s Chief Accountant in matters of finance and accounts. Central control was established over the public service in revenue matters, and with this control came Treasury’s reputation of influence, power and authority.

⁷⁸ S. Stevens, (1925), (SRNSW ref: 9/1700, p.12)

⁷⁹ S. Stevens, (1925) (SRNSW ref: 9/1700, p.7)

⁸⁰ Stevens possibly took the lead for the appointment of inspectors from the recommendations of the British Haldane Report of 1918 into the Machinery of Government (H.M. Stationery Office, 1918) and the need for intelligence gathering. See also the NSW Allard Commission of 1918. The Allard Commission criticized the Board for its failure to use inspectors to monitor departments. It recommended the appointment of highly trained inspectors to the Board’s staff to be, in effect, the eyes and ears of the Board in the several departments, (pp.78, 223) in Bland, (1944), p.xviii

In 1924 the Board expressed 'high appreciation of the exceptional and valuable work done by Spence and Stevens in connection with the reorganisation of the departmental Accounts branches.'⁸¹ Economies had been realized immediately. Before the rationalisation, officers in the Accounts branches of nine departments numbered 308 officers, including Treasury. Following the reform numbers were reduced to 230 with an associated 25.5 per cent saving in salaries. An example of improved function was found in the Railway Department. It now paid all of its own accounts instead of half, as before, and prompt payments by the department also meant savings. Relations between members of the business community doing business with the Railways Department also improved as a consequence.⁸²

A review of the Treasury Regulations which had commenced after the Audit Act 1902, continued, and gazetted on 27th February 1925.⁸³ Of major importance was the successful co-operation of the Auditor-General in the institution and application of the reforms.⁸⁴ Success had been achieved with sound leadership at Treasury level, supported by the Cabinet and an invigorated Board.

John Spence remained head of Treasury for a relatively short period, April 1923 to November 1924, transferring to the Board and appointed Auditor-General in 1928. Stevens was subsequently appointed permanent head of Treasury on 22nd November 1924, establishing a reputation as a capable administrator and a close observer of the smaller details of office management.

He did not confine himself to his executive office, not jettisoning the habits of an inquiring Board Inspector. In February 1925, by way of a very detailed circular, he ordered an improvement in the maintenance of Treasury's files because neatness and control of documents 'was found wanting'.⁸⁵ He abolished the use of red tape used to keep files together. He ordered the use of suitably sized clips to secure files; when perforating papers the points of the fasteners were to be kept close together; a covering cap was to be placed on the front of the file together with a backing sheet.⁸⁶

⁸¹ PSB *Annual Report* 1924

⁸² PSB, *Annual Report* 1924

⁸³ Stevens was not satisfied with the Regulations, intending to supplement the formal directives with a procedure manual for each accounting branch of the public service. This eventuated when the Treasury Procedure manual was first introduced post Second World War

⁸⁴ PSB *Annual Report* 1924

⁸⁵ NSW Treasury Memoranda, 12February 1925, *Circular Departmental Files* (SRNSW ref: 10/22140)

⁸⁶ McCarthy, J.M. 1967, *The Stevens-Bruxner Government 1932-1939*, MA Thesis, UNSW, p.88

The Records Clerk visited the Department of Local Government, having, what Stevens considered, a superior system of records management. Treasury subsequently adopted a similar system.⁸⁷ After passing through the Account branch, Stevens directed that filing cupboards be provided immediately. He also demanded a clear desk policy; each evening tables were to be left clean, tidy and free of papers. An 'office systematist' from a local firm, W. E. Smith, or John Sands, was recommended to improve office layout and accommodation.

The Assistant Expenditure Accountant did not appreciate Stevens' intrusion. He suggested that a review of his branch be held over until the following financial year after a new system of ledger posting was introduced. He also advised Stevens that there was sufficient space available for officers to leave their tables clean and tidy.

Stevens became even more meticulous and pedantic in his efforts to effect economies in Treasury. He ordered an investigation into the use of Treasury stores with a view to reducing costs. This included a close analysis of the consumption of lead pencils and blue ink, comparing usage in the Revenue and Account branches. The findings indicated that the Revenue branch used seven pencils per officer during 1923–24, and the Account branch, four and a half pencils per officer over the same period. In the same year he noted that the consumption of ink, per officer, was half a quart in the Account branch, and one quart in the Revenue branch. The Chief Clerk of the Revenue branch suggested that, if he sought to save ink then, it would seem to be more economical to supply the officers of the Revenue branch with fountain pens and 'Eversharp' pencils, a decidedly more expensive but longer lasting alternative.⁸⁸ Stevens requested further consultation between heads of the branches as to other means of increasing efficiency, with less expense.

Stevens was not always objective in his criticism. In a further effort at improving efficiency, Stevens proposed a method for improving the management of Treasury's salary records and the preparation of salary sheets.⁸⁹ The Pay branch Accountant insisted that Treasury's method of salary preparation was very similar to other

⁸⁷ NSW Treasury Memoranda, 12 February 1925, *Circular Departmental Files* (SRNSW ref: 10/22140)

⁸⁸ NSW Treasury Memoranda, 29 January 1925, *Circular, Departmental Files* (SRNSW ref: 10/22140)

⁸⁹ NSW Treasury Memoranda, 31 January 1925, *Circular, Departmental Files* (SRNSW ref: 10/22140)

departments and met standards of efficiency. The actual preparation of pay sheets was done with Treasury's own accounting machine.⁹⁰

Some of Stevens' initiatives were challenged by the Audit Office. In February 1926, the Auditor-General informed the Premier-Treasurer, Jack Lang, that the work being attempted by Treasury was the legitimate function of the Auditor-General's Department, such authority provided by the Regulations under the Audit Act 1902. Agreeing with the Auditor-General, Lang approved the alteration of the Regulations, and accounting responsibilities given to the Auditor-General. Three Inspecting Accountants attached to Treasury were transferred to the Department of Audit but the essential features of the reforms were retained by Treasury.

In Treasury female clerks were now fully employed in three classes of work, clerks, shorthand writing, and typing, and clerical work such as machine operators, notating cards, operating book-keeping machines, cheque writing, and operating adding and calculating machines. Technology had, effectively, relieved junior clerks of the repetitive office routine where mechanization had occurred, and their annual salaries remained competitive. In 1925, a professionally qualified female was employed in the State Taxation Department, a sub-branch of Treasury, having transferred from the Federal to the State public service.⁹¹ In 1926, five female clerks were employed in Treasury including Machine Operator Christina Mooney who was appointed on 6th September 1926. This was five per cent of a total of 88 staff. In 1921, the number of females employed was five of a staff total of 126, about four per cent of staff, but this does not necessarily indicate that with staff reductions the females were retained at cheaper rates than male clerks. It is useful to compare the policy of the employment of females in Treasury with the Auditor-General's Office. Treasury employed its first female typist in 1908 yet the Audit Office employed its first clerk and typist in 1899. Treasury staff numbered 106 in that year compared with 52 at the Audit Office.⁹²

⁹⁰ The Chief Accountant of Treasury in 1925 was head of the staff of Inspecting Accountants. He was responsible for planning their work and directing their activities, and for the installation and maintenance of proper accounting systems in the various departments.

⁹¹ NSW Public Service Lists 1926

⁹² NSW Public Service Lists 1908

The Labor Premier and Treasurer, Jack Lang came to his first Lang Ministry on 17th June 1925.⁹³ Lang immediately informed the Board that he considered it ‘necessary and expedient for the more convenient working of Treasury, that the administrative duties of Stevens be separated from those of the Director’. He requested that such separation be effected immediately. The dismissal of Stevens from his appointment as Under Secretary was considered controversial, as so few other heads of departments were removed with the change of Ministry.

Lang considered Stevens’ appointment to Treasury as Under Secretary had been a political manoeuvre, an act of political patronage, a perceived reward from a previous Treasurer, Arthur Cocks. Lang also cited Stevens for his rabid approach to reforming the public service, particularly the Government Printing Office. As a result of Stevens’ rationalisation ‘a large number of men had been sacked, while others had been demoted, losing their superannuation rights.’⁹⁴ Lang also considered Spence’s appointment as manager of the Government Printing Office an unjust reward, as was Stevens’ appointment as Under-Secretary of Treasury. Both were political appointments, acts of political patronage.

This was not the first time that Lang had imposed his will on the Treasury Executive. In 1920 Lang managed to rid himself of the then Under Secretary of Treasury, John Holliman, an experienced former British civil servant, who had been appointed by a Carruther’s Ministry in January 1907. They had clashed on Lang’s first day as Treasurer in April 1920, he refusing consequently to communicate with Holliman. Lang prepared a minute dismissing Holliman and appointing the Accountant Arthur Pearson in his place. Lang confronted the then Premier John Storey demanding his endorsement of his changes, threatening to resign if his request was denied. Storey capitulated when faced with a potential political crisis and Lang was granted the officer who worked under his instructions.⁹⁵

⁹³ John Thomas (Jack) Lang held the office of Treasurer in six Ministries between 1920 and 1932. See Appendix A.

⁹⁴ Lang, J.T. 1970, *The Turbulent Years*, Alpha Books, Sydney, p.45. Lang refers to the Holliman incident as occurring in 1922. Lang sent his Minute to Premier Storey (12 April 1920–10 October 1921) not Dooley (10 October 1921–13 April 1922)

⁹⁵ Lang, (1970), p.38

Tyler (2006) describes Stevens' sacking by Lang from Treasury as 'most dramatic'.⁹⁶ Many believed that Lang, as Premier, would purge the higher echelons of political appointments because of his ideological convictions. Surprisingly, this did not happen, thus rendering Stevens' removal more significant. Lang removed members of some statutory boards, but departmental permanent heads continued in their positions, unaffected, until their retirement or resignation. Tyler argues that Stevens' removal was not retribution for his schemes of retrenchment following his review of the Government Printing Office as a Board Inspector, but that Lang's action was designed to improve the administration of Treasury. Tyler overlooks Lang's explanation in his recollections, *The Turbulent Years*.⁹⁷ Lang remembered that:

'When I reached the Treasury, I found myself confronted with a similar position as happened with Holliman in 1922. During the Fuller Government Sir Arthur Cocks, who had been Treasurer, had appointed two Public Service Board inspectors, John Spence and B. S. B. Stevens to report on and reform the Government Printing Office. As a result of their report, a large number of men had been sacked, while others had been demoted, losing their superannuation rights.

As a reward for their efforts, Cocks had made Spence manager of the Government Printing Office and had appointed Stevens Under-Secretary of the Treasury and Director of State Finance, a new Position. I was satisfied that they were political appointments and my first action on taking charge was to cancel Stevens' appointment as Under-Secretary of the Treasury, and appoint C.R. Chapman in his stead. I allowed Stevens to retain his title as Director of Finance, and then proceeded to give him the silent treatment I had given Holliman, by ignoring his existence.'

In this latest confrontation, Lang had no objection to Stevens continuing as Director of Finance and Chief Accountant, without a reduction in his salary of £1,400 per annum.

Lang possibly relied on statute law to support his argument but, because of his history of interference in the senior appointments in the Treasury, it is unlikely that he did so.⁹⁸ Lang informed the Board of his intentions which in turn advised Lang that the existing administrative arrangements in Treasury, under which the Chief Financial Officer was also the permanent head, were similar to those in the Federal Treasury and in other States, indeed practically identical. In the Board's opinion those arrangement

⁹⁶ Tyler, (2006), p.94.

⁹⁷ Lang, (1970), p.45

⁹⁸ Section 52 of the Public Service Act of 1902 provided that where it appeared necessary or expedient for the more economic, efficient or convenient working of a Department the Minister or Permanent Head of any Department, any branch or part may be rearranged to achieve effectiveness, the matter to be referred to the Board for ratification.

had been made for economy and efficiency, and Stevens had proved to be a capable and energetic head of Treasury.

Lang held that it was his prerogative to run his portfolio as he thought fit; as Treasurer he had the responsibility for Treasury. The Board capitulated to a degree consistent with their powers and duties under the Public Service Act, and acceptable to the Treasurer. It recommended that Stevens be appointed Director of Finance and Chief Accountant of Treasury, with a salary at the same rate as Under Secretary but only if he agreed. The Board's dilemma was that Stevens had not been charged with an offence under the Act. The Board could not agree to any change resulting in the loss of Stevens' status as Under Secretary unless he acquiesced, and was willing to accept the alternative position.

Lang cancelled Stevens' appointment as Under-Secretary, appointing Clarence Chapman in his place. Lang agreed to compensate Stevens upon his retrenchment from the position of permanent head but he assiduously ignored him as he had ignored Holliman, in 1922. Stevens did not accept Lang's administrative change, and shortly after resigned from the public service, on 12th July 1925.

In a trenchant criticism Professor F. A. Bland condemned the redeployment of Stevens in a contemporary journal article, equating it with the political 'spoils system'. Bland argued that:

'We have also to battle with a changed generation, a generation in which it has become the fashion in many quarters to sneer at traditions, to decry institutions, and to mock at honesty. But worst of all, we have to combat indifference and complacency, alike in private and official life. Had there been an alert and sensitive popular conscience there would have been spontaneous protests throughout the length and breadth of the land at such incidents as the 1925 dismissal of Mr. Stevens from the public service ... Surely no remedy is too severe to save our country from the corrupting influences of the Spoils System.'⁹⁹

Lang lost the October 1927 election by a slim majority, and was replaced by a coalition government led by Nationalist Thomas Bavin. Bavin entered into significant financial arrangements with the Commonwealth in December of that year. The Financial Agreement was validated and the Australian Loan Council constituted on a permanent basis under the Financial Agreement. These arrangements were later

⁹⁹ Bland, F.A., 'The Spoils System in the Public Service', *The Australian Quarterly*, 14 June 1932, pp.41-43

abandoned by Lang during the two tumultuous years of the economic depression. Under its terms the Commonwealth assumed responsibility for all State debts and the raising of loans on behalf of the States, subject to the decisions of the Loan Council. The New South Wales State Co-ordinator was Treasury's Under Secretary Chapman, Lang's man.¹⁰⁰

Stevens, who had successfully contested the seat of Croydon for the Nationalists in 1927, was appointed Assistant Treasurer, then Treasurer in the Bavin Ministry. He demonstrated a ready knowledge and expertise in financial administration and government finance. Stevens also brought to his portfolio an intimate knowledge of the administrative weaknesses and strengths of Treasury, with fresh ideas for improvement. Stevens involved himself personally in Treasury matters.

Of added significance was the on-going public debate on the presentation of the State's annual Financial Statement. Prime Minister Melbourne Bruce had initiated the current debate in 1928, when he criticised Sydney's business men for their lack of interest in and knowledge of public finance.¹⁰¹ The Prime Minister identified the Financial Statement as being a problem of long standing and of problematic proportions.

In January 1850, well over 70 years before, the editorial of the *Sydney Morning Herald* had called for professional scrutiny into the methods of keeping the public accounts.¹⁰² Again, in December 1899, the Financial Editor of the *Daily Telegraph* referred to the presentation of the public accounts, the need for reform and questioned the role of the Auditor-General and his associated legal obligations.¹⁰³ A series of articles scrutinizing the public accounts was soon followed by the Committee of Inquiry into the Public Accounts in 1900. Sir Nicholas Lockyer a former senior Treasury officer contributed to the debate in a series of published articles at the turn of the

¹⁰⁰ In 1967 Lang made personal representations to Premier Robin Askin for financial relief to assist Stevens in his latter years of financial need. The political character of Jack Lang remains enigmatic now, as it was in the years between 1922 and 1932. His career has attracted as much interest and comment, as any State Premier in the history of New South Wales. His own memoirs have contributed a tier to an interpretation of his contribution to State politics. Lang, J. T., 1956, *I Remember*, Invincible Press, Sydney. Lang, J.T. 1970, *The Turbulent Years*, Alpha Books, Sydney. See also Hogan and Clune, (2001), Vol. 1, Epilogue 'Judgements on Lang', p.371

¹⁰¹ *SMH*, Friday 12 October 1928, p.10f

¹⁰² *SMH* Saturday 26 January 1850, p.3

¹⁰³ The Public Accounts and Reform, *Album of Newspaper Cuttings*, The Daily Telegraph, 18 December 1899, p.85, (ML ref Q320.991/2)

century.¹⁰⁴ Treasury had failed to understand or lacked the knowledge or energy to institute changes, or it had suited the Governments, from time to time, to retain the old forms which facilitated 'adjustments' when it suited them.¹⁰⁵

Thus, over an extended period numerous suggestions had been made, unsuccessfully, for an improvement in the form and content of the financial Statements, including the Estimates and the Public Accounts.

Stevens re-cast the style of the Government's Financial Statements. His formula for clarity included the requirement that they be completely informative, permitting a closer monitoring of the administration and associated expenditure of Departments. The changes provided greater details of the cost of the various services. This reform was, in effect, a continuation of the work he had commenced some five or six years before, when he was Treasury's Under Secretary.

Because of the pressure of his parliamentary work Stevens found it necessary to appoint a special committee to finalise the work on the Financial Statements. Completion was difficult without Stevens' continual support, possessing, as he did, a complete and detailed knowledge of the difficulties involved. These included the collation of the Budget Papers and the best means for Treasury to overcome recurring problems.

Stevens delivered the 1928 Budget Speech because of the serious illness and absence of Premier Bavin. He gave an assurance that the public accounts, in the future, would be kept in such a manner as to reflect the true financial position of the government, at the end of the financial year. The budget was subsequently noted for its 'clarity and comprehensiveness'. The details of the finances and the intentions of the government were set out in the 'clearest possible fashion, without ambiguity or superfluous technical phraseology'.¹⁰⁶ All the Statements, were arranged in proper sequence, and presented for the first time to Parliament as one document described as the 'Budget Papers'.

A useful innovation was the inclusion of a glossary of financial terms used throughout the Budget Papers. Several informative classifications of the whole of the

¹⁰⁴ A search of manuscripts, journals and newspapers failed to find the text of Lockyer's original articles in which he made a critique of Treasury's Budget methodology.

¹⁰⁵ *SMH*, Friday 12 October 1928, p.10f

¹⁰⁶ *The Australian National Review*, No.6, Sydney, 20 July 1928, p.3. This assessment is politically biased appearing as it does in a newsletter produced by conservative interests in the political sphere.

Government expenditure were also provided. The first of these was a functional classification which collated all expenditure of a like nature, from departments, under the headings of the various functions of Government. From the summary it could now be seen that, for example, the total cost of education for the community was £4,647,774; that the maintenance of law, order and public safety costs amounted to £1,725,987. The Budget Papers also included a classification of the total Government expenditure according to its nature and objects. It made clear, for example, that the total Government salary bill was £8 million.

One of the most important alterations was the separation of taxation from receipts for services rendered. Previously, it was impossible to ascertain from the Financial Statements what proportion of the total receipts of the Government had been derived from taxation. Under the new system all receipts for services rendered were correctly treated as deductions from the cost of supplying those services, and the amount so collected was not included for taxation. Any member of the public with any business training had no difficulty in following the 'Budget Papers' and easily identified information required. Without this information true economy was not possible in Government, a possibility realized under the aegis of Stevens.

The Bavin Government was defeated at the 1930 October election, and Lang reclaimed the Ministry. It was the worst of times for the State. Bavin's Ministry had borne the backlash following the Wall Street crash of October 1929, double figure unemployment, overseas credit contraction, a high level of public expenditure and a deficit of £5.3 million in 1929/30. New South Wales was the first State administration that had to face the full impact of the economic depression on Government finances.¹⁰⁷ Nairn argued that 'Lang was now firmly at the head of the irrational forces in the Labor Party that were seized by the belief that the pervasive economic woes could be banished by some kind of incantatory formula'.¹⁰⁸

The year 1930 heralded the deeper and seemingly more insoluble impact of the world economic downturn. The situation had become further apparent in New South Wales with a serious diminution in revenue especially from the railways. Prices for exportable produce had collapsed, exacerbating the severity of the financial decline and

¹⁰⁷ Robinson, Geoffrey '1930' in eds. Hogan, Michael and Clune, David 2001, *The People's Choice*, Vol. Two, Parliament of New South Wales and University of Sydney, p.1

¹⁰⁸ Nairn, Bede 1995 ed. *Jack Lang: The 'Big Fella'*, Melbourne University Press, p.222

the financial difficulties of the State. The Premiers' Conference was convened in February 1931 to review the financial state of the nation. The pivotal moment in the financial and political crisis that had developed in New South Wales, occurred at this Conference when Lang made his radical proposal in opposition to a plan of the federal Treasurer E.G. Theodore. Lang's Plan was repudiatory; repudiating Australia's war debt to British bondholders, reducing interest on government borrowing to three per cent and abandoning the gold standard for a 'goods standard'.¹⁰⁹ The situation was not improved when Lang advised Prime Minister Scullin that the State would not meet payment of interest to overseas bondholders due on 1st April 1931.

A further economic disaster involved the New South Wales Government Savings Bank, a State institution founded in 1871, and forced to close on 23rd April 1931. Closure of this bank, patronized by the less wealthy members of the community, had been precipitated by a sequence of factors: Lang's plans for repudiation, Theodore's alarmist statements during the East Sydney by-election, and Lang's default on overseas interest on 1st April.¹¹⁰ The ambient community tension resulted in a calamitous run on the bank with its closure.

Clarence Chapman was Treasury Under Secretary in 1931. His principal internal advisor was Treasury's Chief Accountant, Thomas Kelly, who later succeeded Chapman as Under Secretary. Treasury's Expenditure Accountant also acted in an advisory capacity to Chapman. (This position was abolished in 1935.) Treasury officers applied themselves resolutely and efficiently throughout the crisis, though threatened with reduced salaries or retrenchment. In 1927, Treasury's working week had been reduced, working nine am to five pm, with no apparent loss of efficiency, but the office was expected to open on Saturday. The loss of staff was a reality. In 1924 Treasury staff numbered 101, in 1932, 85. Aware of a looming economic crisis the Board had stopped the appointment of qualified junior clerks and entrance exams were not held in 1930.¹¹¹

¹⁰⁹ Love, Peter 'Frank Anstey and the Monetary Radicals' in 1988, Appleyard, R.T. and Schedvin, C.B. eds. 1988, *Australian Financiers*, Macmillan Company of Australia Pty Ltd, Melbourne, p.270.
Kennedy, K.H. 'E.G. Theodore' in 1988, Appleyard, R.T. and Schedvin, C.B. eds. 1988, *Australian Financiers*, Macmillan Company of Australia Pty. Ltd. Melbourne, p.295

¹¹⁰ Nairn, (1995), p.232

¹¹¹ NSW PSB, *Annual Report* 1930

Lang, aware of the precariousness of the State's financial position, acted according to his personal dictates, being purposive and manipulative. In May 1931, he refused to allow Chapman to be involved in the important preliminaries to the coming Premiers' Conference.¹¹² Treasury's advisory role, under the Lang Ministry, was the antithesis of the Federal Treasury during the depression years. The federal agency, continuing with its accounting role, developed into a central economic agency through its secretariat services to the Australian Loan Council. It was 'responsible for maintaining day to day national solvency and negotiating with banks to fund all budget deficits, work which cannot be overstated.'¹¹³ Secretaries to the federal Treasury, during the economic crisis, were James Heathershaw and Sir Henry Sheehan, who oversaw the Commonwealth Treasury's increasing involvement, through the Loan Council, in the traditional functions of State treasuries, especially in the area of internal and external debt financing of Government expenditure.

The administration and skills of the State Treasury officers was overlooked by Lang, at the negotiating table. Memoranda to Chapman from Treasury's Chief Accountant Kelly, and the Expenditure Accountant, during the financial crisis of 1931 and 1932, afford an opportunity to examine their dealings with the unfolding drama.

The Accountants gave objective and useful appraisals of the State's finances, accompanied by predictions and proposed strategies to adopt when accommodating Lang's political manoeuvres. In January 1931, the Expenditure Accountant advised Chapman on the financial crisis facing the State, highlighting a serious drop in revenue when compared with the previous financial year. He advocated a policy of strict economy, that the State must balance its budget and live within its income. The Expenditure Accountant had been influenced, to some degree, by the findings of Sir Otto Niemeyer, the Bank of England's representative who had addressed the Premiers' Conference in August 1930. Niemeyer had advised a heavy deflationary program; States to balance their budgets, raise no more overseas loans and undertake only productive works. One important factor was interest repayments. Niemeyer adjured the Government to inspire confidence in Australia and abroad by meeting its overseas debts. Unpalatable though it was, New South Wales had to face a future which offered a diminished national income, probably for some years. The financial position was

¹¹² Nairn, (1995), p.242

¹¹³ *The Centenary of Treasury*, 2001, pp.28-35

grave and unprecedented in the history of the country, but with frugal management and control of the 'public purse' the financial burdens of the near future could be lightened considerably.¹¹⁴

In mid-July 1931, Kelly warned Chapman that diminishing finances threatened the payment of salaries and wages for the following week and he was at a loss to make any suggestion where the necessary moneys might be obtained, unless perhaps the Loan Council or the Commonwealth Government were approached for relief.¹¹⁵ Interest of approximately £800,000 was due on 10th August and it was impossible to meet this obligation, as things stood. Dole payments which amounted to over £100,000 per week, were also threatened. Kelly identified clearly the disastrous effects the loss of this income would have on merchants and shop-keepers. If delay in making those payments became necessary the wholesale and retail grocers may be forced into the position of refusing to supply goods, or, on the other hand, unable to carry an overdraft, and consequently fail in their own financial obligations. This outcome was too terrible to contemplate, for the reason that thousands of people would be left, possibly, on the verge of starvation.

Faced with a financial crisis Lang sent Joseph Lamero, Attorney-General, barrister and Langite to the Loan Council's meeting in Melbourne on 5th August 1931 to negotiate finances, rather than a Treasury official. On 8th August, the Council advanced £500,000 Treasury bills to Lamero with the promise that it would examine the requirements of all State governments in terms of the Premiers' Plan, conditions which Lang accepted.¹¹⁶

In January 1932, Labor Prime Minister Lyons, UAP, who had replaced Scullin, met with the Loan Council to review progress made in the implementation of the Premier's Plan. Unemployment had reached 28 per cent or 400,000 in New South Wales, the highest in Australia, and £540,000 was due to be paid to the Bank of Westminster on maturing Treasury Bills.

The State was in a desperate situation and Lang called a moratorium on the payment of the overseas interest. Lyons paid the interest bill but followed up the

¹¹⁴ NSW Treasury, *Finance Guard Book*, Advice to Under Secretary, 7 January 1931, p.465a, (SRNSW ref: 7/2249)

¹¹⁵ NSW Treasury, *Finance Guard Book*, Accountant to Under Secretary, 14 July 1931, p.105, (SRNSW ref: 7/2250)

¹¹⁶ Nairn, (1995), p.247

repudiation with legislation. The Financial Agreement Enforcement Act and the Financial Agreement (Commonwealth Liability) Act received the Royal Assent on Saturday 12th March 1932. The purpose of the legislation was to provide a penal measure against New South Wales because it had defaulted under the Financial Agreement. The Commonwealth was given the power to issue orders to State bankers to hand over all government revenue.

Lang lodged an injunction before E. V. Evatt in the High Court on 16th March 1932, in an attempt to stop the Commonwealth implementation of the Enforcement Act. The farcical attempt by de Groote, of the New Guard, to interfere with the opening of the Sydney Harbour Bridge on Saturday 19th March, underscored the diversity of Lang's opponents in the community.¹¹⁷ This act troubled Governor Sir Philip Game, however, he having raised with the Dominion Office, on 16th March, the possible dismissal of Lang.

The High Court was scheduled to hand down its decision concerning the Enforcement Act on 6th April, but on 5th April, Kelly pre-empted the decision by advising Chapman of the ramifications of the constitutionality of the Act, and what action must be taken by Treasury if Lang's appeal was dismissed.¹¹⁸ On Thursday 7th April, Lyons issued a proclamation demanding the payment of all taxation revenue to the Commonwealth. The demand was met with refusal, Lang closing the doors of the State Taxation Office the following day, Friday 8th April. The State Taxation Department, (as opposed to the Commonwealth Office) was accommodated in Hamilton Street, Sydney and to underline his determination Lang ordered the installation of partitions, securing the offices, cabinets boarded up, and a strong armed guard installed to prevent the Commonwealth gaining access to the names and documents of tax payers.¹¹⁹ Assessments for State taxes were halted and all cash removed, in case the Commonwealth agents made a forced entry. On Sunday evening 10th April, Lyons drafted a proclamation which was published in a special issue of the *Commonwealth Gazette* the following day. Regulations were issued under the Enforcement Act giving warning of entry by force if met with a refusal to comply. The

¹¹⁷ The scissors used by Lang to cut the ribbon declaring the bridge opened are on permanent display in the foyer of the Legislative Assembly, Parliament House New South Wales

¹¹⁸ NSW Treasury, *Finance Guard Book*, Accountant to Under Secretary, 5 April 1932, p.617 (SRNSW ref: 7/2250)

¹¹⁹ Lang, (1970), p.143

proclamation declared Lyons' intention to seize all State revenues, for example, daily takings of the railways and tramways, taxes from betting, racecourse entry and totalizator revenue. Banks were instructed to stop payment on all State Government cheques. As there were few funds to meet payments the banking system's viability was threatened.

Lang's subsequent reaction to Lyons' aggressive stand has found little sympathy in historiography, being described as 'melodramatic',¹²⁰ 'farcical',¹²¹ 'hysterical',¹²² 'erratic',¹²³ or a 'pre-emptive strike'¹²⁴ against the international financiers. What is significant is that in the history of financial administration in Australia, never had a government department been ascribed the title 'bank' and traded as such, with all the controls, accounting, and accountability attaching to a commercial entity. At 11.45 am on Saturday 12th March 1932, and in utmost secrecy, Lang and Treasury officers took two cars with police guards to the two trading banks, the Bank of New South Wales and the Commercial Bank of Sydney, and presented cheques for the payment, in small denominations, of more than £1 million, £750,000 and £400,000 respectively. The cash was placed in suit-cases and Treasury officers, escorted by police, deposited the cash in the Treasury strong room in Macquarie Street.¹²⁵ The cash was to meet the future payment of wages and pensions. The Treasury Bank was established on Monday 11th April 1932, a unique and extraordinary administrative arrangement which the Treasury officers were required to absorb, administer, maintain, together with a daily accounting of its operations.

Subsequent to the cash withdrawals, and following established accounting principles, the two banking accounts were ruled off and a new set of accounts established at Treasury. A ledger of Treasury Bank operations and a Cash Book were opened and maintained for the duration.¹²⁶ As a foundation float the cash in the Treasury vault amounted to £1,280,000. This amount was regarded as the Fund used to commence banking operations. The cash receipts of the Revenue branch were checked

¹²⁰ Nairn, (1995), p.255

¹²¹ Cunneen, Christopher 2000, *William John McKell*, UNSW Press, Sydney, p.105

¹²² Aitkin, Don 1969, *The Colonel*, ANU Press, Canberra, p.129

¹²³ Souter, Gavin 1981, *Company of Herald*s, Melbourne University Press, p.141

¹²⁴ Cain, (2005), p.277

¹²⁵ SMH, 14 March 1932, p.9

¹²⁶ NSW Treasury, *Ledger of Treasury Bank operations* (under J. T. Lang), 1932 (SRNSW ref: 7/2157).

NSW Treasury, *Cash Book*, Treasury Bank operations, 1932 (SRNSW ref: 7/2158)

by officers delegated for that purpose, prior to taking the new account into the Fund. Kelly interpreted this action as conferring on officers in the Revenue branch the designation of Bankers for the Government. He ensured that the accounting system was simplified but ensuring correct results. Comprehensive accounting practices were followed by Treasury, operating under his system, with more detail recorded by the departments.¹²⁷

Treasury now functioned as a Banking and Exchange Chamber and the duties of the Treasury officers varied. Staff in the Account branch, for example, were paying officers in the Banking Chamber and who were in charge of the safes in the vault, and keeping a reliable record of the denominations of notes and coin placed in and taken out of the safes.¹²⁸ Chapman authorized departments to pay incoming accounts from revenues available. Surplus funds were sent by money order to Treasury or by crossed cheque in favour of himself, Chapman, to avoid it being seized by the Commonwealth while in the banking system.

The interior of the Treasury building resembled a small police barracks, with a heavy uniformed police guard both inside and out with men at every corner. There was little evidence of the guard in the vaults but extra police were placed on traffic duty at the corners of Phillip and Macquarie Street corners, with a constable posted outside the main door. Utmost secrecy was observed when armed department officers, working in twos, were handed bags containing thousands of pounds in cash, leaving Treasury for distant government centres. Officers were not informed if they were to be sent to the country, nor their destination, until the last moment.¹²⁹ The Railway Commissioner established a railway strong room in which was deposited revenue received, balancing its own funds. Rail and tram workers were paid out of the cash collected from ticket sales.

Teachers were paid through the bank account of the Teachers' Federation. Salary and wages vouchers were prepared by individual departments and taken to Treasury where payment was made.¹³⁰ Government cheques became a form of currency

¹²⁷ NSW Treasury, *Finance Guard Book*, Accountant to Under Secretary, Public Moneys Account, 15 April 1932, p.639, (SRNSW ref: 7/2250)

¹²⁸ NSW Treasury, *Finance Guard Book*, Accountant to Under Secretary, Public Moneys Account, 18 April 1932, p.643, (SRNSW ref: 7/2250)

¹²⁹ *SMH*, 16 April, 1932, p.14c

¹³⁰ Lang, (1970), p.143. Cain, (2005), p.291

convertible to cash on presentation at the Treasury Bank, then holding £4 million. Public servants' wages were paid in cash as were parliamentarians who were required to queue at the Treasury for cash payments of their salaries. Treasury cheques were distributed to widows, for child endowment and payment of government suppliers.

Prime Minister Lyons summoned all Premiers and Treasurers to Melbourne on 12th April to discuss the recommendations of the Wallace Bruce Committee convened to solving the economic crisis. Lang, not resiling from his actions, attended but was accompanied by Mark (Charlie) Davidson, Minister of Works, describing the Committee's findings as the 'professors' report'.

On 13th April, Chapman issued a Treasury Circular to all Departmental officers, sub-departments and other Government agencies. This Circular proved pivotal in the unfolding drama. This, and subsequent Treasury Circulars of 22nd April and 10th May 1932, provided the justification, subsequently, for the dismissal by Governor Game of the Lang Ministry on 13th May 1932.¹³¹ The Circular issued instructions to be followed immediately by Government officers responsible for the collection and expenditure of State revenue. No cheques were to be issued, and revenue was to be collected in cash. Money received was to be sent to the Treasury, via the railways, using 'value envelopes' available at railway stations.¹³² Treasury officers checked the balance of those monies received on a daily basis, following normal banking practices.

Kelly received enquiries from Clerks of Petty Sessions, Crown Land Agents and other country agents seeking further direction as to the disposal of public moneys held in their accounts.¹³³

Sir Philip Game cabled the Dominions Office on 23rd April, advising that the New South Wales Audit Act had been breached by the Treasury Bank. This opinion was of questionable merit. Game was seriously bothered, however, by the developing signs of civil disorder, increasing poverty, emerging militant para-military groups including the New Guard and the Communist Party.¹³⁴ Game, with his defence background, was aware of the emergence in Europe of the 'superman' hero, where an

¹³¹ NSW Treasury, *Finance Guard Book*, Accountant to Under Secretary, Suggested Circular to Departments, 13 April 1932, p.636, (SRNSW ref: 7/2250). NSW Parliamentary Archives, 13 April, 1932, LA File No. 1932/43

¹³² Cain, (2005), pp.280-281

¹³³ NSW Treasury, *Finance Guard Book*, Accountant to Under Secretary, Public Moneys Account, 18 April 1932, p.639 (SRNSW ref: 7/2250)

¹³⁴ Cain, (2005), pp.303, 305. Nairn, (1995), pp.238, 258

individual could transcend the prevailing ethos of a dull or questionable social order, and promote a charismatic personality, instead of relying on inherited deference or simple merit.¹³⁵ Towards the end of April the State's Auditor-General issued, surprisingly for Game, a positive report on Treasury compliance with the Audit Act. The Treasury Bank was without precedent, and the Treasurer acting as he did, with authority. The Treasury Bank was well supervised, using the same book-keeping procedures as used previously, and all 'cash sheets had been forwarded to the Auditor-General according to accepted procedures. No fault could be found in Treasury or other government officers, and blame must be laid on the Commonwealth's Enforcement Act.

Lang was not bluffed into recanting by the Commonwealth, and Treasury reissued Instructions on 10th May for the payment of all revenue into the Treasury Bank. Game sought a copy of this Treasury instruction on Thursday 12th May, and at 6 pm on that same day he demanded that Lang withdraw the circular at once, on the ground that the instruction was illegal because it contradicted the Commonwealth proclamation of 5th May. Lang, in a letter to Game on 13th May, refused to withdraw the Circular considering the contents necessary to carry on the essential services of the State. He reasoned that the circular had been approved by the Cabinet. Lang, not appreciating Game's determination to sack him, had adjourned Parliament following a lengthy debate on the Mortgage Taxation Act on Thursday 12th May.¹³⁶

Game's strategy was to dismiss the elected Government by means of Letters Patent and Royal Instructions, depending on Clauses X and XI, which provided for 'sufficient cause' and he 'may exercise all powers' at his discretion.¹³⁷ Between three and five on Friday afternoon, 13th May 1932, the Governor and Lang exchanged five letters, the last of which contained Game's referral to Lang's refusal to withdraw the Treasury circular. Lang had failed to manage the affairs of the State: Government cheques were being dishonoured, the 1931–32 budget had not been passed by the Legislative Assembly, and no detailed Financial Statement had been presented to Parliament. The State was simply seizing up.¹³⁸ Game unilaterally dismissed Lang that evening citing breaches of the Audit Act. The police force was placed on a state of

¹³⁵ Overy, Richard 2004, *The Dictators*, Allen Lane, London, pp.103-104

¹³⁶ Lang, (1970), p.153

¹³⁷ Cain, (2005), p.309

¹³⁸ Nairn, (1995), p.260

alert, though public opposition to Lang's dismissal was negligible. Game sent for Bertram Stevens, Lang's former Treasury Under Secretary and lately parliamentary opponent, and who was sworn in as Premier on that same evening.¹³⁹

On 16th May 1932, crowds standing outside the Treasury building watched the transfer of £4,769,502, the contents of the Treasury bank, back to the trading banks. The funds were transferred again by trusted Treasury officials, watched by Stevens the new Premier. Police were positioned in the government cars and stood at every vantage point along the route, together with police in extra cars and on motor bikes. Treasury officials made no secret of their relief to be rid of this unexpected and unrelieved burden of responsibility.¹⁴⁰ The State Taxation office opened on the same day after officials and plainclothes police unlocked the doors. Staff was engaged immediately in the preparation of assessments which had been discontinued during the dispute. A guard of 30 men had been on duty over the previous few weeks guarding confidential information concerning the affairs of companies and individuals. They had been provided with comfortable lounge chairs and cushions in an effort to ease their discomfort experienced, living away from their homes. Lang held such fears concerning the Commonwealth's determination to seize funds that he had ordered timber, and sheets of iron fastened on the inside of the swing doors to the office, nailed together and the Yale locks pierced with small nails.¹⁴¹ His experience as a Real Estate Agent stood him in good stead.

Before his departure on the Friday, Lang directed Chapman to issue further Instructions to government employees on the following Monday 16th May, concerning collections and expenditure.¹⁴² They were conciliatory and correct. After 9 am on the Monday, the provisions of the Federal Enforcement law and the State Audit Act were to be closely observed by all employees. All moneys held in cash, cheques or drafts were to be deposited in the Banks as early as possible. All previous instructions, written or verbal, and contrary in any way to Federal or State Laws were to be disregarded. The crisis was over.

¹³⁹ SMH, Saturday 14 May 1932, p.13

¹⁴⁰ Cain, (2005), p.318. *SMH* Tuesday 17 May 1932, p.9

¹⁴¹ Cain, (2005), p.318. *SMH* Tuesday, 17 May 1932, p.9

¹⁴² NSW Treasury, *Finance Guard Book*, 16 May 1932 p.680, (SRNSW ref: 7/2250)

The crisis was summed up succinctly by an entry in a Treasury Finance Guard Book on 18th May 1932.¹⁴³ Chapman wished to place on record his appreciation of the willing and capable assistance rendered by various officers of the Revenue branch in meeting the very difficult position which had arisen in consequence of the attachment by the Commonwealth Government of State revenues, and the withdrawal of the State's banking facilities. He was especially appreciative of the professionalism of his officers. In appreciation he circularized the following:

‘With the various ramifications of Government finance the Treasury was suddenly confronted on a Monday morning with the almost impossible position of having to carry on the finances of the State without banking facilities. With a pay-day on the following Thursday it is a tribute to the ability and energy of Treasury officers that a State of chaos was averted. The creation overnight of what was practically a Treasury Bank by the withdrawal from the government banks of substantially more than £1m and the subsequent guarding and handling of this immense amount of money, are achievements for which much credit is due and it is also extremely gratifying now that the moneys have been returned to the Banks to know that the whole transaction was handled without the loss of one penny.’

Despite the economic turmoil, readers in government administration kept abreast of a subdued movement to develop and perfect the machinery responsible for the State's financial administration. Bland, lecturer in Public Administration at the University of Sydney, wrote, in 1931, that constructive reform was wanting in the administration of the State's public finance; that a ‘good commencement’ had been made by the measures initiated by Stevens in 1928, but they needed to be consolidated and extended.¹⁴⁴

As leader of the United Australia Party (UAP), Stevens served as Premier and Treasurer in the Stevens-Bruxner Ministries between 1932 and 1938. During his tenure he focused on strengthening and empowering Treasury staff, to ensure that particular and essential financial information be made available for the benefit of the Premier and Treasurer in policy making decisions. Treasury needed to access precise and regular data concerning all current and future financial proposals of all departments and Authorities. If Treasury were to function as an effective finance department information needed to be available for Ministers when requested, and in a digestible form.

¹⁴³ NSW Treasury, *Finance Guard Book*, 18 May 1932, p.681, (SRNSW ref: 7/2250)

¹⁴⁴ Bland, F.A. 1946, *Budget Control*, Angus & Robertson, Sydney, 4th Edition, p.ix. In his Preface to the 1936 edition Bland expressed his thanks for the generous help given by Bill Mathieson and the Under Secretary of Treasury, Thomas Kelly.

Treasury's brief now included: the requirement to investigate major problems affecting the Budget; reporting on the current position regarding revenue and expenditure, the budgetary prospects; investigating matters brought to his notice by the Auditor-General, and other special investigations referred by the Treasurer or the Treasury Under Secretary. In the past, major expenditure projects had been commenced, and in many cases, without economic impact Statements sought from the Treasury, including an analysis of the means of financing the projects.

Stevens requested the Board to select and second for duty in the Treasury suitable officers for this work of Budget analysis. This stratagem formed the genesis of the Treasury Budget branch. On 12th May 1938, the Board formalised the creation of a special taskforce within Treasury to undertake the special duties outlined by Stevens.¹⁴⁵ Three officers were seconded for the task. M. Weir, Accountant, Department of Works and Local Government, P. Johnston, Board Inspector and Walter Kilpatrick, Auditor, Auditor-General's Department. Other officers who were made available came from the Premier's Department and Treasury, including R. Randall, Research Officer, W. McLaren and John Howard. Treasury and the Board worked in tandem, consolidating their final and long lasting attempt to control public service expenditure.

Stevens organised personally the foundation of the branch. On 16th May 1938 he called a meeting attended by Treasury's Under Secretary, Edmund Swift, the Assistant Under Secretary John Lee and Weir, Johnston and W. Kilpatrick from the Budget branch. At that meeting the Premier recalled the genesis of his plan for the Budget branch and outlined his scheme for the future. It had been fifteen years since his initial attempt at the reform of the administration of the State's public finance. Stevens wished, not only to revive his earlier proposals but, extend them. It was his intention to make Treasury so strong that it could monitor all Departmental movements affecting money, anticipate conflict, intervene and interpose, suggest alternate action and, if required, revise budgetary schedules where necessary. His plan was to make Treasury the real 'watchdog' of finance in the public service.

Stevens intended the Budget branch to become the training ground for the State's public service elite. Officers were to be free of all the details of bookkeeping and administration and concentrate on the highlights of financial policy. It was to be a

¹⁴⁵ NSW Treasury, *Correspondence*, Public Service Board to the Under Secretary, 12 May 1938, (NSW Treasury File: T89/1430W)

branch equipped to deal with any special case requiring financial expertise, and to examine detailed work. The Minister would also have a branch 'on the *qui vive* to anticipate any movements' that were likely to happen. The Treasury, whilst controlling departmental expenditure, would deal with principles of high policy, engage in research, and initiate action.

Stevens wanted Treasury officers conversant with Loan Council Meetings, specialists in various matters associated with borrowing, semi-governmental borrowing, rural management schemes, and liaise at a personal level with the Treasurer on any project or policy with implications bearing on the fiscal purse. Another function of the Budget branch was to observe and identify financial trends, maintaining a timely forecast of Revenue, Expenditure, Loan and Cash positions, for any current year with the framing of Estimates for following years.

Estimates had been framed up until that time by obtaining from the departments their own estimates, but Treasury now took a stronger hand in the actual expenditure programs. Hitherto, the information had been provided for the express purpose of preparing Estimates, but Stevens advocated a regular provision of estimates, not only for the annual Statement. Treasury now had to think in terms of the amount the departments wanted and when they wanted it, enabling the legislature to grasp future costs and likely commitments.

A further function of the new Budget branch was the collation of all trends of business activities which were likely to affect Treasury's results. The Bureau of Statistics had presented Treasury with a weekly report showing the seasonal trends, the ebb and flow of business. It was necessary that the Budget branch possess, not only the statistical information, but the Bureau's own interpretation of that data with a periodical forecast indicating what effect could be expected on revenue. The Budget branch became responsible for the preparation of the Financial Statements and the Budget Speech with an emphasis on high policy, research and advice. Stevens advocated closer liaison between the Board and Treasury, the Board looking to Treasury for more advice than in the past. Treasury became the place where the most important work was done, direction coming from Cabinet, the Premier and Treasurer and the Board.

Stevens thus established a specialist group of people adept at providing sound and timely advice to Cabinet with a complete reliance on in-house staff, without the need to call regularly on consultants. Until 1938, the immediate problem for Stevens had been a paucity of administrative capability to identify or examine the then present loan and revenue position and determine what was actually available for disposal, the cash position. That essential information had been traditionally and was largely the personal knowledge of a few Treasury officers who had a firm grip on the situation, but only a few. The responsibility for acquiring that information had rested with the Board, but it had worked at arm's length from the Government, without providing the intrinsic financial information so necessary for sound policy and decision making by Government.

Stevens advised the Cabinet, that in order to rationalise the budget, it needed to agree to abide by his suggestion, that for the coming financial year the allocation be made by Treasury alone until Treasury Budget officers had a firm grasp on income and expenditure. Stevens ordered an immediate audit of departmental commitments, expenditure and cash allocations. Suggestions were issued for a work schedule and a proposed methodology indicating that Revenue Estimates were less of a problem than the Loan figures. There was also the need for an officer to undertake inquiries into and advise upon matters of general economic policy of importance to the finance and prosperity of the State. Stevens gave credit to William Wentworth (later to enter federal politics) for a wonderful knowledge of the workings of the Taxation Department and its methods. Private consultants like Wentworth came and went in the Treasurer's office. One such arrangement was with the University of Sydney when Dr E. R. Walker Lecturer in Economics at Sydney University was made available in June 1938, as Economic Advisor to the Treasurer.¹⁴⁶

The Budget branch functioned successfully during the trial period and proved to be an invaluable unit in the Treasury. Towards the end of 1938 steps were taken to establish the branch on a permanent basis. The establishment of the Budget branch was thus a further means of strengthening Treasury's organisation and reinforced Stevens' belief that the new Budget branch would be of great value to the State as a whole. The opinion of the Board was that the success of the operation of this branch more than

¹⁴⁶ PSB Annual Report 1938

justified its establishment.¹⁴⁷ Treasury's attainment of further progressive administrative strategies was curtailed, however, with the outbreak of World War II.

The Second World War, unlike the First World War, forced Australians to consider the possibility of invasion by foreign armies. On a second front, the States were also forced to face the realization of the right of the Commonwealth government to dictate to the States its right to claim taxation on personal income. States' rights were the issue, rights which the Commonwealth appropriated, in the national interest, and spelling out the scope of the Commonwealth government under the terms of the Constitution.

The year 1939 had witnessed an international drift into world war. Prime Minister Lyons had died suddenly on 7th April 1939, and Robert Menzies, leader of the UAP, formed a new Ministry, without the support of its former coalition partner, the Country Party. Legislation of this early Menzies ministry not only put the country on a war footing but influenced the ensuing conduct of the States when eventually war was declared. A national register of manpower was taken, aimed at registering able bodied men liable for military service, assisting eventual mobilisation. The Defence Act was expanded to cover Papua and New Guinea to which conscripts could be sent, if the country was threatened by invasion. The National Security Acts of 1939 and 1940 gave power to the federal government to make regulations for 'general safety and defence of the Commonwealth'. The Aliens Registration Act 1939 controlled the movement of foreigners in Australia including the public service.

Financially, the Australian States had wide powers but the translation of powers into effective policies depended on their command over financial resources.¹⁴⁸ Conferences were held between the Commonwealth Treasury and the State Treasury concerning the administration of war loans and the curtailing of borrowing of the State Government.¹⁴⁹

By 1939, the economy had improved in New South Wales relative to 1932, reaching a recovery peak in 1937. The worst of the economic depression and its consequences was considered over though there were indications of a gathering economic slump after 1937. There was a reduction in national income with rising

¹⁴⁷ PSB Annual Report 1938

¹⁴⁸ Spann, (1979), p.170

¹⁴⁹ *The Centenary of Treasury*, (2001), p.42.

capital costs and attendant inflation exacerbated by a fall in export prices. The decade, in fact, finished with a renewed economic slump with rising unemployment and a sharp fall in the price of wheat.¹⁵⁰

State politics were also passing through an uneasy phase. In August 1939, Premier Bertram Stevens' leadership of the UAP was successfully challenged, resulting in his resignation from the leadership, a 'stunning shock' to the voters who had always supported him.¹⁵¹ Stevens had lost his Government's support after his attempt to alleviate unemployment with increased spending on capital works, a policy which had resulted in a serious deficit.¹⁵² Alexander Mair, Treasurer in the Stevens' Ministry, businessman and grazier, replaced Stevens as Premier. Athol Richardson, long-term member for Ashfield, a man lacking a public face, though a successful barrister, was appointed Treasurer. Politically, the term of Premier Mair was 'not a happy one', friction persisted within the UAP and the Country Party, and the government, in general was in an advanced state of decay.¹⁵³ By mid-1941, the UAP was in disarray. The Mair government's policy had been to place more emphasis on the winning of the war rather than domestic issues; that this was the most urgent need and that all the resources of the State had to be directed to that end. The electorate did not take the threat of invasion as seriously as their political representatives. The UAP, under Mair, was condemned by its own backbenchers for its domestic inactivity, its policy of 'drift' in social reform, unemployment relief, public housing, its inertia in the time of social want.

In the New South Wales election of 10th May 1941, the Labor Party, under the moderate Member for Redfern, William McKell, was swept into office. The Labor Party had overcome its disunity caused by union factions, the policy of the Communist Party, and the disputatious Jack Lang. McKell had a 'solid, safe, respectable image ... an experienced minister and had gained a detailed knowledge of administration and had

¹⁵⁰ Clune, David '1941' in Hogan, Michael and Clune, David eds. 2001, *The People's Choice*, Parliament of NSW, p.167

¹⁵¹ *The Bulletin*, 9 August 1939, p.16

¹⁵² Stevens subsequently left State Parliament in 1940 to contest unsuccessfully the Federal seat of Lang having held the position of State Premier for the then record continuous term of over seven years. Hansard, 27 March 1973, Condolence Motion, Premier R. Askin, P. Hills (Phillip) and William Sheahan (Burrinjuck). Sheahan recalled that it was Lang, Stevens' adversary, who advocated that Stevens be granted a pension or superannuation because of his straightened financial position. The alleged hostility between Stevens and Lang was more actively promoted by publications and commentary than was actually the case, pp.3981-3991

¹⁵³ Clune, '1941', *The People's Choice*, (2001), p.169

cultivated key contacts in the bureaucracy.’¹⁵⁴ In the federal sphere the situation was similar for the UAP. On 3rd October of that year the Fadden government was defeated in a no-confidence motion and John Curtin was commissioned to form a Labor government.

In the inter-war years the development of the State public service had been fettered by an economic policy of retrenchment by attrition, aimed at reducing costs. New appointments had been curtailed, retaining only a ‘desire to conserve the interests of officers and others who had volunteered for active service’ in the Great War.¹⁵⁵ As a consequence, by 1937, there was a serious depletion of experienced middle ranking clerks. Workloads had increased, threatening the efficiency of the service. The few young men recruited to Treasury at this time possessed, what were considered, superior mental and intellectual capacities for Treasury work. They lacked tertiary qualifications but Treasury offered the opportunity for a career, with constant application and aptitude, and most stayed until normal retirement at sixty-five. Staff was supplemented in an *ad hoc* manner, meeting administrative emergencies as they arose.

Matters were exacerbated after September 1939, when staffing numbers were depleted further, owing to enlistments. Arrangements were made for the interchange of officers between various branches. Under a new scheme responsibility was given to the Auditor-General for the custody of departmental vouchers, and his officers supervised their official destruction.

The Commonwealth Treasury was administered by Stuart Gordon McFarlane, or ‘Misery Mac’, a lean craggy figure, and mentally ‘sharp’.¹⁵⁶ The federal Treasury’s recruitment policy was well in advance of the State’s Treasury, having initiated, in the late 1930s, the policy of appointing university graduates to the higher echelons of the Department with a preference for economics graduates. This policy led to a ‘fundamental transformation’ of the culture of the Federal Treasury, its significance not overlooked by the State Treasury. At the commencement of hostilities, and at negotiations with the Federal Treasury for a State based financial need, much depended

¹⁵⁴ Clune, ‘1941’ *The People’s Choice*, (2001), p.175

¹⁵⁵ Parker, Robert 1942, *Public Service Recruitment in Australia*, Melbourne University Press, p.68.

Parker had been employed in the Bureau of Statistics and Economics, NSW Treasury for over four years.

¹⁵⁶ *The Centenary of Treasury*, (2001), p.47

on the calibre of the State Treasurer, Athol Richardson, assisted by Treasury's Under Secretary, Edmund Swift who, in 1942, was appointed Auditor-General.

Before the official declaration of war National Security Regulations had been drawn up in the official War Book and proclaimed in Canberra at the end of August 1939. The War Book was a 'convenient summary of the Australian approach to economic preparation for war at a time when such preparations were being taken seriously.'¹⁵⁷ The preparation and conduct of the War was the responsibility of the Commonwealth Department of Defence, and was modelled on the United Kingdom War Book. Direction was sought from Britain as to its war-time legislation and Rules and Orders which gave some indication as to necessary adjustments to achieve autarky.

There was, however, little economic preparation for the war at either federal or State levels. The newspapers gave full coverage to Hitler's jingoism and Europe's bellicosity which threatened world peace. The Japanese were fighting and overwhelming the Chinese in Manchuria, and the Red Army was fighting the Japanese on its far eastern frontier in Mongolia. The general community was watchful of a potential Japanese involvement but holidays and travel to the East were not curtailed. Burns Philp and Co. Ltd. advertised sea travel in September 1939 to Java, Bali and Singapore.¹⁵⁸

In State Parliament the conflict was not unexpected.¹⁵⁹ In 1937 Michael Bruxner, leader of the Country Party, had observed personally, Germany's war preparations on a visit to Britain for the Royal Coronation. Supported by Bruxner's personal observations, in April 1939, serious consideration was given to the possible outbreak of war and the War Book was prepared with particular attention given to the wartime administration of Government departments.¹⁶⁰ Premier Stevens consulted with the heads of all government departments as to available resources for use, in the event of war.¹⁶¹ Civil defence, road and rail communications in the State were reviewed and strengthened, and the State's heavy engineering railway workshops up-graded.

¹⁵⁷ Butlin, (1955), p.23

¹⁵⁸ *The Bulletin*, 27 September 1939, p.37

¹⁵⁹ For a contrary opinion see Bolton, Geoffrey 1990, *The Oxford History of Australia*, Vol. 5, 1942–1988, Oxford University Press, Melbourne, p.7

¹⁶⁰ The War Book also detailed schedule actions to be taken by each department and by the fighting services during the precautionary period. NSW Premiers Department, *Preparation of the State War Book*, B39/1774, (SRNSW ref: 6/5665)

¹⁶¹ Aitkin, Don 1969, *The Colonel*, ANU Press, Canberra, p.237

Treasury's participation in a wartime administration was included in a confidential report sent to the Board in August 1939 relaying the findings of a general survey of the hinterland of New South Wales. Katoomba was selected to house senior State Government departments, if bombardment or invasion forced the removal of the seat of Government from Sydney.¹⁶² Treasury was to be billeted with the Cabinet, Premiers department, Chief Secretary's and the Health departments at *Homesdale* in Katoomba Street. Between August 1939 and August 1942 Katoomba remained the preferred site if, and when, Parliament was evacuated.¹⁶³ Those plans were revised in June 1942 with a mounting fear of a Japanese invasion. Orange, in central western New South Wales, replaced Katoomba as the preferred site, if evacuation from Sydney became imperative.¹⁶⁴ Treasury officers were to be located at St Helen's Guest House, Anson Street, with meals taken at the Royal Hotel, Lords Place, together with Ministers of the Legislative Assembly and departments, as identified in 1939. The Premier's Department was to be accommodated with the Cabinet at the Canobolas Club, Kite Street. A minimum number of Treasury staff was to travel by train to Orange, leaving the roads clear for the carriage of materials by trucks. Four Treasury officers were identified to accompany the Treasurer, the Under Secretary and Assistant Under Secretary, the Chief Accountant, and a Clerk. The Treasurer's Private Secretary, who had been included in the Katoomba entourage, was deleted from the nucleus of staff fleeing to Orange. A 'negligible' volume of records was to be removed to Orange, the major collection of official files, accounting and financial records, remaining in the Treasury vaults in Macquarie Street.¹⁶⁵ Treasury anticipated to contribute, significantly, in the war-time Government 'in exile', being allocated accommodation and office space close to Cabinet. Treasury was crucial, therefore, to the orderly maintenance of war-time financial affairs, if not directly involved in war strategies.

¹⁶² W.C. Wurth Papers, *Correspondence re alternative seat of Government during World War II*. War Plans 28 August 1940, Premier Mair to Wurth B40/1475 (SRNSW ref: 13/12326.1) NSW Public Service Board *Special Bundle No. 6, Emergency Procedures*, 26 June 1942, Premier McKell to the PSB, (SRNSW ref: 14/6308)

¹⁶³ W.C. Wurth Papers, *Correspondence re alternative seat of Government during World War II*. War Plans 28th August 1940, Premier Mair to Wurth B40/1475 (SRNSW ref: 13/12326.1)

¹⁶⁴ NSW Public Service Board, *Special Bundle No. 6, Emergency Procedures* 26 June 1942, Premier McKell to PSB re Hospital Purposes, Commonwealth Bank planned to move to Canobolas Hotel Orange, (SRNSW ref: 14/6308)

¹⁶⁵ W.C. Wurth Papers, *Correspondence re alternative seat of Government during World War II*. War Plans 28 August 1940, Premier Mair to Wurth B40/1475 (SRNSW ref: 13/12326.1)

At 9.15 pm on 3rd September 1939, the Australian Prime Minister, Robert Menzies announced that it was 'his 'melancholy duty' to inform the Australian people that in consequence of a persistence by Germany, in her invasion of Poland, Great Britain had declared war on her and that, as a result, Australia was also at war.¹⁶⁶ Australia was placed immediately on a war footing, Commonwealth and State Ministers meeting in Canberra on 9th September 1939, to discuss future war strategy.¹⁶⁷ State governments had only limited powers in areas related to the war effort. Premier William McKell, declared that his strategy, in helping the war effort, was to maintain morale by improving health, housing, education and industrial relations, strong welfare measures endorsed by Prime Minister John Curtin.¹⁶⁸ Other State departments, rather than Treasury, who were responsible for infrastructure, were therefore more closely involved in the war effort.¹⁶⁹

Matters discussed in Canberra soon after September 1939 and which involved, and influenced policy in the State Treasury included price control, the prevention of profiteering, the general financial position of the Commonwealth and the effects of war on private, financial relationships. Treasury was involved also in the financial management of defence work carried out by the State, on behalf of the Commonwealth.

Treasury was responsible for detailing the defence pay of the State's public servants who were members of the defence forces. The difference between military and civil pay to public servants was determined and payment protected. In 1939, at the outbreak of war an unmarried militia man received the equivalent of 8s. per day; the soldier with the AIF received 5s. plus 2s. deferred or accumulated until eventual discharge. The 5s. a day basic rate of pay for the AIF generated the appellation 'five bob a day murderers', which inflamed exchanges between enlistees and anti-war elements.¹⁷⁰

Treasury resolved other problems including death duties payable on persons killed on active service and the maintenance of unemployed enemy aliens and their dependents when interned. Requisitions and financial arrangements were made

¹⁶⁶ *Advertiser*, Adelaide, 4 September 1939 quoted in Crowley, F.K. 1973, *Modern Australia in Documents*, Vol. 2, Wren Publishing Pty. Ltd. p.1

¹⁶⁷ *The Centenary of Treasury*, (2001), p.42

¹⁶⁸ Tyler, (2006), p.156

¹⁶⁹ Butlin, S.J. 1955, *War Economy 1939–1942*, Australian War Memorial Canberra, p.23

¹⁷⁰ *The First At War*, 1987, The story of the 2/1st Australian Infantry Battalion, 1939–45, The Editorial Committee, The Association of First Infantry Battalions, p.5

between the Federal and State Treasuries for the construction of defence works: air raid shelters, slit trenches, the protection of public buildings, and later costs associated with defence works such as anti-tank obstacles on the northern peninsular of Sydney around Newport and Bayview. Costs were assessed for measures to be adopted for protection against sabotage. Applications were received from contractors for relief on account of the war. Authority was delegated from Treasury to the State Contracts Control Board (a sub-department of Treasury) to vary contracts. Other matters included expenditure for extra equipment, and how it was to be met during the emergency.

Treasury assessed costs for transferring children from the United Kingdom to Australia, also, the evacuation of British women and children from Hong Kong to Australia. A War Savings Certificate Campaign was introduced in December 1939 and weekly returns evaluated by Treasury. In 1940, funds were sought from the Commonwealth to supply further loan funds of £500,000 for the construction of air raid shelters for vulnerable locations throughout the State such as port installations, power stations and water supply works.

A major initiative taken by Premier Alexander Mair was the formation of a Committee on Commonwealth and State Co-operation in War-Time instituted on 23rd February 1940. Wallace Wurth, Chairman of the Board, was its Chairman and Treasury was represented by Under Secretary Swift and Mervyn Weir from the Budget branch. Other essential services departments represented included the Board, Premiers Department, the Department of Labour and Industry, the Department of Works and Local Government, the Government Statistician and the Main Roads Department.¹⁷¹

Levels of co-operation between the Commonwealth and the State were achieved in public works, with Treasury funds financing road works, aerodromes and other works of strategic value. Provision was made for technical and labour resources to carry out, at cost, defence works, roads, railway sidings, water and drainage works, clearing and levelling of aerodrome sites, accommodation and ancillary projects. Public buildings were made available at no charge to the Commonwealth other than additional incidental expense. Statistical data was also provided at no cost to the Commonwealth.

Treasury had other responsibilities under the State War Effort Co-ordination Committee. Treasury provided funds for the protection of public utilities maintained by

¹⁷¹ NSW Treasury Working Papers, *Commonwealth/State Wartime Co-operation*, (SRNSW ref:10/48390)

the Water Board, State Electricity, State Dockyards and Public Works including harbour facilities. All government departments were required to report weekly to the Premier, and monthly to Treasury. The reports included the amount of wages paid, the value of materials used and the depreciation of plant operated in the service of Commonwealth departments. Treasury was also required to collate the payment of salaries to State government officers who were on loan to the Commonwealth Manpower Authority, established in 1941. At a subsequent conference in January 1942, it was agreed that any additional costs to the State Government be charged against the Commonwealth. This arrangement proved difficult to apply.

The Premier's Department submitted a proposal to Treasury on 17th March 1943, recommending that action be taken to examine the position generally with a view to making recommendations designed to establish a uniform policy in this regard throughout State Government departments. A final and acceptable scheme was put to the Prime Minister on 9th August 1944, rather late in the conflict.¹⁷²

Attention was given to the impact of enlistments on the public service, including leave, pay and entitlements. Urgent attention was also directed to the safe disposal of important legal records, the Board to advise Treasury when to remove the valuable and essential records to designated places in the western reaches of the State. Reports were also collated of persons of enemy origin employed in the public service including their positions.¹⁷³ Treasury became acquainted with information concerning compensation for war damage to property using British legislation as guidelines.

Treasury officers acquired knowledge from Britain as to procedures to be followed in the event of air raids and emergency traffic arrangements. Lantern slides and films demonstrating air raid damage and other war time emergencies and the means taken to control and manage such emergencies, were purchased from England. Treasury approved funding for the construction and improvement of roads to the Ingleburn Army Camp. Immediate expenditure was also directed to the establishment or conversion of factories to munition manufacturing. Other matters on which the Treasury had to focus included the liability of the Government in respect of

¹⁷² NSW Treasury, *Special Bundles*, File No B.45/2792, Payment of salaries to State Officers on loan to Directorate of Manpower, 30 May 1945, (SRNSW ref:12/10626.1)

¹⁷³ NSW Premiers Department, *NSW State War Book* 1942 (SRNSW ref: 6/5666)

compensation paid to those of its employees injured in the performance of dangerous or special duties arising out of the war.

Under Secretary Swift upheld the policy for maximum co-operation between States and Commonwealth in the prosecution of the war. Swift (with specific reference to financial policy) referred to matters dealing with finance and budgets, taxation and other revenues, commercial policies, economics of production, social economics and banking economics. At a May 1940 meeting of Loan Council, plans for the co-ordination of works was agreed upon and the Commonwealth appointed a Federal Co-ordinator of Works and for each State, a State Co-ordinator of Works who liaised with the Federal officer who agreed on recommendations to be made to the Loan Council. Cabinet appointed Swift as the State's representative.

Treasury's overall contribution to the war effort was focused on efforts to maintain stable economic management. The routine functions within Treasury changed little during the conflict, its contribution to the official conduct of the War being secondary to its efforts to maintain a service in State financial management. Accountability, transparency, efficiency and the capacity to provide a service when faced with staff shortages, remained the imperative. Revenue was gathered as usual and accounted for, the State Budgets presented, Commonwealth and State financial relations addressed and the public service and its administration maintained. Treasury officers, men and women enlisted, those remaining working in posts as directed by officials in a voluntary capacity. Beyond Treasury's corridors changes were in evidence. Mass enlistments, the revolutionary utilisation of females in the work force, rationing, and, after December 1941, the threat of a Japanese invasion and an influx of foreign allies, changed immediately the character and culture of Sydney, the State, and Australia wide.

In September 1939 large numbers of public service officers enlisted for service with the overseas forces, or in the civil defence. Enlistments with the Australian Infantry Force (AIF), Royal Australian Air Force (RAAF) and the Royal Australian Navy (RAN) numbered 956 officers in the first months of the war. The Board did not withhold approval from any officer who was accepted for active military service with the overseas forces. Departmental inconvenience in all cases was subordinated to defence requirements.

The response of Treasury officers to the emergency was immediate. An example is given of two Treasury officers, who responded, two of a number of officers who, over the following five years, made a contribution. Ed Givney, with the rank of Lieutenant, was the first Treasury officer to enlist in late 1939. He travelled to the Liverpool Camp where he joined the 2/1st Australian Infantry Battalion, sailing to the Middle East with the Australian 6th Division. Other Treasury officers, men and women, enlisted as they reached eligible age. Following the Dunkirk evacuation, in 1940, Henry from the Revenue branch and his brother approached their parents for permission to enlist, without success, both being underage. They later withdrew their objections and in June 1940 both brothers were placed on the Air Force Reserve. The Henry brothers learnt Morse code in the city, two evenings a week, and attended lectures at the Randwick race course, waiting for a posting, playing football in their leisure time. Henry was finally called up into the Air Force in March 1941, and inducted into the Empire Air Training Scheme pursuing his air training in Canada. His brother, who had caught measles from his football team, followed later. The course conducted at the Bradfield Park Initial Training School was the last course where trainees were given the opportunity to nominate where they wished to train. Other Treasury officers as they reached the legal age, took similar paths, joining the three arms of defence, some being sent overseas for further officer training.

Public servants were encouraged to enlist first in the Militia and in the AIF, with payment of the difference between civil and defence pay. The transfer of officers for special purposes was not obstructed by the Board. One example of this exchange was the transfer of Frank Horner B.Ec. from the Bureau of Statistics and Economics, a Treasury sub-department, to the Commonwealth Treasury.

The routine of peace-time was maintained initially with little overt disruption, which is surprising. In 1939 Treasury staff numbered 112 and over the following five years 57 Treasury staff enlisted.¹⁷⁴ In view of the absence of officers on war service, steps were taken to confine work to essential requirements. Various activities were deferred for the duration, including the transfer of the Conditional Purchase accounts to the new form of loose-leaf registers. With the appointment of the Officer in charge of the Budget branch to that of Under Secretary of Treasury his position was not filled; the

¹⁷⁴ *NSW Public Service Lists 1939–1946*. NSW Treasury World War 2 Memorial dedicated to those who served

Budget branch was attached to the Account branch and placed under the direction of the Chief Accountant.¹⁷⁵

By 1942, however, and prior to the allies gaining a favourable position in the prosecution of the war, the position of the State public service had become a matter of serious concern to the Board. Curtailment of proceedings and administrative functions had reached the limit consistent with safety and good government.¹⁷⁶

The integrity of the Treasury building was also given consideration, in case of bombardment or aerial bombing. Detailed orders were issued by the Board to Treasury for the protection of the building. Swift and the police inspected the building in order to organise emergency services and evacuation, in an emergency. As Premiers Department and Treasury shared the same building responsibilities for its security was shared.

In July 1940 plans were initiated in the Treasury for air raid precautions. All officers were included, age no barrier to participation. The necessary fire fighting equipment was provided, which included wooden shovels, rakes, buckets, sand, first aid kits and stretchers. Stirrup pumps, portable extinguishers, hurricane lamps were provided and evacuation plans were made prominent on each floor. A roster was drawn up for staff from the Premiers and Treasury departments for night roof watch. Volunteers or injured employees were placed as roof spotters in December 1941, for continuous day and night watching. This policy was continued until July 1943.¹⁷⁷ An air-raid shelter was located under the Treasury building itself with space to house the Premier/Treasurer McKell, other Ministers and office staff of both Departments.¹⁷⁸

Treasury staff were designated wardens and attended a building warden's course, which included securing the building and the safe evacuation of personnel to the basement of the Macquarie Street building. Stretcher bearers were trained, fire parties formed and protective clothing provided. Directions were given as to the gas mains, Treasury officers were directed to turn off the gas at the mains, before descending to the basement. Staff wardens were responsible for the lift, the safe keeping of cash in the

¹⁷⁵ NSW Public Service Board *Annual Report* 1941

¹⁷⁶ NSW Public Service Board *Annual Report* 1942. The Board's *Annual Report* for 1943 was not produced, an indication of pressures on available resources, human and material

¹⁷⁷ NSW Premiers Department, Correspondence, The State War Effort Co-ordination Committee 1942-1945, The Main Water, Sewerage and Drainage Board, Review of Civil Defence Activities Associated with World War 1939-1945, (SRNSW ref: 13/10742)

¹⁷⁸ Sydney *Mirror*, 2 September 1942

strong room and closing the Treasury doors on Macquarie Street. Summaries and particulars of funds made to the Wardens were provided to the Board by the Treasurer. Detailed listing of all costs, including glass protection, the blacking out of the Treasury windows, the roof and fire spotting services and air-raid shelters was also provided.¹⁷⁹

Treasury Officers, who did not enlist, volunteered many hours to maintaining essential services. Female officers volunteered their time and effort to other duties during the crisis. The female machine operator with Special Deposits and the Head machine operator with the Consolidated Revenue Fund were allocated duties at Wynyard Railway Station. They were rostered once a week to monitor telephone calls, reporting air-raids and fires in the city. Both slept at the station, together with other women rostered from other departments, and all were expected to report for routine departmental work the following morning. The machine operator also worked at Sydney Hospital each week-end as a volunteer, tending to the civilian patients and rolling bandages, matters performed previously by wards-men and others who had enlisted.

Treasury with depleted ranks had to manage and contend with added policy decisions and responsibilities generated by the emergency. By 1941, however, there was also the threat of invasion by Japan. The population of New South Wales was two and three quarter millions with one and a half million people concentrated in the Sydney, Greater Newcastle and Wollongong, Port Kembla regions. A major question for Treasury was the extent to which the Commonwealth would assist financially in the evacuation of the civilian population. It was the army view that the civilian population, even in the event of invasion, would 'stay put'.¹⁸⁰

In 1941, Labor Party governments were established at both the Federal and State levels but shared ideology did not guarantee a peaceful co-existence. This was illustrated in no better way than by the Uniform Income Tax legislation which was introduced on 1st July 1942. The legislation enabled the Commonwealth to become the sole collector of personal income tax, imposing new uniform rates of tax on incomes, insisting that the federal tax be paid before State income tax.¹⁸¹ This action, more than

¹⁷⁹ NSW Public Service Board, *Summaries and particulars of funds*, 1942, (SRNSW ref: 8/1183B.4)

¹⁸⁰ NSW Premiers Department, *Correspondence*, Review of Civil Defence Activities Associated with World War 1939-1945 (SRNSW ref: 13/10742, p.6)

¹⁸¹ Spann, (1979), p.176

any other single piece of legislation, laid bare the fault line of federal and State financial arrangements. It was the most significant of all changes in Federal/State financial relations introduced during the Second World War and dogmatically opposed by McKell.¹⁸² The Budget branch was immediately co-opted into resolving subsequent budgeting problems arising from the introduction of this legislation. McKell's objections to the centralisation of fiscal control and his warnings of the resulting decline in influence of the States were accurate.¹⁸³ The influences of this legislation on post-war relations with the Federal Government had an immediate impact on Treasury and subsequent Premiers' Conferences at which were sought an equitable division of revenue between the States. With this accelerated trend towards a concentration of financial power in the Federal Government, the State Governments lost their most flexible source of revenue, no longer responsible for raising the greater part of their ordinary revenues from their own financial resources.

One immediate problem centred on the practicability of finding the means whereby the State might increase its revenue yields from other sources following the federal taxation legislation. Courses open for consideration included an expansion of existing State taxation or the imposition of new taxes. The Budget branch examined areas such as Land Tax, Estate, Probate and Succession duties, Entertainment Tax, Payroll Tax, Racing Taxation, Liquor, Motor and Stamp Duties and advertising tax. This taxing opportunity was extended in the next decade to poker machines in Registered Clubs.

Optimism was high in 1943 as to the eventual outcome of the conflict and post-war reconstruction overtook war strategy planning. At the conference of Commonwealth and State Ministers held in Melbourne on 14th July 1943, the National Works Council was formed, and arrangements made for the Co-ordinator General of Works to proceed, in co-operation with the State Co-ordinators of Works, with the preparation of a suitable program of post-war public works for submission to the Council. Subsequent to the July Conference other conferences were held with the State Co-ordinators. Endeavours were made to formulate a plan on which the program would be based, embracing all works of a public nature, normally coming under the control of the various departments and semi-governmental bodies, Municipalities, Shires and

¹⁸² NSW Treasury, *Working Papers*, The Role of the Treasury c.1960, (SRNSW ref: 10/48390)

¹⁸³ Cunneen, (2000), p.146

Road Boards. There was throughout the country, a general and perhaps unreal expectation that the resources available for post-war works would be almost infinite. Many public bodies and associations made strong representations to secure the execution of projects in which they were interested, although it was obvious from a superficial examination of some of those proposal that they could not, 'by any stretch of the imagination' be regarded as falling within the category of 'Urgent and Important'.

¹⁸⁴ Treasury had to accommodate claims from intra-State interests and negotiations with the federal Treasury for an equitable distribution of funding.

The McKell Ministry demonstrated an orderly and efficient approach to government administration during the war. Sensibly, the Premier-Treasurer was assisted by an assistant minister to the Treasury, Carlo Lazzarini.¹⁸⁵ McKell's 'style of government was incrementalist. He believed in consulting experts and, when he set up a committee, he would push it to produce a report.'¹⁸⁶ Administratively, McKell's interests in Treasury were directed to the reform of the Budget and Public Accounts. He had possibly taken his cue from a Report of the Auditor-General's Annual Report for the 1938–39 period. The veracity of the Financial Statement remained the recurring problem. On 19th October 1942, McKell directed that a Committee be set up to investigate the form and contents of the Budget and make recommendations for improvement. Similar action was to be taken concerning the Public Accounts. The Committee comprised officers from Treasury including the Chief Accountant, three Inspectors from the Budget and Inspection branches, and the Receiver of Public Moneys.

An Interim Report was issued on 13th April 1944, together with a Report on Treasury Finance for the period between July 1929 and May 1941.¹⁸⁷ The Committee agreed that if modern theory and practice were applied to guarantee transparency and accountability the budget should embrace all the financial requirements of the government; that no receipts or expenditures be omitted, and that these requirements be presented in their proper relationships to each other so as to produce budgetary

¹⁸⁴ NSW Treasury, *Special Bundles*, Commonwealth/State Relations, H. P. Brown, Report on Post-War Public Works Planning, 17 January 1943, (SRNSW ref: 12/10626.1)

¹⁸⁵ Cunneen, Christopher 2000, *William John McKell*, University of New South Wales Press, Sydney, p.132

¹⁸⁶ Cunneen, (2001), *The People's Choice*, p.206

¹⁸⁷ NSW Treasury Working Papers, *First Report of Committee of Investigation into the Budget and Public Accounts*, 13 April 1944, 2 vols. (SRNSW ref: 10/48388)

equilibrium. It was difficult to justify current practice in the State's financial reporting system, it being inconsistent with sound budget practice. By June 1944, the Committee had as yet to make firm recommendations as to the form of the Public Accounts. Positive action was delayed during the peace process. It was not until peacetime that the Audit (Amendment) Act of 1945, made provision for the presentation of the Public Accounts in a new form. Statements of income and expenditure of Business Undertakings were now included, preceded by an aggregate Statement where the net result of each was combined with that of the Consolidated Revenue Fund. The outcome gave a more complete picture of the State's financial operations and reduced further the confusion in Treasury's annual Financial Statement.

As the war progressed the Board strengthened the Budget branch with additional Inspectors.¹⁸⁸ This policy was in response to the increasing complexity of Government finance, budgetary matters and the requirement to provide efficient service and advice to Premier McKell.¹⁸⁹ The branch had developed in authority, influence and productivity and, with the changing circumstances in State and Commonwealth financial relations its usefulness was proving essential in State budgetary matters.

On 15th August 1945, VJ Day, peace in the Pacific was confirmed and by October general demobilisation of defence personnel had commenced. The New South Wales public service had contributed significantly to the defence of the country. In 1941, 1,588 public service officers, men and women, had enlisted; by 1944 that number had increased to 4942. Of that number, 161 were killed with 426 casualties. By 1945 it was estimated that 5,159 had enlisted out of 8,000 male public service officers. Deaths numbered 222 and 149 posted as missing or Prisoners of War.¹⁹⁰ Treasury's contribution was significant. From a staff of 112 in 1939, 57 male officers enlisted, three not returning. Gallantry was officially recognized with one MC and one DFC awarded.

The re-entry into the service of demobilised defence personnel into the work-force after 1943, post-war reconstruction after 1945, plus the altered boundaries of Federal and State economic relations were hurdles which Treasury needed to absorb and surmount, if possible. With peace emerged the bipartisan administrative arrangements

¹⁸⁸ NSW PSB *Annual Report*, 1943/44

¹⁸⁹ NSW PSB *Annual Report* 1944

¹⁹⁰ NSW PSB *Annual Report* 1945

of the Board and Treasury. This had been partly realized before the War and what was achieved was a unique preponderance of shared authority.

CHAPTER 10

TREASURY'S ASCENDANCY, 1945–1976

Between 1941 and 1965 William McKell, James McGirr, John (Jo) Cahill, Robert Heffron and John (Jack) Renshaw held political hegemony in the State and directed the State's economic policy, and, with the exception of Heffron, Premiers held the portfolios simultaneously of Premier and Treasurer.¹ Co-terminously, Treasury reached a pre-eminence in power and authority within the New South Wales public service, not realized before. This ascendancy was made possible by a number of factors. First of all, it was made possible by a stable, supportive and robust phase of Labor government. The Labor Party won eight successive general elections in New South Wales. For 24 years there was no alternation of power between the Labor Party and the Coalition to disturb this continuity. Political stability accompanied the 'long boom' of the post war years giving rise to the 'quietness' of politics; the rise of the 'ideological respectability' of the State Labor Party, and strong Ministerial leadership.²

The second factor was that Treasury's rise to power was mirrored in the successful careers of its post-war permanent heads, men who shadowed these Labor leaders. The third, and possibly the pivotal reason for Treasury's growth was the support of the Board. Treasury's permanent heads were mentored by Wallace Wurth, Chairman of the Board, whose dominance of the public service established and directed Treasury's course taken in the post-war years.

Relations between the triumvirate, McKell, McGirr and Cahill and Treasury officers were productive, correct and formal, all three men considered courteous and pleasant.³ Trips to Canberra for Premiers' Conferences were by car, a trip of more than six hours. Treasury officers traveled occasionally with the Premier of the day, but usually in a second car, arriving to a village atmosphere at the Hotel Canberra. The

¹ Robert Heffron held the portfolio of Education rather than Treasurer.

² Clune, David, March 1990, *The Labor Government in New South Wales 1941 to 1965*, Ph.D. Thesis, Department of Government and Public Administration, University of Sydney, p.10

³ Coady, Aubrey Interview 12th August 1987, (NSW Treasury File No. T89/1429V)

trips generated acute nervous tension for Treasury officers because their advice on Federal and State economic matters was vital to the discussions.

Moore's (1985) findings, following his analysis of leadership at the Board, and its positive effects on the public service, are confirmed in the author's analysis of the relationship between Treasury, the Ministry and the Board.⁴ William McKell, the first of the triumvirate, was intensely interested in the machinery of government, a student of politics, a Premier prepared to spend time reading Treasury memos, and debating matters of financial policy. McKell earned the respect of most senior public servants, including Wallace Wurth, treating them as professionals, not to be advanced or discarded for political purposes. He considered public service officers as 'loyal, hard-working,' people of great ability but lacking, however, initiative and direction.⁵ He was considered a very able man by Treasury, and a capable strategist. McKell's political strategy was directed to planning for wartime and peacetime development.⁶ The State had:

'to work on the lines of a master plan. There would be no more bits and pieces reforms dictated by the expediency of the moment. There would be no more jabs and stabs at public works, all disconnected, often over-lapping ...'⁷

McKell displayed an interest and ability in financial matters demonstrated early in his political career, particularly after Lang took office as Treasurer and Premier in 1925. He held the Justice portfolio and an additional appointment, Assistant Treasurer. Lang sent McKell to Melbourne to attend a Premiers' Conference convened by Prime Minister Bruce. It was proposed to abandon the system of per capita payments made to the States by the Commonwealth; such derived from customs and excise and paid in lieu of revenue.⁸ McKell challenged unsuccessfully the intentions of Bruce and Federal Treasurer Earle Page, the State subsequently forced to impose additional personal taxation to make up the shortfall. McKell's forceful and creditable argument against the federal plans impressed Lang, who subsequently refused to co-operate with Bruce's proposals for the Commonwealth Loan Council to co-ordinate the raising of all loan

⁴ Moore, (1985)

⁵ Cunneen, (2000), p.74

⁶ *Five Critical Years, 1946, Story of the McKell Labour (sic) Government*, Australian Labour Party, Sydney, p.47

⁷ *Five Critical Years*, (1946), pp. 5-6, Clune, (1990), p.19

⁸ Kelly, Vince 1970, *The Man of the People*, Alpha Books, p.45

money for both the Commonwealth and the States. McKell and Chapman's success in raising loan moneys in 1927 was later described by Bertram Stevens, as 'excellent work'.⁹ The funds assured Dr. Bradfield of the means to continue his grand plan for the future transport needs of Sydney, including part funding the construction of the Sydney Harbour Bridge.¹⁰

At an administrative level McKell, undeterred by the exigencies of the war, strengthened the role of the Treasury Budget branch in order to rationalize and streamline Treasury's advisory capacity. This was done with the assistance of the mercurial and very human, Wallace Wurth who, except for a period of secondment to Canberra during World War Two, was Chairman of the Board for 21 years, from 1939 until his death in office in 1960.¹¹ Wurth's public career spanned a period of Labor hegemony, his power and influence reaching its apogee during the term of the Cahill Labor Government. He had the complete confidence of the Premiers who accepted freely his advice concerning administrative matters. Treasury's Budget branch achieved mastery of the financial administration of the State's finances under his aegis. Wurth, supported by McKell, assigned to the branch hand picked public servants with appropriate professional qualifications who guaranteed quantitative and qualitative advice.

Tax collection and the method of disbursement to the States were the issues encapsulated in the legislation.¹² In 1942, McKell opposed Uniform Taxation on two grounds, that they were the same proposals made by the previous non-Labor Government, and rejected by the Labor party. Secondly, it denied the preservation of his State's financial independence when planning social restructure and reform.¹³

In late 1946, a special Premier's Conference was called by Prime Minister Ben Chifley to consider the future of the Uniform Taxation. McKell, Wurth, Treasury's Under Secretary John Lee, Budget branch Inspector Coady, the Crown Solicitor, and the Under Secretary of the Premier's Department argued against the federal retention of the taxation but Chifley succeeded in retaining the central role of principal tax gather, the

⁹ Cunneen, (2000), p.85

¹⁰ Lang, (1970), p. 50. The final payment for the Bridge was made in 1989

¹¹ Gallagher, Philip 'A Farewell to Power', *Press Clipping*, (NSW Treasury File No. T89/1429V)

¹² The States were reimbursed in the war years on the basis of the mean of their income tax collections in 1938/1939 and 1939/1940

¹³ Rawson, Don 'McKell and Labor Unity' in Easson, Michael 1988, *The Achievements of Sir William McKell*, Allen & Unwin, Sydney, p.44

Federal Caucus having adopted a resolution urging retention. On several occasions Treasury mounted unsuccessful attacks on this taxation policy or made abortive attempts to have it re-examined, as the formulae for re-imburement became more and more complex.

In March 1947, McKell succeeded the Duke of Gloucester as Australia's Governor-General and James McGirr came to the office as Premier and Treasurer. His style of administration was different to that of McKell. He lacked his predecessor's mastery of, and application for the complex details of the business of Government, especially Treasury matters. At his first Cabinet meeting 'he had not mastered the respective Minutes or the Treasury view of them.'¹⁴ McGirr displayed unlimited enthusiasm for starting new works, but took not the slightest interest in the problem of meeting the total cost, nor did he pause to consider how programs on a grand scale could be carried out, let alone financed.¹⁵

John (Jo) Cahill, who succeeded McGirr after the latter's resignation, was appointed Premier and Treasurer in April 1952, reinstating the authoritative style of McKell. Cahill was considered the consummate politician and a capable administrator, relying on Wurth, as was the established custom, for inside information as to what his Ministers were doing, and providing the means to control them.¹⁶ Cahill went overseas twice, once for the Coronation and later in 1958, to open the New South Wales office in New York. On the latter occasion he was accompanied by Wurth, and Coady, who, in 1955, had succeeded Goodsell as head of Treasury. Its growing reputation in administrative matters was equated with that of the Board.

The dominant issue for Treasury, during the Cahill period, was conflict with the Commonwealth Government over financial relations.¹⁷ The whole basis of Federal-State financial relations was considered inequitable, specifically, arrangements through the Loan Council and the level of tax reimbursement grants received under the uniform tax system. Cahill and Treasury negotiated fiercely with the Federal Treasury to get the most equitable return for the State.

Cahill told Parliament early in 1955:

¹⁴ Lang, (1970), p. 50

¹⁵ *SMH* Editorial, 22nd October 1954, p.2. Clune, (1990), p. 77

¹⁶ Clune, (1990), p. 75

¹⁷ Clune, (1990), p. 80

‘Although I have been twitted because it is said I am too Treasury-minded, the Government has always been able, with one small exception, to strike a balance and overall the surpluses have been greater than the deficits ... the money has been spent wisely and well.’¹⁸

In 1955, Treasury’s attention, and that of Victoria, was fixed on a largely unsuccessful High Court challenge to the validity of the uniform tax system. At the 1959 Premiers’ Conference the challenge was abandoned after a decade of fruitless negotiations over the return of taxing powers to the States. This Conference was the scene of one of Cahill’s most significant victories over the Commonwealth. A more generous tax reimbursement formula was negotiated.

Cahill died unexpectedly on the morning of 22nd October 1959, and the Deputy Premier Robert Heffron sworn in as Premier. The Cahill Ministry was preserved virtually intact, the major surprise being Heffron’s retention of the Education portfolio, relinquishing the Treasury portfolio to Deputy Premier Renshaw. Renshaw held the Treasury portfolio until May 1965 when Labor was defeated after 24 years in office. Heffron, unlike his predecessor, did not provide a strong or decisive leadership, surviving only with the support of a few key Ministers and the smooth-running administrative apparatus created by Wurth, who died in 1960, and his successor, John Goodsell.

Treasury depended on the Board for maintaining its hegemony over the financial administration of the public service and the head of the Board was a former Treasury man. His achievements were the result of his broad view of State development and progress developed during his tenure in Treasury. Following his appointment to the Board, Goodsell became one of the most admired and successful of all senior public servants in the State.¹⁹ Goodsell maintained the Board’s autocratic regime over the bureaucracy. He nurtured the tradition, established by Wurth, of a firm, co-dependent and productive connection between the Board and Treasury through the Budget branch inspectors. When Goodsell was appointed to the Board from Treasury, he carried certain characteristics manifested when Under Secretary. He loathed and avoided

¹⁸ Clune, (1990), p. 106 and p. 114 for Clune’s appraisal that uniform tax was ‘a threat to the fundamental structure of the Federal System’, which if continued, would ‘ultimately destroy it’.

¹⁹ This style of Wurth may have largely contributed to the demise of the Board when a Government, unsympathetic to the Board’s ‘pivotal role’, saw to its abolition.

presiding over disciplinary cases, unlike Wurth, who considered the chairing of disciplinary procedures a pivotal role of the Board.

Goodsell instituted an era of centralized government administration from the State Office Block. He established the culture of the executive suite and introduced fresh management policies.²⁰ Goodsell took a keen interest in innovation, especially technology. He was responsible for Wal Pilz, an Engineer and Board Inspector, introducing the first computer into the public service and the Central Payroll system in Treasury. And, he believed in networking throughout the public and private sectors aiming to raise the public's perception of the Board as being a professional and supportive institution, advocating modernity and efficiency in government. He instituted cocktail parties and other occasions for the Board to demonstrate an administrative presence within the public and private sectors and, internationally, through the consular service.

Treasury's Under Secretaries appeared to direct the State's finances, with little direct political involvement, and near autonomy within the public service.²¹ The charges of nepotism and cronyism were rumored, with many of Treasury's senior officers appointed, not only to important inner Budget sector departments, but to the State's Statutory Authorities. Treasury appointees defended fiercely the financial autonomy of the individual Authorities which were independent of the Board's direct control and direction. From a nucleus of senior Treasury officers, was appointed, three Auditors-General, a Chairman of the Electricity Commission, a President of the Water Board, two Presidents of the State Superannuation Board, a President of the Rural Bank (the State Bank), a head of the Government Insurance Office, a Deputy President of the Maritime Services Board, a Deputy Chairman of the Board, a Secretary of the Board, a head of the Transport Ministry, and holders of other senior positions in the public service and Statutory bodies.²²

At a functional level the war years had been difficult for Treasury in maintaining administrative routine and essential activities. Acceptable standards in government accounting had fallen, placing further stress on depleted numbers in the department. In

²⁰ Spann, R.N. 'Understanding Public Administration: Reflections on an Academic Obituary – 'Alas, Poor Yorick'', *AJPA*, Vol. XL, No. 3, September 1981, p. 235

²¹ Steketee, Mike Cockburn. Milton, 1986, *Wran An Unauthorised Biography*, Allen & Unwin, Sydney, p.143

²² Gallagher, *Press Clipping*

1939, the Commonwealth Grants Commission had acknowledged that the States had assisted greatly by improving their accounting and statistical tables, encouraging further improvement.²³ Uniformity and standardization of public accounts across Australia was necessary to maintain accountability, transparency, and ward off criticism during negotiations for federal funds. This was to be achieved through the State Treasuries, Auditors-General and Statistical departments. Individually, what was required was uniformity, not only in the presentation of accounts but also in the financial principles followed in allocating expenditure to revenue and loan funds. These *desiderata* had been compromised, however, by the exigencies of the war and compliance neglected. In 1949, in order to halt the regression, a Treasury Handbook, incorporating the more important provisions of the Audit Act Treasury Regulations, and Treasury instructions, was published and issued to departments. This action was taken to increase standardization in accounting practices throughout the public service, and improving accounting efficiency and accountability. A Manual of Government Accounting was also prepared for publication and distribution in the same year. This Manual was used as a guide for accounting officers as well as a basis for the general training of officers in Treasury.²⁴

Treasury administration at a senior level harbored its own particular problem, caused by the frequent turn-over of its Under Secretaries. Tenure of the most senior officers was proving short, creating problems when selecting successors from a limited pool of officers, experienced and proven in Treasury matters. This unintended problem had developed during the Second World War. Under Secretary Edmund Swift had been appointed Auditor-General in January 1942 and within a few years, in 1946, his successor, Mervyn Weir was appointed to the Board.

Part of Weir's term had been spent calming the professional waters between his Chief Accountant, Kilpatrick, and the former Under Secretary of Treasury, Edmund Swift, now the Auditor-General. The Audit Act of 1902 had dealt mainly with the arrangements for the State's budgeting, accounting and banking arrangements and had intended to provide the means for resolving disputes between Treasury and the Auditor-General.²⁵ A provision of the Audit Act 1902, allowed matters to be referred to the

²³ *Commonwealth Grants Commission Report*, 1939

²⁴ NSW, PSB, *Annual Report* 1949

²⁵ Nicholls, (1991), p. 29

Public Accounts Committee either by a Minister of the Crown or by the Auditor-General. This provision had been inserted at a time when the disputes between the Auditor-General and Treasury were frequent.²⁶ In 1945, Treasury's Kilpatrick and Swift became adversaries over a matter concerning the 1944 Maritime Services Board accounts and Treasury's interpretation of 'net profit'.

Kilpatrick challenged the Auditor-General's interpretation, who had in turn expressed his concerns directly to the Acting Premier John Baddeley that the Treasury Accountant had charged him with misrepresentation. Kilpatrick had allegedly impugned Swift in a Minute which brought into question Swift's *bona fides*. Swift resented the Accountant's report and the allegations made. Baddeley, who did not wish to be involved in this confrontation and, as acting Premier during McKell's absence overseas, sensibly turned the matter over to Wurth for investigation and report. The Board, seeking a solution, was mindful of the status enjoyed by the Auditor-General, and of the independence with which the office had been granted by Parliament, it being one of the highest and most responsible posts under the Crown.²⁷ The Board held that the Treasury Accountant had not exceeded his duty in any way, but merely put forward his point of view to the Under Secretary and the acting Premier. He had done no more than voice a difference of opinion, and in no sense impugned Swift's integrity. Thus concluded one further incident in the perennial and prickly relationship between the State's two senior financial departments. This episode demonstrated the strain under which all departments were operating at this time, and how firm, but sensible leadership led to a quick resolution of the discord.

After Weir was appointed to the Board in January 1946, John Lee, with an accounting qualification, was appointed Treasury's Under Secretary and Comptroller of Accounts with A. E. Warburton his Assistant Under Secretary. This latter appointment was made with a view to Warburton succeeding Lee upon his retirement. Warburton unexpectedly accepted a nomination as Member of the Joint Coal Board, resigning from the State public service. Lee agreed to remain for a further twelve months with no officer available to succeed him who was sufficiently experienced in Treasury administration. On 30th June 1948, Lee eventually retired, after 48 years in the State

²⁶ NSW Treasury, *Working Papers*, Minute for Cabinet, 24 May 1966, (SRNSW ref: 10/48392)

²⁷ NSW Treasury, *Special Bundles*, 'Auditor-General's Report on Maritime Services Board', Wallace Wurth to Acting Premier, 18 May 1945, A45/4438, (SRNSW ref: 13/10095)

public service, and was succeeded by Goodsell as Under Secretary. Lee's career as head of Treasury had been relatively unremarkable, if undoubtedly loyal. His successor, John Goodsell, created a legend of superior administrative skill.

Goodsell was considered an able Treasury administrator.²⁸ He was an intensely practical man, full of energy, devoting every spare moment to Treasury matters. He used a dictaphone in the departmental car, not wasting a minute for private thought. He was a pragmatist, not given to philosophizing or too much theorizing.²⁹ Goodsell's administrative style did not attract complete approval in Treasury. His greatest weakness was that of avoiding unpleasantness with personnel thus delaying unwelcome or unpopular decisions. Nevertheless, Goodsell presided over a group of men in the Treasury who, in the ensuing years, dominated substantially the State bureaucracy until 1976 and the installation of the Wran Ministry.

The structure of Treasury in the late 1940s consisted of the Treasury or Executive branch, the Budget branch, the Account branch and Correspondence and Records branch. The Account branch had been the heart of Treasury and the Chief Accountants second only to the Under Secretary until the advent of the Budget branch. The Budget branch had supplanted the Account branch as the primary source of progressive and invasive Government accounting methods.

A number of Treasury officers returning from war operations were required to make decisions as to their careers. Henry, for example, had to make an immediate choice between flying with Qantas as a navigator or returning to Treasury, and reading Economics at Sydney University as an evening student under the Commonwealth Reconstruction Training Scheme. He chose the latter attending Sydney University with another Treasury Account branch officer, Josh Trimmer, who had also joined the RAAF. Both were introduced to the University's Department of Economics by the Dean of the Faculty, Sid Butlin, Scientific Method by John Anderson, and Mathematics, including unfamiliar Calculus, by Dr Turner, Head of the Teachers College. With a preponderance of returned servicemen they attended Economics lectures in the evenings, competing for the few available text books and journals in the old Fisher

²⁸ Coady, Aubrey Interview, 12 August 1987, (NSW Treasury File No. T89/1429V) NSW Treasury Working Papers, Staffing, William Mathieson to Public Service Board, 1959, (SRNSW ref: 10/48388)

²⁹ Coady, (1987),

Library, written by Bentham, Keynes and John Stuart Mill, and playing chess in the Students' Union.

The essence and character of Treasury was revitalized after the war. Returned servicemen with recently completed tertiary studies imposed an unusual and unexpected sophistication and maturity of purpose on the public service. Returning to peacetime routine, and slotting into work schedules presented unique problems for some, but adjustment was not noticeably difficult for Treasury officers pursuing tertiary studies under the reconstruction scheme, and re-entering a structured work program. This adjustment was usually coupled with a personal commitment to marriage and families postponed because of the war. An acute housing shortage in Sydney contributed to peacetime irritations but most settled down to contribute to Treasury's role in peacetime reconstruction.

Henry, who had commenced his career in the Revenue branch maintaining the Crown Land Accounts, had returned to find that all the ledgers had been transferred to the Land's Department in 1943. He anticipated a transfer also, following the ledgers to what was tacitly considered a dead-end career. Henry and Givney, who had fought in the Middle East and New Guinea with the 6th Division AIF, found themselves sitting at two desks in the middle of a room attending to the Premier's Department Accounts. Givney was transferred shortly to build up the numbers in the Budget branch and Henry was sent, first to the Account branch to become a General Loan Account Ledger keeper, and then to the Budget branch. Unlike Consolidated Revenue and Special Deposits Accounts that were kept on cards using bookkeeping machines, the General Loan Account was a large ledger written up by hand, the balancing at the 30th June considered 'quite an experience' in the days immediately after the war.³⁰

Historically, the 30th June marked the end of the financial year and had always been a significant day for Treasury staff, all the books written up, a final balance accomplished, and a budget result realized. In June 1946, a dozen or so Treasury officers gathered at the First and Last Hotel at Circular Quay during the Treasury tea break, before the hotel closed at six o'clock. The branch Head shouted a tot of rum all round and Henry and Trimmer were sent out to buy hot pies for all.³¹ These two juniors carved out significant careers in the public service. Henry developed into a very firm, a

³⁰ Henry, (Bill) William, Interview, 7 October 1987, (NSW Treasury File No. T89/1429V)

³¹ Henry, (1987)

very tough taskmaster, particularly the written work. His was a growing reputation because of his outstanding ability concerning Budget branch investigations. Trimmer was appointed President of the State Superannuation Board between 1967 and 1972 before moving to the Public Transport Commission. He served for two years as Commissioner and Deputy Chief Commissioner for five years becoming Chairman of the Government Insurance Office of New South Wales in 1979.

The reconstruction of the State after the Second World War depended on constant and predictable revenue and it was the racing industry and gaming that produced it. The Racing Section in Treasury, attached to the Revenue branch, had been established in 1916 with the introduction of totalizator legislation in New South Wales. Treasury's Under Secretary had important responsibilities under racing legislation. Racing inspectors policed the gathering of taxes raised on the turnover of bookmakers. Inspectors attended the gallops, harness and greyhound races throughout the State to ensure the bookmakers recorded all bets correctly. Bookmakers routinely gathered each week at the Revenue branch to pay their taxes based on turnover. Under the Bookmakers' Taxation Legislation a Committee was established to consider submissions from applicants seeking a Bookmaker's licence. The Under Secretary and the Committee also met annually to consider complaints lodged against bookmakers. The Racing (Amendment) Act of 1948, provided for night trotting with betting. This activity provided an increase in revenue and added to the volume of work of the Revenue Section. The style of bookmakers' betting books was revised and alterations made in the number of folios, to facilitate checking for the assessment of tax. Racing revenue also increased due to the popularity of the night trotting with win and place totalisators. There was also a growing popularity of the doubles totalisator with the introduction of the 'Quinella' system of betting on totalisators.³²

In April 1962, Mr Justice Edward Kinsella was commissioned to investigate whether off-the-course betting should be made lawful in the State and if so, what method, manner or form should be made lawful. Justice Kinsella recommended that off-course betting be made lawful, and that such betting be conducted by means of an

³² Friend, Robert 'The Racing Section', unpublished manuscript, NSW Treasury, 1979. Taking every opportunity to control the gambling dollar the TAB was established in 1964 with six cash sales outlets despite a deeply divided Cabinet and Caucus over the issue. By November 1991, 1,300 outlets operated in communities throughout the State. NSW Treasury, *Special Bundles*, TAB Files, (SRNSW ref: K91119)

off-course totalizator. Control and management of the off-course totalizator was to be vested in a statutory body known as the Totalizator Agency Board comprised of representatives of the Australian Jockey Club, The Sydney Turf Club, The New South Wales Trotting Club, Country Racing Associations, Greyhound Racing Authorities and a government representative. With the exception of the Council of Churches, all organisations and parties appearing before the Commission supported the case for legalisation of off-course betting in some form or other. Treasury was of the opinion that any form of legal off-course betting that failed to suppress illegal off-course betting was of little value. There were estimated to be about 6,000 illegal SP bookmakers in the State and that the annual turnover was £275 million. Eight months following the publication of the Kinsella report, Premier Heffron refused to give an assurance that the all-totalisator system would be introduced and illegal bookmakers would not be licensed. The Labor government was still deeply divided on the issue, with Cabinet and Caucus not unanimous in its decision. The illegal off-course bookmakers had, since the issue of the Report, brazenly offered a minimum of £10 million in advance fees to the State government for the right to operate openly in the State.

On 1st July 1964, Heffron finally announced the date for the introduction of off-course totalizator betting.³³ There was little time to formulate legislation for submission to both houses, to appoint a Board of control, to organise the tote network, order equipment and recruit senior staff. Both Queensland and Victoria had taken nine months to install a restricted network, but Heffron, the optimist, had no doubt of the Government's ability to introduce the system in the time available. On 4th March 1964, the Totalisator (Off Course Betting) Bill passed the second reading stage. Opposition was based on moral grounds and a referendum was called to decide whether 'the people should have this monster in their midst' but to no avail. SP bookmakers had laid out £33,000 to stop the TAB system, also without success. On 17th March 1964, Heffron announced the appointment of Russell Garbutt, Commissioner of Land Tax, and Accountant, as Chairman of the newly created TAB.³⁴ It was a surprise appointment to racing interests, but also an eminently sensible decision. Garbutt had been an Inspector

³³ *Sun-Herald*, Editorial, 8 December 1963, *NSW Treasury Special Bundles*, 'TAB files', (SRNSW ref: K91119)

³⁴ *Daily Mirror*, 17 March 1964, *NSW Treasury Special Bundles*, 'TAB files, Press Clippings', (SRNSW ref: K91119)

with the Public Service Board for 15 years and an advisor to Wurth. Treasurer Jack Renshaw and Treasury received the nominations of all racing clubs, before announcing the full composition of the nine-man Board. In 1981 the Auditor-General reported, with prescience, that 'it was fairly clear too (although arguable) that activities, such as primary produce marketing Boards and the TAB are virtually private activities, albeit while surrendering some measure of freedom in exchange for monopolistic powers.'³⁵

Another little known aspect of the responsibilities of Treasury's Under Secretary, which involved gaming, concerned the State Lottery system. Treasury conducted the Lotteries, which had commenced, successfully, in New South Wales in July 1931.³⁶ The lotteries were instituted to assist the State's hospitals and in the first six years of its existence between £3 and £4 million pounds were contributed to their maintenance. The Under Secretary was obliged to keep secured in his office a spare set of lottery marbles. If anything untoward happened to any of the 100,000 marbles in general use, there was always a spare set available. A spare lottery ladle was also kept in case the ladle was broken.³⁷ The Auditor-General was also involved, overseeing the conduct of the drawings and the certification of the official results for publication. He was also required to count the marbles regularly, to ensure than the whole hundred thousand balls were present and correct. If marbles became chipped it was necessary to have the entire set of marbles replaced, a tedious exercise as it was necessary to select wood which would not chip easily.³⁸

The behaviour of some Budget branch officers while in the field was met with apprehension by many departmental officers. With growing power officers sometimes became overbearing. They played, however, a crucial role in subjecting the State's public service to critical financial surveillance. In 1954, William Mathieson, Budget branch head reconsidered its role and the conduct of its officers when on inspection.

³⁵ At its inception in December 1964, the TAB had six cash sales outlets. *Auditor-General's Report*, 1981, p. 14. In 1991, there were almost 1,300 outlets operating in communities throughout the State. Three telephone betting centres serviced over 100,000 phone TAB account holders. Sales revenue for 1991 was over \$3,200M. *NSW Treasury Special Bundles*, 'TAB files', (SRNSW ref: K91119)

³⁶ New South Wales State Lotteries Act, 1930. NSW Treasury, *Special Bundles*, 'State Lotteries Method of Drawing', (SRNSW ref: 13/10023)

³⁷ Oliver, John, Interview, August 1987, (NSW Treasury File No. TF89/1429V)

³⁸ In 1941 tenders were invited for 100,000 marbles of New Zealand Kauri, £1,250 being provided from the Treasurer's Advance Account. These funds were intended to cover the cost of the supply of a new set of lottery marbles, including inspection, checking, and delivery into the Lottery Barrel by the Auditor-General's staff. NSW Treasury, *Special Bundles*, 'State Lotteries Method of Drawing', July 1941, B.1941/6466, (SRNSW ref: 13/10023)

Officers penetrated every department of the public service, and it was essential, in their dealings with departmental officers, that they uphold the prestige of Treasury by adopting a courteous manner, ask intelligent questions and listen sympathetically. Thus, the full measure of co-operation which ought to distinguish 'public service' should be achieved in the best interests of the State in which 'we serve'.³⁹

In the post-war years the Budget branch became synonymous with the power and authority generated by the Board. The Board emulated Federal Treasury policy and filled Treasury vacancies with the best available. It was mandatory for branch officers to have either an Economics degree or Accountancy qualification; such were the expectations for the unit, capable of high achievement, based on intellectual capacity and authoritative command of budgetary matters. The best tertiary graduates available were appointed to the Budget branch establishing a reputation of professional excellence. The public image of the Budget branch was that it was the:

'heart of the Treasury ... comprising a dozen or so Budget inspectors – hand-picked for talent, toughness and capacity for work. The penalty on admission to the branch was an endlessly demanding workload while the rewards were quick promotion and the chance of occupying some of the most remunerative and influential positions in the State's apparatus.'⁴⁰

The Budget branch was located, on the ground floor in the Treasury building, where in 1937, the Crown Land Registers had been located. The iron staircase had been removed, also, the handsome cedar counters, together with the cedar surrounds, and a false ceiling installed. The once large room was divided into cubicles with a central area accommodating a library and the typing pool. The Senior Typist had been a Section Officer in the Women's Air Force during the war.⁴¹

The careers, the level of professionalism and ability of Treasury Under Secretaries, installed in the decades following the Second World War, is analysed. Budget Officers generally made a rapid rise in the seniority lists. Aub Coady was one of the first of this fresh wave of university trained men to return to Treasury at war's end. Coady was born in Singleton on 15th June 1915, educated at the Newcastle Boys High School where he took his Leaving Certificate. In 1931 he went on to Sydney

³⁹ W. Mathieson, Officer-in-charge, 8 April 1954, NSW Treasury, *Working Papers*, The Budget branch, p.6, (SRNSW ref: 10/48381)

⁴⁰ Gallagher, *Press Clipping*, no date.

⁴¹ Henry, (1987)

Teachers College on a scholarship.⁴² He commenced an Arts degree at Sydney University after leaving the Teachers' College, completing the degree in evening courses, concentrating on mathematics. He later taught at Matraville Primary School, Parramatta Intermediate High School, Canterbury Boys High School, and Fort Street Boys High School teaching mathematics, some English and History.

Continuing his education at night, Coady commenced an economics degree in 1938, resigned from the Education Department and accepted a position as Secretary of the New South Wales Employment Council. This Council, supported by the Premier, included various departmental heads, including the Chairman of the Board. The purpose of the Council was to consider the problems of unemployment generally, but more particularly those problems associated with youth unemployment. Coady was responsible for statistical analysis and the preparation of reports following a survey that indicated that there were about 50,000 unemployed workers in the State. He was attached at this time to the Department of Labour and Industry and, for a short period, did research in the Government Statistician's Office, a small office located at the corner of Hunter and Castlereagh Street, Sydney. Coady's versatility was proven during the war years which undoubtedly contributed to his later career in Treasury. In 1939, the Commonwealth Government established a Directorate of Manpower, under the direction of Wurth, Chairman of the Board. Coady was seconded from the army to set up the Directorate and was involved in statistical and research work in Sydney and Melbourne.⁴³

Before and during the Second World War, Wurth and Coady achieved a level of professional accord, and Wurth, an appreciation of Coady's abilities. After the War, Coady was appointed to the Premier's Department as Economic Advisor following H. D. Black who later became Chancellor of Sydney University. Coady stayed only a short time in the Premier's Department before transferring to the reinvigorated Treasury Budget branch as an Inspector. Coady, with the necessary qualifications, degrees in Arts and Economics, was soon appointed Officer-in-Charge of the Budget branch on 13th March 1947, administering the branch until 1953. Following Goodsell's

⁴² Coady, (1987)

⁴³ The War Commitments Committee consisted of the Chiefs of the three Services, together with the Director-General of Manpower as Chairman, and included the Secretaries of the Departments of Munitions and of Aircraft production, the Director of Supply, the Director of the Civil Construction Corps, E. G. Theodore, and the Director-General of War Organization and Industry

appointment as President of the Metropolitan Water Board in 1955, Coady was appointed Under-Secretary, retaining that position for five years until his appointment as Chairman of the Electricity Commission in 1960, a position held until his retirement in 1975. The single original taxation measure of substance introduced during Coady's term as Under Secretary was the introduction of Land Tax. Henry, who later became Under Secretary and then Auditor-General, had carriage of the research and legislation needed to establish the Land Tax Office in the Mint building, Macquarie Street.

William (Bill) Mathieson, B.Ec. appointed Treasury Under Secretary in 1959, and later Auditor-General, was the Senior Inspector under Coady, becoming head of the Budget branch after Coady's appointment as Assistant Under Secretary. Edwin (Ted) Walder B.Ec., a clerk in the Budget branch in December 1944 was appointed Under Secretary in 1963.

John Oliver who was appointed a Budget Officer in June 1951, had attended Newcastle Boys High School with Norm Oakes, and appointed to Treasury in 1948. Oliver had joined the public service in 1939 and enlisted in the RAN. He subsequently spent five years in the Service, never conquering seasickness on 38 of the 39 ships on which he sailed in the Pacific area and in convoys. He studied accountancy in his spare moments.⁴⁴ Oliver was appointed Under Secretary in 1965. Other members of the Budget branch in that early post-war period included George Scott Jolly and Edwyn (Ted) Givney B.Ec., who was the Accounts and Machines representative on the Board's Accounts and Machines Committee. John (Jack) Howard who had been with the 9th Division AIF and a Rat at Tobruk had the traditional task of co-ordinating the Budget. Daniel Fairlie, another Inspector, was subsequently appointed Chief Accountant and then Auditor-General. Fairlie had a long career in Treasury and served in a number of senior positions. He was Vice-President of the Hunter District Water Board between August 1965 and September 1968. Fairlie's extensive knowledge and experience, combined with his other qualifications, enabled him to fill the position of Auditor-General with distinction for over nine years.⁴⁵

Kenneth (Ken) McIntyre D.F.C., B.Ec., a Squadron Leader, distinguished flyer and mentioned in dispatches, came to the Budget branch from the Premier's Department. McIntyre professed, however, a deeper interest in matters spiritual and

⁴⁴ Oliver, (1987)

⁴⁵ Henry, Bill, Auditor-General, *Annual Report*, 1978, p. 350

subsequently after a time spent in a subsidiary company of the Joint Coal Board, became a Canon of the Anglican Church.⁴⁶ Thus Coady, McIntyre, Walder, Givney, Fairlie, Jolly, Howard, Chappel, Murray, Mathieson and Henry formed the nucleus of this elite branch of Treasury, an extraordinary focus of intellectual capacity, vigor and ambition.

Other officers who also joined the Budget branch in the critical years of development and consolidation included Geoffrey (Geoff) Peter Hill, Robert (Bob) Pentelow, and Ken Trott. Norm Oakes and Don Nicholls commenced on the same day in 1948. Oakes recalled that:

‘my experience in the first six to nine months (in the Budget branch), certainly fulfilled all the hopes that I’d had of coming into contact with people that did so much in helping form policy in New South Wales and, certainly, ensure that so far as financial operations were concerned that the requests, wishes, policies of the Government were implemented in the most effective way possible.’⁴⁷

Oakes was considered outstanding from the beginning and both he and Henry were considered the two most likely to succeed in Treasury. Together they proved to be a powerful combination, complementing each other. Oaks was decisive in emergencies and outgoing in his arguments. After discussions in the branch, Oaks took the issue home, worked at the kitchen table, presenting an acceptable solution the following day. Of the later intake of Budget officers he showed the greatest initiative and drive.

Another outstanding figure in the Budget branch was Ken Knight, a Budget Officer with an M.Ec. and, later, a Doctorate. Knight left Treasury for the Premier’s Department, then to an appointment as J. D. Story Professor of Public Administration at the University of Queensland. Returning to New South Wales he held the position of Assistant Vice-Chancellor and Registrar of the University of Sydney, then Principal of Kuring-gai College of Advanced Education. He made a valuable contribution to the scholarship attaching to Public Administration and held a record term as Chairman of the New South Wales Archives Authority. He was also a Councillor of the Genealogists’ Society and the Royal Australian Institute of Public Administration, New South Wales Division. Knight became an established letter writer to the *SMH*, his contributions being economical with words, pithy and insightful.

⁴⁶ Rev. McIntyre officiated at the committal of Henry following his death in 1998, an indication of the firm friendships forged in those early post war days in Treasury.

⁴⁷ Oakes, Norm, Interviews, 2nd and 10th September 1987, (Treasury File: T89/1429V)

Ken Trott, who joined Treasury in 1939, was 'amazed' when Goodsell supported his appointment to the Budget branch in the post war years. Trott admitted to 'not being fond of the arithmetic' but he later excelled in financial analysis and financial policy and advice. Trott considered his years in the Budget branch as a 'wonderful experience'. He was exposed to the deliberations and development of financial policy by senior officers attached to major government departments. Sensitive Cabinet Minutes were sent to the Budget branch for comment as to financial impact. When Trott was promoted to the Transport Department he attributed his success to the thorough grounding he had received in budget and financial administration in the Treasury.⁴⁸

Don Nicholls, a Fort Street student, tutored in Economics and involved himself in other educational activities, acting as Moderator for examinations held by the Institute of Chartered Accountants, and Correspondence Teacher and tutor at the Department of Technical Education in Public Finance.⁴⁹ Nicholls retired from Treasury as Deputy Secretary in 1990, having supported the relatively youthful Treasury Secretary, Percy Allan, in the years following his appointment. One of Nicholl's final and notable achievements was acting as Executive Director on the 1988 New South Wales Commission of Audit.⁵⁰

Other officers who joined the Budget branch boosting its reputation for professional excellence included Ken Gibson, Ron Daley, Ivan Donald (Don) Hooper, who was killed tragically in a motoring accident on Kangaroo Island, and Harvey Francis Bradridge, Accountant.⁵¹ In the Budget branch as in other Treasury branches lasting friendships were forged supported by the knowledge that they belonged to the public service elite.

As indicated, a strategy in Treasury administration after the War was to acquire the best qualified staff, supported by an efficient administrative structure, and importantly, be cost effective. During the post-war period, frequent administrative

⁴⁸ Trott, Kenneth, Interviews 12th May and 26th May 1988 (NSW Treasury File No.T96/2878)

⁴⁹ These activities are exemplified in his exposition *Managing State Finance*. Nicholls, (1991)

⁵⁰ *Focus on Reform*, 1988, NSW Commission of Audit, Government Printer, Sydney. The author was seconded as a research officer to this Commission of Audit

⁵¹ The Leader of the Opposition W.L. Lange MP recorded Hooper's death in a condolence motion in the House of Assembly on 1st November 1983. The Member spoke of Hooper's 23 years in Treasury, he 'being one of its most valued and experienced officers'. NSW Government *Hansard*, 1st November 1983, p. 2082

reviews were held with the aim of improving administrative efficiency. During Goodsell's term, in the difficult post war years, between 1948 and 1955, vital changes were made to the role and function of Treasury. Less emphasis was placed on the book-keeping side of its activities with greater emphasis and an amplification of its role as a source of financial and economic advice to the Government. To achieve this shift in focus, Goodsell undertook a comprehensive review of Treasury, its work and methods, in association with Board Inspectors. He instituted improvements in procedures and practices in various branches, and as a consequence reduced overall staff levels of the individual branches, from 93 to 85 officers. This re-organisation proved beneficial, not only in relation to the day to day function of the Budget branch, but provided opportunities for the Chief Accountant and a Budget Inspector (Givney) to be represented on the Board's Accounts and Machines Committee. This Committee considered all requests for the purchase of accounting machines and office appliances, their cost, need, and utilisation. The complete mechanization of ledger operations within Treasury was also commenced, though delays were experienced because of the shortage of accounting machines in the immediate post war years.

The immediate post war period ended with the legendary blackouts of the winter of 1949, a consequence of coal strikes. Large stocks of kerosene pressure lamps were obtained, at short notice, to illuminate the Treasury building. The incoming decade by contrast produced a period of stable business conditions and general overall prosperity although disastrous floods and drought in country regions interspersed the period.

In January 1951, significant administrative changes occurred when the positions of Assistant Under Secretary (Administrative) and Assistant Under Secretary (Finance) were created as a consequence of the increasing complexity and volume of the functions of the Department. The advantage gained with these changes was the separation of the financial and administrative functions of the Treasury under separate Assistant Under Secretaries responsible to the Under Secretary and Comptroller of Accounts. This was a furthering of Stevens' 1923 organisational plans.

In the early 1950s the Budget branch was organized into a group of Inspectorships, each responsible for particular portfolios such as Education and Transport. The individual groups had inspectorial and review responsibility for every government spending sector of the State. Different sections of the branch received

requests for funds from the departments, for which the individual Inspectors were responsible. Those requests preceded the annual budget, or by supplementation, during the year. Expenditure required a Ministerial approval by the Treasurer or the Assistant Treasurer and it was this procedure that led to an accretion of considerable knowledge in Treasury. Not only were government departments answerable to Treasury, but Treasury activities infiltrated all the sub departments and Statutory Authorities such as the Government Stores Department, the Lotteries Office, Stamp Duties Office, the Maritime Services Board, Metropolitan Water, Sewerage & Drainage Board, Hunter District Water Board, Government Insurance Office, and Government agencies of the Rural Bank, through which aid was provided to the farming community and other various relief activities.

The Budget branch co-operated in providing policy advice and research when major political initiatives were adopted. One matter of some complexity was the consideration given to replacing trams with buses in the Sydney Metropolitan area. One analysis, supported by a critical review of the Melbourne Tramway System, suggested that replacing trams with buses in Sydney was more economical. Because of Melbourne's topography a tram pole carrying the electric power lines could be placed every 120 feet. Because of Sydney's accentuated grades and curves, a pole was necessary every 80 feet so the economics of a tramway system in Sydney were entirely different to the economics of the tramway system in Melbourne.

Overriding all Treasury activities were those connected with aspects of Commonwealth/ State financial relations which involved considerable investment and research.⁵² In 1950 discussions between Prime Minister Menzies and the State Premiers raised the issue of the vexed problem of Commonwealth/State financial relations and conferences looked to a permanent resolution. Menzies proposed that each State and the Commonwealth, through its appropriate Treasury Officer confer, and that all the facts relating to a particular matter be placed before the conference. Subsequently, respective Treasury officers concentrated on the financial implications following on any amendment made to the financial relations.⁵³ The preparation of the reports was

⁵² NSW Treasury Working Papers, *Report on Commonwealth-State Financial Relations prepared by Commonwealth and State Treasury Officers*, 4th August 1951, Loan Council – Background, (SRNSW ref: 10/48390)

⁵³ *Report on Commonwealth-State Financial Relations prepared by Commonwealth and State Treasury Officers*, (1951)

considered a useful exercise making individual State Treasury heads much more conscious of each others' views and problems, than in the past.⁵⁴

The general work of the Budget branch continued to increase and, in 1952, this was compounded by the expanding services of Government and the extension of Commonwealth participation in matters originally the sole concern of the State. In the latter category was included, university finance, free milk for school children, free medicine schemes as they affected public hospitals, cattle tick control, flood relief measures and long service leave for miners.⁵⁵

In tandem with the Treasury Budget branch Inspectors were the Board Inspectors who held a complementary brief. The Board Inspectors possessed a detailed knowledge of the functions and staffing of individual departments, thus collaboration with the Budget branch Inspectors provided the opportunity for a thorough review of departmental annual estimates of expenditure. The Board's Inspectors also ensured efficiency, effectiveness and frugality in the departments, and acted as Treasury watchdogs. They monitored the performance of Ministers and Departments reporting back to the Board's Chairman and hence, to the Premier and Treasurer.⁵⁶ The outcome was a firm control on expenditure, coupled with appropriate and expected levels of performance.

This concentration of power and control was not without its critics. The Board was under threat from influences beyond the public service. Tentative demands were made in 1954, to revert to what was described as political control of the service.⁵⁷ This plan intended the abolition of the Board, replacing it with a system of isolated Departmental Committees. The Board, defending its position, suggested that this was the very system abandoned in all English speaking democracies and dismissed by the British Parliament following scathing indictments by two Royal Commissions. Nothing came of this proposal, but the Board enjoyed only two decades of unquestioned power and authority before its gradual demise in the 1970s.

William Mathieson who was appointed Under Secretary in October 1959 brought to the position a sense of the whole of Treasury, identifying his obligation to produce,

⁵⁴ NSW Treasury Working Papers, Draft Reports, (SRNSW ref: 10/48367)

⁵⁵ NSW Treasury, *Special Bundles*, Reg. 32 Reports, 1952, R 28, (SRNSW ref: K91083)

⁵⁶ Clune, (1990), p. 17

⁵⁷ NSW PSB, *Annual Report* 1954

overall, a more efficient Treasury. He was considered a sensitive man who internalized the many obligations imposed on a permanent head, and he felt a responsibility for the personal well-being of his staff. Work loads had increased together with a mounting range of economic problems with which Treasury was necessarily, directly or indirectly, involved. Major changes were proposed for the senior administration and the Budget branch, changes not attempted since Goodsell's restructure in 1951. The structure provided for the Assistant Under Secretary (Finance) to deal mainly with matters directed from the Budget branch, and the Assistant Under Secretary (Administration) responsible for most matters relating to the Accounts and the Correspondence branches. Mathieson recommended the appointment of a Deputy Under Secretary, a substitute for the Assistant Under Secretary (Finance) responsible for policy matters emanating from all branches, Budget, Account and Correspondence. Policy issues concerning matters such as investment of cash, Treasury sub-departments, stamp duties, co-operative building societies and Government Guarantees now received the attention of the Deputy Under Secretary and, in many instances, referred directly for Ministerial approval. This measure provided valuable assistance to the Under Secretary, and also devolved on the Deputy Under Secretary (whose former experience might have been confined, either to the financial policy side, or to the accounting and administrative side), experience in all fields of Treasury administration. This appointment prepared him for possible appointment as Under Secretary. An Assistant Under Secretary (Budget and Inspection) a substitute for the position of Officer-in-Charge Budget branch now exercised direct control over the Budget branch, and who submitted directly to the Minister the more routine matters originating from that branch. This officer collaborated to a greater extent, than was previously possible, in discussions with the Under Secretary and Deputy Under Secretary on matters of policy.

The decade ended with the Budget branch's involvement in Treasury proposals for financing the construction of the proposed Opera House, submitted in 1958. Special Opera House Lotteries were introduced as a source of revenue to finance this project, and the Budget branch noted trends in the returns and their effect on revenue from ordinary lotteries. An indication of the status of the branch was the elevation of the Chief Budget Officer to the same standing as the Chief Accountant. The branch was also divided into four main sections, ensuring that more Budget Officers developed a

knowledge of the activities of the departments allocated to each section and, at the same time, broadened the experience of each of the officers concerned in the interests of the branch as a whole. The time was opportune, officers became familiar with any new departments allocated to them by the time it became necessary to finalize the Loan and Revenue Estimates for 1962 and 1963. The re-arrangement also minimized the difficulties which may have arisen during the absence of officers from the branch, for whatever reason.

In 1962, Treasury was not, however, in the forefront of ensuring transparency and accountability in the publication of its Budget statements. Other States and the Commonwealth had developed and improved their financial publications to a degree where New South Wales's economic prominence could not be confidently asserted. The Auditor-General's Report was still the best presented and communicative Report of its kind, serving Parliament in its review of the State's completed financial plan.

Further factors which influenced the re-organization of the Budget branch included its assumption of responsibility for the compilation of data for the State Co-ordinator of Works, the aggregation and review of the State's Loan Programs prior to Loan Council Meetings, the assembly of revised programs after allocations had been determined by the Treasurer, and dealing with enquiries from officers of the Commonwealth Co-ordinator of Works. These arrangements, according to Mathieson, had the effect of reducing the volume of papers dealt with by the Deputy Under Secretary, and assisted the latter to undertake the added work of dealing with policy issues on matters directed to him from the Assistant Under Secretary (Administration).

In 1965, Norm Oakes, then a senior Inspector, was appointed Senior Budget Officer. Problems referred to the branch not directly connected with the primary functions of the branch in relation to the Budget and General Loan Account Expenditures of the State, increased the work load. Between January and June 1965 it was estimated that Oakes averaged between 20 and 22 hours per week in overtime working at home, and at the office. Other senior Budget officers were not far behind in their application.

Technology underscored all initiatives introduced into Treasury in the 1950s. The introduction of automation had been gradual in nature since the 1920s and had been accomplished without any large scale retrenchment of officers. On 6th September

1926, Christina Mooney had been appointed to Treasury as the first Machine Operator, or Comptometrist, to expedite the calculation of revenue. The Account branch soon received more advanced technology in the form of accounting machines. These machines were used to mechanize procedures relating to drawing accounts of expenditure by departments and undertakings, and the payment and recording of salaries, allowances, and pensions of Members of Parliament, Judges and other recipients of State allowances.⁵⁸

Emulating Stevens' review of the Education Department in the early 1920s, in 1949, a complete review of procedures and staffing throughout all accounting branches was instituted. As with Stevens, the examining committee appreciated that accountability, transparency, efficiency and effectiveness was improved with advanced technology. The Accounts and Machines Committee continued its examination of the organisation and procedures of the Accounts sections and their associated mechanisation. Technological change accelerated as shortages eased. A postage franking machine was placed in the Account branch in December 1952. All mail issued from Treasury and the Premier's Department was now franked, an improvement when compared with the former method of manually affixing postage stamps on outgoing mail. In 1953, an obsolete two register accounting machine was replaced by a four register machine, and the postings of transactions on the General Loan Account transferred to the new machine. Treasury also acquired its first photo-copying machine, one of the first having been installed at the Probate Office. It was estimated that the savings made following this purchase amounted to £10,000 in the first year.⁵⁹

Automatic Data Processing (ADP) reversed partially the policy of the 1920s. In the 1960s the centralizing of salary payments was instituted under the control of Treasury. This reversal of administrative policy developed because of a growing awareness and appreciation of the potential of ADP. The Electronics Bureau was established in the Account branch in 1961 when computer technology was introduced in Treasury.

The centrality of Treasury's influence was recognised in April 1962, when the Deputy Under Secretary, Ted Walder, accompanied the Board's Chairman to the United States of America for a period of seven weeks to investigate budgetary and accounting

⁵⁸ NSW PSB *Annual Report*, 1969-70, p.50

⁵⁹ NSW, PSB, *Annual Report*, 1953

systems (including automatic data processing) in Federal and State government agencies. Electronic equipment was installed in Treasury following Walder's return and applied in the preparation of payrolls for a number of departments.⁶⁰

In 1963, a Treasury Committee investigated the use of ADP equipment in government budgeting and accounting, referring to guidelines issued by the Bureau of the Budget, Washington DC in March 1960.⁶¹ In 1964, Under Secretary Walder, John Oliver and Fairlie from Treasury and Board officers, Pilz, Trott and Brown discussed future ADP work in Treasury, and particularly the commencement of work on centralised accounting. By November 1964, the introduction of an integrated centralised paying and accounting system was anticipated. Matters addressed included the payment of cheques (over two and one half million per year over 35 departments), bank reconciliations, the maintenance of Treasury Appropriation and Fund Accounts, the dissection of Budget classifications, expenditure and revenue, as required by departments for budgetary control purposes, and the production of the Treasurer's annual Public Accounts. Over January 1965 preliminary reviews and discussions were held with the accountants of all the major ministerial expenditure departments. The final report was reviewed by a committee on which the Auditor-General, the Board and the Treasury were represented. A Board officer from the ADP unit spent three months visiting installations in the United States and discussing scientific computing with public servants in the United Kingdom. He obtained first-hand experience in the language to be applied prior to the introduction of 'Cobol', with the new computer equipment. This innovation was intended to overcome computer language obsolescence and ADP teams were introduced quickly to this innovation.

On 1st July 1966, an Automatic Data Processing Service Bureau which had been developed by the Board, was established within Treasury and the ADP Division absorbed into the new facility. Officers of the Treasury were now eligible for appointment to positions in the Bureau and officers of the Bureau integrated into Treasury's seniority list. Special fitness was the criterion for appointment to the Bureau, not in accordance with seniority.

⁶⁰ NSW PSB *Annual Report*, 1961-1962, p. 45

⁶¹ NSW Treasury, *Working Papers*, 'ADP Processing', (SRNSW ref: 10/48388)

In August 1966, a Progress Report was issued by the Government to give some indication of the future prospects of the application of computer technology in the State's government departments, increasing efficiency and reducing costs.⁶²

New equipment valued at \$375,000 was acquired during the year for the Bureau, the costs being the acquisition of additional memory and tape units.

Treasury thus found itself preparing payrolls on behalf of a number of departments, through Treasury's Central Salaries Bureau. These payments included the payment of Ministerial salaries, Parliamentary allowances and pensions, Judges' salaries and pensions and other claims applicable to Treasury and the Premier's Department. Shortly afterwards records in respect of loans and overdrafts, guaranteed by the State of New South Wales, were converted from loose-leaf registers to file on magnetic tape.⁶³

By July 1969, the ADP system eventually facilitated the control on the usage of bookmakers' betting sheets. This system maintained a record of betting books issued, and marked off sheets used and returned by bookmakers. The system also produced monthly notices addressed to bookmakers, sought explanations for irregular usage of sheets and brought to the attention of the Racing branch the slow usage of sheets. Treasury inspection of betting transactions at race meeting and of the books and records of totalizator companies was subsequently intensified. Technology had enhanced government accountability and transparency, and had introduced an inquisitorial system for reviewing returns from licencees.

ADP was also being used to record the contingent liability in respect of the 4,000 loans and overdrafts guaranteed by the State. The Treasury's ADP Section contributed also to the design and implementation of an ADP system to assist in the collection of a new form of receipt duty introduced during 1968. Treasury's ADP Service Bureau acted as a service bureau for most of the public service. Its activities were widespread. It processed a payroll for some 76,000 employees and 12,000 trainee teachers, processed the examination results of the Department of Education, did accounting work for the Housing Commission, the Government Stores Department and sundry other

⁶² *Progress Magazine*, August 1966, 'Know Your Departments', NSW Treasury, p.1

⁶³ NSW PSB, *Annual Report*, 1967-68, p.65

departments. It carried out analytical and scientific work for authorities such as the Forestry Commission and the Department of Agriculture.

Training in Automatic Data Processing became an imperative for departmental officers, with additional training sessions held to familiarize departmental officers with new equipment. Applications and interviews by the Treasury Personnel section increased exponentially. It also became apparent that the ethnic mix of Treasury staff had changed and had become increasingly international in its cultural outlook as technology language lacked international barriers.

In the 1970s the Systems branch was established under the direction of the Chief Accountants from the Account branch. The progenitor of Treasury's Information Technology branch is found in this branch.

The function of the Systems branch was to rationalize the procedures and workflows of the Treasury Corporate system with the support of computer technology. Of paramount importance was the branch's responsibility for the introduction into the public service of a new Budgetary Accounting System (B.A.S.), a computerized general ledger package, controlling the production of the Financial Statements, paid accounts and Treasury's own administrative finances. The branch developed this system in conjunction with suppliers of the hardware and software and the Board's Computer Services Division. It was not until 1982 that the first Word Processing unit was established in the Treasury Executive.

The 1959 State election had witnessed the return of the Labor Party by a narrow majority with Premier Cahill improving in public stature during his years in office. Cahill's untimely death witnessed the Treasury portfolio passing to Deputy Premier Renshaw rather than the Premier Heffron. The thrust of Treasury's control over the economic management of the State's resources went unchallenged. Renshaw succeeded Heffron as Premier in 1964 and, by the 1965 State election, the 'tired old men of Cabinet' had become an issue in the coming election.⁶⁴

The years between 1961 and 1973 have been described as the 'golden years' in the Australian economy.⁶⁵ For 13 years after the 1960 'credit squeeze' Australia experienced 'sustained growth, low unemployment and moderate price and wage

⁶⁴ Puplick, Chris, 'The 1965 Election', in Hogan, Michael, and Clune, David, ed. 2001, *The People's Choice*, The Parliament of New South Wales, Sydney, p.437

⁶⁵ The Centenary of Treasury, (2001), p. 63

inflation'.⁶⁶ Politically, the federal Liberal Party had taken unexpected twists and turns and the State Treasury attempted to anticipate and accommodate the variabilities in federal financial policies. Harold Holt oversaw the conservative Menzies government as Commonwealth Treasurer until Menzies retired in January 1966. Holt was appointed Prime Minister, and Sir William McMahon held the Treasury portfolio until November 1969, when he was replaced by Leslie Bury. Holt disappeared off Cheviot Beach, Portsea, Victoria in December 1967, and was replaced for a few weeks by the Country Party leader 'Black Jack' John McEwen, until John Gorton was sworn in as Prime Minister in January 1968, after defeating Paul Hasluck for the leadership of the Liberal Party. A Liberal Party Ministry remained in office until replaced by the Whitlam Labor Government in December 1972.

Sir Roland Wilson was nearing the completion of his illustrious term as Secretary of the federal Treasury by the mid-1960s. He was replaced in October 1966 by Sir Richard Randall, a former research officer in the Premier's Department before joining the AIF, joining the Federal Treasury at the end of the War. Sir Frederick Wheeler replaced Randall in November 1971 his term covering the federal Treasury's 'most turbulent years' caused by tough budgets, oil price hikes and the double dissolution election following the dismissal of the Whitlam Government. The federal Treasury thus presented an intellectual powerbase, acting as a bulwark against the mendicant States, during a time of federal political unease.

Robin Askin, the New South Wales Liberal leader, won the 1965 election, exploiting the Labor government's weaknesses in policies, dealing with local issues such as the airlines dispute, the perennial transport problem, rent control and housing, and public servants' pay claims. His platform included a 'masterful collection of attractive sounding policies strung together to offer something to all groups in the community', and attacked Premier Renshaw for his ties with the '36 Faceless Men', and the Federal Labor left.⁶⁷ Askin took the Liberal coalition on to three more electoral victories before resigning in January 1975.

On 13th May 1965, Askin took office, during a period when the State was in the grip of one of the most severe droughts in its history, to be followed by bush-fires and

⁶⁶ The Centenary of Treasury, (2001), p. 63

⁶⁷ Puplick, Chris, '1965', in Hogan, Michael and Clune, David, 2001, *The People's Choice*, Vol. Two, 1930-1965, Parliament of New South Wales, pp.439-445

then floods. Without exaggeration, Commonwealth-State financial relations dominated the activities of the Premier-Treasurer and Treasury after 1965. In 1967, Ted Oliver, Treasury's Under Secretary minuted that the experience of past years had seen an unavoidable growth in State expenditure which had been difficult to match from the combined increase in the tax reimbursement grant and State revenues, despite increased rates of taxation and charges, and the introduction of new taxes from time to time, such as poker machine taxation, land tax, new forms of racing taxation and stamp duties.⁶⁸ Redress was sought by the State in the policy of tax reimbursement grant arrangements. What was necessary was a growth rate in the tax reimbursement grant, approximately equivalent to the average increase in total income tax revenues.

Because of this 'plea bargaining' relationship for greater federal funding, and the natural disasters affecting the State, Askin considered that he, more than any other Premier had the task of making one dollar do the work of two. Treasury senior officers attended frequent meetings held between the States' Treasuries, preparing for the intense negotiations in the field of Federal financial relations and tax sharing arrangements. Askin had to face major economic problems concerning, for example, the Railway Capital debt and maintaining a viable public transport system, a marked downturn in the level of employment and economic activity, the introduction of decimal currency in February 1966, a massive budget deficit, compounded by successive droughts, and the collapse of wool prices, with a subsequent plea to the Commonwealth for economic relief. Treasury sought alternate ways, constantly, to bolster State income. Under Secretary Oliver recommended a substantial increase in the taxation on the State's licensed poker machines as a means of raising desperately needed revenue, a recommendation subsequently adopted.⁶⁹ Gaming became a reliable source of revenue. Between 1956, with the enactment of the Gaming and Betting (Poker Machines) Act 1956 which authorised the use of poker machines in non-proprietary clubs and 1976, registered clubs licensed to use and operate poker machines had increased from 928 to 1525, poker machine tax providing a substantial source of revenue for the Government.⁷⁰

⁶⁸ Premiers Conference, February 1967, Treasury Files (SRNSW ref: 10/48346)

⁶⁹ Oliver, (1987)

⁷⁰ The Total Real Government Revenue from all gaming in NSW in 1972-73 was \$98.455 million. The Australian total was \$168.407 million. By 2003 revenue from gaming and betting in NSW was \$1,408 million. NSW Budget Papers 2002-3. After 1960 all governments promoted vigorously

Askin's ministerial style was different to that of his predecessors. He and Treasury officers now flew to Canberra in order to attend the Premiers' Conferences and meetings of the Australian Loan Council. In 1966 Askin was supported by eight officers from the Premier's Department and Treasury, and Walder the President of the Metropolitan Water, Sewerage and Drainage Board. The four Treasury officers included the Under Secretary, the Deputy, the Assistant Under Secretary and the Chief Budget Officer. The Premier was also supported by the Deputy Premier, Charles Cutler, together with his personal secretary.⁷¹ The means of travel had altered remarkably. The previous practice had seen a cavalcade of black cars traveling majestically and sedately to Canberra, with studied individual distance between cars. On one return trip, a Labor Premier identified a field of flourishing mushrooms glimmering in a damp paddock after a fall of rain.⁷² A halt was indicated by the Premier and Oliver and reluctant Treasury officers were sent to scramble over or under barb wire fences, into the muddy, clinging loam, rich and redolent with the aroma of horse and cow manure. There, in a stranger's paddock, they gathered what were hopefully identified correctly as the genuine large, flat, edible fungus. Oliver and Treasury officers presented the mushrooms to the delighted leader, after a suitable interval of apparent searching. He apparently bore them home to his wife who prepared them for his personal delectation, the only unquestionable triumph resulting from this journey to the nation's capital.⁷³

Treasury officers had to adjust to Askin's style of management. He was very good at figures but very secretive in his dealings with Treasury. He was a close man and prone to public displays of temper if his private staff were found guilty of apparent oversights in the management of his personal affairs.⁷⁴ Treasury officers maintained that on more than one occasion, after a budgetary conference, the Premier had not revealed all of the facts necessary to make a sound, insightful and informed budgetary

legalized forms of gaming such as tab, lotto, pools, and casinos. Pinto, Susan and Wilson, Paul, 'Trends and Issues in Crime and Criminal Justice', No. 24, Gambling in Australia, Australian Institute of Criminology, July 1990, passim.

⁷¹ NSW Treasury Working Papers, *Loan Council June 1966*, (SRNSW ref: 10/48350)

⁷² The Interviewee did not identify the Premier. This anecdote was recalled with much amusement by Oliver and it is the judgment of the author that it should be included in the text indicating, at a personal level, the involvement of Treasury staff in Ministerial matters, personal and official. To say no to the Premier was unthinkable. Oliver, (1987)

⁷³ Oliver, (1987)

⁷⁴ Oliver, (1987)

decision. Askin gave some insight into his *modus operandi* when interviewed shortly before he died in St Vincent's Hospital Sydney on 9th September 1981, following a heart attack.⁷⁵ He would do the job as Premier differently, that he would 'take a page out of (current Premier) Neville Wran's book'. He would get himself a big staff 'as they take the weight off you'. He wished he had had 'the nous' to do it himself. Askin admitted that he did not delegate very well, that he tried to do everything himself and that independence put a strain on his constitution.

In September 1965, after Walder became President of the Sydney Water Board, Ted Oliver followed him as Treasury head and Henry appointed his Deputy. Oliver soon formed an Under Treasurer's Group in order to help resolve problems attaching to the Premiers' Conferences, and other Heads of States' meetings that now dominated his incumbency. This group met biannually to discuss common approaches to subjects, particularly in relation to complex economic issues, tax-sharing proposals or financial assistance grants, formulating policy and strategies for use when confronting the Commonwealth juggernaut.⁷⁶ The Commonwealth's stratagem taken usually at Premiers' Conferences was to separate, indeed isolate the individual Premiers making its objective so much easier, selling a particular proposal to individual Premiers. Oliver's plan was to pre-empt the Canberra ambushes.

In 1968, the first meeting of the Group convened in Sydney. Interstate Treasuries were represented by K. J. Binns from Hobart; J. A. Sewell, Brisbane; K. J. Townsing, Perth, and G. F. Seaman Adelaide, all accommodated at the Hotel Australia, a comfortable, conservative mid-city hotel charging moderate rates suitable for the status of interstate Treasury executives.⁷⁷ Townsing, from Western Australia, when later acknowledging the courtesies extended to him during his visit remarked on the 'fascinating city', wishing he had time to 'recover some of my investments in the (licensed) clubs' to which the Under Secretary had taken them.⁷⁸ New South Wales

⁷⁵ *SMH*, 15th July 1981, p.3

⁷⁶ The problems encountered in the 21st Century reflect the problems of Treasury in the 1960s. Reviews by the States' Treasuries consider the methodology of the Commonwealth Grants Commission, which recommends the distribution of the GST revenue to the States. The same questions are raised: Is the methodology efficient, equitable and transparent? NSW Office of Financial Management (Treasury) *Annual Report* 2002-3, p.26

⁷⁷ NSW Treasury *Working Papers*, Under Treasurer's Conference, May 1968, (SRNSW ref: 10/48366)

⁷⁸ Registered clubs, which held licensed poker machines for gaming were unknown in Western Australia

Treasury officers, and those from the Victorian Treasury, worked closely in preparing papers for future Under Treasurers' discussions.

The Heads of the State Treasuries subsequently met often in order to establish and promote a common information base, or policy approach for the Heads of Government meetings. The strategy proved useful in achieving a uniform approach on the part of the States when preparing common statements for media circulation. Later meetings met in Sydney and Brisbane and the 1970 Conference was held in Hobart in May of that year. Topics discussed included issues relating to borrowings, the Commonwealth Financial Assistance Schemes and State taxation. Oliver, in the fraternal atmosphere, also raised internal Treasury issues affecting Treasury's administration, including the use of ADP and centralised accounting, its proposed development and expected benefits. Other local issues on the agenda included Treasury's general administrative organisation, staffing, job classification, internal organisation and Treasury's relationships with its sub-departments and Statutory Authorities. Treasury's structure was constantly under review in order to rationalize and utilize with the greatest efficiency and cost effectiveness the resources available, that is staff and technology.

The 1960s proved challenging for Treasury, one reason being its long anticipated transfer from its home of over 100 years in Macquarie Street to the architecturally designed purpose built State Office Block in Phillip Street. The decision had been taken by Cabinet, after years of procrastination, to construct a Government office block to house the Premier's Department, Treasury, Public Works and other Departments. On 13th December 1960, Ted Walder, then Assistant Under Secretary, attended the first meeting of a Committee appointed by the Board to assist in the planning of this new complex. During construction the responsibility for its development and the eventual move by Treasury became the responsibility of Oliver. He ensured that he knew everything about the facilities which were to be made available to Treasury staff. He took a personal interest in the selection of office furniture with emphasis on good ergonomic design. With his earlier background in insurance training he placed weight on the health and welfare of Treasury staff.

Treasury moved to the State Office Block on 29th April, after 116 years in the old Treasury building. On 1st May 1967, Oliver sent a circular to Treasury officers on the first day of official business. He outlined the reasons for the move, (which may have

appeared prosaic) and his hopes for the future. In the old building, it was not possible to maintain the standards of cleanliness and tidiness which were desirable in a public office. The move had taken Treasury closer to the financial heart of Sydney and he expected standards of dress and behaviour to improve, officers being subject to 'public view'.⁷⁹

In 1965, major structural changes to Treasury compressed the multiplicity of Treasury sub-departments. In 1959, this plethora of sub-departments had included the Government Insurance Office of New South Wales with a Deputy General Manager, the Stamp Duties Office led by the Commissioner of Stamp Duties, the Taxation Department with its Commissioner of Taxation, the Land Tax Office administered by the Commissioner of Land Tax, the Government Printing Office administered by the Government Printer, the Government Stores Department with its Manager, and Chairman of State Contracts Control Board, the Bureau of Statistics and Economics, (the Government Statistician, his staff and responsibilities transferred over to the Commonwealth sphere at this time), the State Superannuation Board of NSW, its Secretary and Accountant, the New South Wales State Lotteries administered by its Secretary, and finally, the NSW Government Real Estate Office with a Manager.

Permanent heads were appointed to these sub-departments for the first time, and endowed with relevant autonomy from Treasury authority. The Under Secretary's involvement in the sub-departments' administrative and personnel matters was reduced together with the duplication of associated activities.

Treasury's role did not diminish, however, in the sub-departments' policy areas and the State's Statutory Authorities. Senior Treasury officers discharged advisory roles on several statutory authorities such as the Metropolitan Water, Sewage and Drainage Board, the Hunter District Water Board and similar agencies dealing with the State's infrastructure, thus maintaining Treasury influence in a number of ways and contributing coherence to the financial policy of these Statutory Authorities. Treasury's involvement was also maintained with, for example, the preference in the purchase of goods for the public service, lotteries and other matters having a policy aspect.

⁷⁹ NSW Treasury, *Special Bundles*, 'Move to the State Office Block', Circular from the Under Secretary, J. Oliver, 1st May 1967, (SRNSW ref: 3K 911155)

Higher educational standards within Treasury were also well established. By 1965, no officer in Treasury could expect promotion without the requisite qualifications, acquired through tertiary institutions or the Board's Regulation examinations. Even if qualified academically, promotion was not automatic. In the Budget branch if an officer was not in possession of those 'attributes considered necessary for appointment to the position of Senior Inspector' he could not proceed up the seniority list.⁸⁰

An analysis of the several Treasury branches in the 1960s provided a foundation for an understanding of the explosive nature of responsibilities attaching to financial administration.

Until the late 1950s the Budget branch had been the beneficiary of the Board's preferment. This *wunderkind* operated, however, within a Treasury framework, one of the strategic and vital components in the State's economic management. Other Treasury branches included: the Senior Treasury Executive, the Account branch and the Correspondence and Records branch, comprising a total establishment of 71 officers.⁸¹

A subtle shift in focus, away from the Budget branch to the Account branch and other areas of Treasury had occurred in November 1959, immediately after William Mathieson was appointed Under Secretary. Mathieson sought an improvement in the grading for the Chief Accountant who was responsible for the efficient functioning of the Account branch, drafting recommendations on accounting and financial management matters and, of significant economic importance, supplying advice on government investments. He also advised senior officers of other Departments on accounting problems, and he conferred with Senior Treasury officers on financial policy and other responsibilities including electronic accounting.⁸²

Below the Chief Accountant were the Assistant Chief Accountant, the Assistant Accountant (Revenue) and the Sub-Accountant (Expenditure).⁸³ The Assistant Chief Accountant was involved particularly in the executive work of the branch with

⁸⁰ NSW Treasury Working Papers, *Staffing*, Draft letter from Under Secretary Mathieson to Secretary Public Service Board, 1965, (SRNSW ref: 10/48388)

⁸¹ A comparison with the federal Treasury is made. The federal Treasury's staff numbers expanded markedly during the 1950s and 1960s increasing by nearly 60 per cent with over 700 new positions. *The Centenary of Treasury*, (2001), p. 66

⁸² In 1959 the Chief Accountant received a near seven percentage increase in his salary compared with the Chief Budget Officer whose salary increased by four percentage points, £2,783 and £2,838 respectively. *NSW PSB Lists 1958, 1959*, NSW Treasury.

⁸³ In 1968 the Account branch was reorganized into three sections replacing the Revenue and Expenditure Sections

particular responsibility for the Electronics bureau and liaising with banks involving Government banking matters. The Revenue Accountant administered the Revenue Section of the Revenue Account branch as did the Sub-Accountant in the Expenditure branch. Although most of the initial paying and recording of public moneys was carried out by the various departments and public authorities, the aggregations of all governmental receipts and payments were channeled through Treasury banking facilities and recorded in the various Accounts maintained in Treasury. These included the Account relating to the Consolidated Revenue Fund, the General Loan Account, Special Deposits Account, the Government Railways Fund, Metropolitan Transport Fund, and the Maritime Services Board Fund. In the financial year ending 30th June 1963, receipts and payments recorded in Treasury Accounts exceeded \$800 million.

Sydney Spurway, World War I Veteran and Chief Clerk, retired in May 1960 after 48 years in service. Longevity of service in Treasury diminished remarkably after this period, accelerating after the 1970s with increased mobility between the public and private sectors, downsizing of the public sector with redundancies and earlier retirement, introduction of the Senior Executive Service with fixed contracts, and changes to superannuation entitlements.

Following Spurway's retirement an opportunity was taken to strengthen the branch, a more modest but essential participant in Treasury's administration. There had been a steady increase in the volume of work in the branch over recent years with an increase in the many complex problems relating to various aspects of stamp and probate duties, land tax insurance and co-operative society matters. Elaborate plans were proposed to upgrade the branch by reinstating a legal officer to manage the branch, elevating it to a Ministerial branch.⁸⁴ This grand plan did not eventuate, however, and legal responsibilities were distributed to various areas in the Treasury.

The Administrative branch, attached to the Correspondence and Records branch was reviewed in order to introduce greater efficiencies and reduce the serious backlog in the sorting and registration of correspondence. This branch was responsible, primarily, for the registration and distribution of all incoming correspondence coupled with other

⁸⁴ The position of Legal Officer had been abolished in 1953, all legal matters being dealt with by the First Clerk. In 1958 the Manager of the Correspondence branch held a LL.B. *NSW Public Service List*, 1958, p.32

administrative functions. Delays were experienced in acknowledging representations made to the Premier concerning the various services and functions of Treasury, its sub-Departments and Statutory agencies. Askin, irritated by unacceptable delays in receiving Treasury advice interposed, and demanded prompt attention to all representations. Frequent overtime was worked to improve administrative services. Delays which indicated inefficiencies were remedied by the division of work between sections of the branch with specific responsibilities given to Section Leaders who were also responsible for accuracy and grammatical expression in all outgoing correspondence, with the authority to sign letters of a routine nature.⁸⁵

In 1965, the Budget branch included four senior Inspectors, five Inspectors and five Assistant Inspectors, grouped into four main sections. In September 1965, Walder recommended to the Board that a new position of Senior Inspector be created to allow the division of the branch into five sections of equal strength.⁸⁶ This re-organization was necessary because of the overall expansion in its responsibilities, in particular developments in the field of tertiary education arising from Commonwealth activity in this field and the establishment of new universities at Ryde (Macquarie University) and Newcastle. Relationships between the State and the Commonwealth in the field of tertiary education had become more complex with particular regard to the statutory obligations imposed on the Treasurer concerning university budgets.

The Premier was amenable to approaches for extra Treasury staff when staff shortages, or secondments, threatened or compromised the timely provision of budgetary advice. In August 1967, Ken Gibson, a Senior Inspector of the Budget branch was seconded by the Board to assist a panel set up by the Government to report on the establishment of an Education Commission.⁸⁷ His secondment from the Treasury at this stage of Budget preparation gave rise to special problems within the branch and the necessary funds were made available immediately to relieve the pressure. The position of Assistant Inspector was advertised, the qualifications required were degrees

⁸⁵ A Senior Messenger and two attendants were also attached to this branch.

⁸⁶ NSW Treasury Working Papers, *Staffing*, Ted Walder to the Public Service Board, 14th September 1965, (SRNSW ref: 10/48388)

⁸⁷ Gibson was well qualified having taken an Honours degree in Commerce from the University of New South Wales.

in economics, commerce or accountancy. Knowledge of Government accounting procedures and public finance or experience in research was an advantage.⁸⁸

The core activity of the branch remained the routine delivery of the State Budget and an established routine followed. For example, a draft Budget commentary and the 1969–70 Budget Papers were sent to the Premier and Treasurer for discussion. Draft Cabinet Minutes were also prepared and circulated prior to Cabinet Meetings on budgetary matters, giving ‘the Treasury view’, the briefing note from the Budget branch making the Premier aware of the economic implications for each Department.⁸⁹ The Cabinet Minute, regarding the Budget was circulated to Ministers the day prior to the Cabinet Meeting and marked ‘strictly confidential’. After consideration by the Ministers they were collected, not remaining in the hands of the Ministers for private consultation.⁹⁰ The Under Secretary also drafted letters for the Premier on budgetary matters to be sent, if required, to the Prime Minister.

The greatest pressures were placed on the Senior Budget Inspectors. These officers worked a considerable amount of unpaid overtime, in keeping with past Treasury practices. It became obviously unfair, however, to expect officers to continue to work extended hours without remuneration. Under Secretary Henry, who succeeded Oliver in 1971, advised the Board that he intended to exercise his delegatory powers and arrange for remuneration to be paid.⁹¹

During the Askin years pink slips were attached to submissions, upon which were written personal advice, passed freely between himself and the Under Secretary. Communication channels were also available for immediate consultation between the Premier, the head of Treasury, the Chief Budget officer or any other Treasury officer with the specialist skills to advise the Ministry. These arrangements existed between Treasury and the Premier until the 1976 election and the induction of the Wran Labor Ministry. The methodology surrounding the budgetary process, indeed all modes of communication were subsequently dramatically and, irrevocably, changed.

⁸⁸ NSW Treasury Working Papers, *Statutory Appointments under Treasurer*, Oliver to Goodsell, 6th September 1967, (SRNSW ref: 10/48392)

⁸⁹ NSW Treasury Working Papers, Budget Forecasts, 1969/70, (SRNSW ref: 10/48347)

⁹⁰ NSW Treasury Working Papers, *Budget*, 1969, (SRNSW ref: 10/48347)

⁹¹ NSW Treasury, *Working Papers* 1903-1978, Correspondence between Bill Henry and the PSB, 25th September 1972, (SRNSW ref: 10/48371)

Since the early 1960s Treasury officers had acted as Members of Statutory Boards and Commissions, but without remuneration.⁹² They held special training in designated areas, possessing personal attributes, and each had attained academic qualifications of benefit to the organisations which they served. Oliver sought allowances for these officers presenting his concerns to Cabinet. The policy concerning remuneration was subsequently altered.⁹³

Subsequent to the December 1972 Federal elections, Treasury's involvement in Commonwealth-State financial matters increased markedly because of inflationary pressures, (rising to 16 per cent in 1975), rising unemployment (4.5 per cent in 1976) and rising oil prices (650 per cent 1970–73).⁹⁴ A number of new Commonwealth Commissions and Committees were established and, as the work of those bodies involved major financial issues Treasury was required to give considerable time to the preparation or review of reports and other data, in most instances in close association with other State departments. The further expansion of Commonwealth participation in the financing of various State activities included activities such as housing, education, health and hospitals. The scope of the Commonwealth Grants Commission was extended to cover local government authorities, the Under Secretary's involvement in working groups for the drawing up of technical guidelines to reduce inflation, the Commonwealth Rural Reconstruction Scheme and other new schemes involving Commonwealth financial assistance for specific purposes. This final matter required continuing oversight by the Account and Budget branches which were necessary in connection with some 30 special Commonwealth schemes of financial assistance. There was at this time, in tandem with this spiraling of responsibilities, a review and streamlining of accounting techniques and financial procedures in the New South Wales Centre, New York, and the New South Wales Government Office, Tokyo. The improved system, for example, provided for the direct payment of claims in the United States. The practice previously had been to settle Accounts in America by bank draft, through a bank in London. The new arrangements enabled savings to be made on bank

⁹² The head of Treasury had always been paid special allowances for extra duties

⁹³ NSW Treasury Working Papers, *Staff Training* etc, Under Secretary to Premier, 29th August 1968, (SRNSW ref: 10/48388)

⁹⁴ *The Centenary of Treasury*, (2001), pp. 72-73

remitting charges as well as for a more simplified system of accounting by eliminating the need to convert payments from US dollars into sterling and into Australian dollars.

In 1971, John Goodsell retired from the Board during this crucial period, his retirement marking a watershed in the history of the Board. His term in public office had covered the difficult post-war years during which the role and function of Treasury had changed substantially. Less emphasis had been placed on the book-keeping side of its activities, with greater emphasis and amplification of its role as a source of financial and economic advice to the Government. Goodsell's departure also heralded an era of management and administrative reform. The theory and practice of public and financial administration was spurred on by the global economic crisis centred on the Middle East oil-cartels, placing fresh demands on government administration.

The pivotal role of the Budget branch altered with the establishment of the Economics branch in November 1969. There had developed in Treasury the growing realisation of the need for a specialist branch to look at economic policy arising from the implications of State and Commonwealth financial relations and associated State budgetary matters. The outcome was the establishment of the Economist's branch in November 1969, with Norm Oakes appointed Head of the branch with the status of Assistant under Secretary, supported by an Assistant Economist. This branch of Treasury met the growing demands for information on economic and social development, Commonwealth-State financial arrangements, the capital works program, and taxation matters generally.⁹⁵ The establishment of the branch also recognized the eagerness of Treasury to ensure that it kept to the forefront in developments in public finance in Australia.⁹⁶ In its first seven months the branch prepared papers for important meetings of State Premiers on Commonwealth-State financial relationships with a detailed study of the operations of the Federal political system in Canada. The branch rapidly proved itself indispensable in its role as defining and advising the Treasurer on economic policy. At a special Premiers' Conference in October 1970 a comprehensive series of statistics was prepared by the branch to support the State's claim for lost revenue, which was validated following negotiations with the Commonwealth Treasury. Vastly augmented details were also sought by the

⁹⁵ PSB *Annual Report*, 1969-1970, p.50

⁹⁶ Oakes, (1987)

Commonwealth Treasury, including reviews of the budget result expected for the 1970–71, a comprehensive forecast for 1971–72 and details of wage increases.

It was agreed at the June 1971 Premiers' Conference that the States would take over Pay-roll Tax. The Economist's branch assumed responsibility for the detailed discussions with the other States and the Commonwealth, liaising with the Associate Parliamentary Counsel in the preparation of draft legislation which was to be the basis for individual States. The branch was also responsible for the supervision of the borrowing programs of the State's semi-governmental and local authorities. This advice was acquired without the information technology support taken for granted at the close of the century. Treasury was acutely aware, however, of the benefits offered by the developing technology. With the introduction of these new projects and the expansion of existing projects, there occurred an unprecedented demand for computer time, computer processing and improved computer technology.

By 1976, the branch was staffed by two Assistant Economists, two senior Economic Assistants and four Economic Assistants. The workload had increased to such a degree that it was feared the standard of advice given and its competence would be compromised because of pressures to fulfill daily requests. One Assistant Economist was fully engaged in Loan Council matters, aspects of Commonwealth/State financial relations committee work and special projects. The branch was also increasingly called upon to comment on industry studies. Because of increasing demands, narrowing deadlines and maintaining standards of excellence further appointments became imperative. Support staff was also considered inadequate to cope with the workload. The only clerical assistant then available also assisted the Treasury Librarian, as well as performing other essential duties.

Reviews of Treasury efficiency and economic productivity were ongoing with the increasing workload in every branch. The search was ongoing for better and more efficient management techniques. An Organisation and Methods Team was establishment on a trial basis during 1970. The main function of the team was seen as developing the most suitable and efficient accounting systems for use, generally in departments and Statutory Authorities, particularly where those systems integrated with the Treasury computer system.

On 1st July 1971, Henry was appointed Under Secretary, replacing Oliver, who was appointed President of the Rural Bank. Oliver had been appointed Under Secretary on 22nd September 1965, but was requested by Premier Askin in early 1971, to take up the position of President of the Rural, later to become the State Bank following the retirement in June of J. C. Fletcher. Oliver was reluctant to accept this offer, not wishing to leave Treasury, and unsure of the future of the Bank itself. The Premier believed that Oliver's experience in Treasury would be of enormous assistance to the Government and to the Rural Bank itself. After much persuasion, and against his better judgment, Oliver agreed to the appointment, leaving Treasury on 30th June 1971.⁹⁷ Oliver significant contribution to the operations of the Bank was a continuation of his service in Treasury. His policy, as head of Treasury, had been personal, safeguarding the interests of his staff. He emphasised personal interaction, he stressed the importance of the individual and the necessity to provide the best service to the public.

An indication of the increasing level of the Treasurer's responsibilities was the creation in 1974 of a new ministerial portfolio of Minister for Revenue and Assistant Treasurer. This move was intended to relieve the Premier and Treasurer of direct responsibility in the areas of revenue collection and government financial institutions. In servicing the two portfolios Treasury continued its major role of adviser to the Government in the formation of the State's financial policy with executive responsibilities for the preparation and continuing review of the State's Budget and Loan Estimates and the management of Government funds.⁹⁸

The problems of inflation and unemployment impinged on the 1975 budget, and financial restraints and increased imposts were applied in an effort to achieve budgetary stability. Measures introduced included the licensing of Soccer Football Pools and tobacco sellers, together with increases in stamp duties, racing taxes, petrol and liquor licences and mining royalties. Concessions were granted, however, with respect to land tax, pay-roll tax, death duty and poker machine taxation, while petrol tax was subsequently abolished from 1st April 1976. With the exception of increases in liquor licences and mining royalties all increases and concessions related to taxes administered

⁹⁷ It is the author's opinion that Oliver still regards this appointment with regret and some bitterness

⁹⁸ NSW Public Service Board *Annual Report*, 1974/1975, p.82. This portfolio was later dismantled by Premier Wran and the Office of State Revenue established

either directly by Treasury or its sub-departments, and involved considerable investigation by Treasury officers.

The Liberal Askin era ended with his retirement in January 1975, marking the end of a relatively stable period in political leadership. Askin's Ministry was followed by two disruptive changes in leadership. In January 1975, Askin was replaced by the unproven and pedantic Tom Lewis. A feature of the Lewis Ministry was the introduction of Corporate Planning, indicating a drift to the American style of administration. Lewis also sought outside advisors and held informal breakfast meetings with representatives from the commercial sector. Treasury officers were not included, and did not consider those meetings the most reliable source of economic advice, especially when Treasury was not privy to the advice. In the latter days of the Lewis Liberal Ministry, a Committee was also convened to review the machinery of Government and ensure that the public service operated as efficiently as possible.

In January 1976, Lewis was replaced by the 'faltering' Sir Eric Willis. Willis called a hasty election for 1st May 1976, threatened by a number of political factors including a likely tough Fraser budget. A clutch of reasons contributed to the Liberal's close loss by one seat to the Labor Government of Neville Wran in May 1976, confirmed 10 days after polling. Treasury had dealt with most matters which proved critical at the election, matters that included: milk quotas, public transport, threatened 'double taxation' riding on the premise of Fraser's 'New Federalism', environmental issues and industrial relations.⁹⁹ Also persuasive was Wran's professional use of the media, the papers and TV, in which he presented himself in a persuasive, competent and professional manner.¹⁰⁰ His was the face of new-age politics.

Wran led a reformist government that released centrifugal forces, far-reaching for Treasury, in their administrative, functional and structural import. Wran's implementers of change had sufficient evidence to interpose fresh ideas concerning public administration.

The outcome of the Government Review of 1974, overall, had been limited. The Government administration as a whole did not confront, purposefully, the fundamental problems identified. The limited approach in addressing the inadequacies of the public

⁹⁹ Bennett, Scott '1976', in Hogan, Michael and Clune, David, ed. 2001, *The People's Choice*, Volume Three, Parliament of New South Wales, Sydney, pp. 128-135

¹⁰⁰ Bennett, '1976', p.146

service demonstrated that ‘tinkering with structures’ did not result in ‘fundamental change’.¹⁰¹ A further evaluation was undertaken, however, of Treasury’s structure and staffing, and a scrutiny made of the operations of Treasury’s core branches.¹⁰² This reassessment of efficiencies, accompanied by improved methodologies and technologies, would, it was assumed, enable Treasury to carry out its functions and responsibilities more effectively and efficiently. Treasury had recognized ten years before that major administrative changes were necessary to ensure the department was able to meet the growing demands being made at a State and federal level, and within narrowing time frames. The managerial mantra of corporate Australia was ‘work smarter, not faster’ and intoned in Treasury. Intra and inter governmental relations were becoming increasingly complex and workloads in all Treasury branches had grown significantly, both in volume and difficulty. In addition, a range of important projects needed to be developed in accordance with the recently introduced Treasury’s corporate plan and the establishment of Lewis’ Cabinet Committee system, both activities increasing extra demands on staff resources.

Treasury staff numbers in 1975 averaged 239, an increase of 113.39 per cent in a decade (112 staff in 1965) and a 60.4 per cent increase in one year (147 staff) since 1974, the year in which the new portfolio of Minister for Revenue and Assistant Treasurer was created.¹⁰³ Staff distribution in the functional branches included, five in Administration, 36 in the Budget branch (44 in 1984), nine in Account, 14 in the Economists branch, 108 clerks and 53 stenographers distributed throughout the department and 14 officers in the Business Franchise Licences branch.

Ten years after its foundation Commonwealth/State financial relations still dominated the activities of the Economics branch. It was not only reviewing the performance of the previous financial year but had established economic forecasting for the coming year. The storage of economic data, particularly of a statistical nature had been improved, a resource accessed by other departments. The branch also continued

¹⁰¹ Curnow, Ross ‘The NSW Machinery of Government Review’ in Smith, R.F.I. and Weller, P. 1978, Public Service Inquiries in Australia, University of Queensland Press, St Lucia, Brisbane

¹⁰² The administrative structure of Treasury in 1979 was composed of: Budget Branch, Economists Branch, State Statistical Co-ordination Unit, Administrative Branch, Finance Branch, Poker Machine Section and Business Franchise Licences Branch. See Organization charts, c 1979 for a list which details the functions of each of the branches and sections of the Treasury. (SRNSW ref: 13/9660.2)

¹⁰³ This portfolio had been established by the Lewis Coalition Government in June 1975 to relieve the Premier/Treasurer of direct responsibility of revenue collection and government financial institutions

its tradition of submitting advice and answering routine questions on economic matters and assisting the government in its submission to the national wage case. Special studies were undertaken which included a major review of economic developments in Australia and the six States over the previous two decades formulating advice for the Grants Commissions. In summary, the Economics branch was devoting more time to broad policy and planning which assisted Treasury when advising the government on alternative budget and general financial strategies, to meet both short and long term requirements.

Staff shortages had impaired, however, efficiency. Following a review of staffing levels in each of the Treasury branches a proposal was submitted to the Board concerning the Budget branch. One solution offered to improving performance was the introduction of a 'team approach' for addressing major issues. A senior staff member acted as project leader with other qualified staff carrying out the detailed analysis and research. The branch head was freed from his managerial responsibilities to concentrate on top level policy matters. This structural change also strengthened its professional capacity in order to prepare definitive reports for consideration by Ministers and Cabinet, following it through to the legislative phase, where necessary.

In June 1975, the Board approved, in principle, proposals for the reorganisation of the Budget branch. The branch was organised into seven sections, each section having responsibility for a number of Government agencies. Each section was required to examine budgets which had been submitted by individual agencies to the branch, to measure and make reports on individual outcomes. Many targets, in the Budget and Loan areas, had been achieved but at the expense of representational matters and forward planning. No section was able to submit timely reports on developments within departments and Authorities for which they were responsible. Time tables set by the Premier for processing Ministerials and other submissions, as well as requests for advice from Ministers, were disregarded. A further weakness was a falling behind in professional capacity. Senior Budget Inspectors were denied opportunities to undertake staff development courses and essential training programs because of the pressure of work in the branch.

The paucity of staff aggravated inefficiencies particularly in areas associated with agreements between the Commonwealth and the State. Responsibilities were multiple,

demonstrated by its contributions to discussions dealing with matters such as growth centres, the National Estate, Land Councils, backlogs in sewerage development schemes, education, including Technical Education, Community Health and Rural Assistance which included special schemes for dairy adjustment and beef producers. Negotiations relating to Medibank, the State Dockyard and the Commonwealth Assistance Plan were placing untenable demands on the branch. The financial implications associated with those multiple schemes required an added commitment, and continuing close involvement of the branch. Senior Budget Officers were becoming more and more pre-occupied with the oversight of the Budget and Loan Program, and the review of the multitude of payments under the various agreements and arrangements with the Commonwealth. Each Section was deeply involved with some Commonwealth policy initiative about which the Premier required timely responses, in order to anticipate Commonwealth moves, and ensure that the State's interests were not prejudiced. Staff turnover in the branch over the previous three years had been exceptionally heavy adding to the difficulties encountered in the sections. The Senior Inspectors had been loyal, working long hours at the office and at home, far beyond what was considered acceptable in other areas of the public service. Officers also had to deal with the normal work flows during Budget and Loan reviews. The establishment of the Cabinet Committee system by Premier Lewis in 1974 had also placed greater demands on the branch, particularly in the Budget and Loan review processes. Major and fundamental change to the structure of the branch was unavoidable if efficiency and effectiveness were to be guaranteed.

Remedial action by the Board included the appointment of an additional position of Assistant Chief Budget Officer, plus an eighth or relieving section, and an additional position of Inspector/Assistant Inspector to each of the already existing seven sections. The newly appointed Assistant Chief Budget Officer relieved the two senior officers of most of the review of submissions and correspondence and took responsibility for special assignments from the Head of Budget and Inspection, the Assistant Under Secretary, the Deputy Under Secretary and the Under Secretary. Selection criteria were met by Budget Officer Ron Daley who was appointed to the position. He was considered efficient and suitably qualified, with drive and an ability to expedite matters. He possessed the required organisational ability with considerable Treasury experience.

Daley was later appointed to the Senior Executive with major involvement in the establishment of the first casino in the State.

The new branch structure of eight sections proved unsatisfactory. Any improvement in work out-put had largely resulted from the small increase in staff numbers and the appointment of the Assistant Chief Budget Officer, rather than the spreading of the total workload over an extra section. The relieving or eighth section specialised in State disasters, leaving limited scope for the section to provide relief or undertake special tasks for the other sections. Another factor contributing to this failed concept was the spread of the decision-making and reviewing processes over too large a number of officers. A further strategy was adopted in order to improve its operational efficiency. The eight division structure was reorganised into four sections, each comprising eight officers: two Senior Inspectors, two Inspectors, and four Assistant Inspectors.

One administrative initiative introduced by the Board at this time and its impact often over-looked was the introduction of flexi-time across the public service. This change had a major influence, not only on Treasury but the overall culture of the public service. No longer were official office hours regulated between 9 am and 5 pm, staff attendance no longer routine and strictly monitored, and the flow of people and their whereabouts determined with relative accuracy.¹⁰⁴ Flexible working hours and mobility in high rise buildings instigated irrevocable change in work patterns and loyalties.

The introduction of flexitime in the Budget branch necessitated adequate flexibility within each section to cope with the absences introduced under the system and to ensure that a sufficient number of people were available in each section with sufficient background knowledge to cope with the important and urgent requests.¹⁰⁵

The change of government in 1976 did not presage a bright new day for the State's senior financial administrator. The following ten years proved to be the most significant in the history of Treasury. Policies of far-reaching application were directed to financial and administrative reform within the public service. To its consternation,

¹⁰⁴ One reason for its introduction was to ease pressure on access and egress in high rise buildings during peak periods and the accompanying use of lifts

¹⁰⁵ NSW Treasury, *Working Papers*, Correspondence between Oakes and Sir Harold Dickinson, 12th January 1977. (SRNSW ref: 10/48371) In 1996 an organisational restructure was anticipated. This involved the trial of a portfolio approach to managing agency relations, the merging of accounting and budget policy areas and the rotation of Directors to effect better communications and improved management capability. *Annual Report NSW Treasury, 1996/1997*

Treasury attracted a singular measure of attention. Prior to 1976, Treasury was central to most of the State government's economic decisions, in addition to its traditional role of overseer of the gathering and expenditure of the public revenue and overall financial administration. It was this former component of its role in the State's economic administration that altered with the political changes of 1976. A remarkable change occurred in Treasury with the introduction of a Ministry determined to involve itself personally in the budgetary process and economic management as a whole. The administrative changes were unequalled in the history of Treasury and unthinkable when the Askin Liberal Government came to power in 1965 a fraction over ten years before.

CHAPTER 11

CONCLUSION

The aim of this thesis has been to craft a useful contribution and reliable reference for researchers of institutional histories. Such studies provide fundamental information for senior administrators who generally appreciate the political and administrative fads of governance and the cyclical nature of activation, inactivity and reformist policies. Such has marked the character of the administration of the public service in this State.

This work also provides a legitimate and stable reference point for consultation when comparisons and perspectives are desirable, with differences and similarities clarifying administrative dilemmas. A referral back to former structures, considered obsolete, may provide the administrator and researcher with material to balance current theories and practices. This thesis, therefore, provides, essentially, a connection between history and public administration.

The subject of this thesis is a specific financial institution, the New South Wales Treasury, established in the colony in 1824, the coverage concluding in 1976, the year of the Wran election victory. Because of the length of time covered in the thesis, there has been a forced compression of facts and time. There has been a concentration on 'summits' and a broad brush approach. Nevertheless, there has been interpolated a continuum, a theme, demonstrating the application of accountability, transparency, efficiency and economy in the financial administration of the public purse. This has been constant through the thesis, though the development has been in 'lurches'.¹

The analysis of its inception, adaptation to colonial conditions, and emergence as a critical and major financial administrator has led to a firm conclusion. What was demonstrated was that an institution, founded on principles embodying fundamental standards of integrity and correctness will overcome inept, maladroit, or casual leadership. If the society in which it functions is not prey to violent extremes of wealth and poverty, and the foundations of the government within which it functions, is

¹ Thomson, Hugh 2006, *Cochineal Red*, Weidenfeld and Nicolson, London, pp.xv-xvii

legitimate and accountable then that institution will survive. Accountability, transparency, efficiency and effectiveness have marked the reality of Treasury's foundation, existence and progress. What has also been demonstrated is that, despite all attempts at providing firm estimates for future expenditure, this has not been achievable or successful, at the federal or State level. There have been, and ongoing commitments to control revenue and expenditure, but the outcome has meant leaving much to guess and fractured optimism.

The principles of financial administration to which Treasury adhered, if fitfully, were derived from the British Treasury. They were fixed in the conventions of the first managers of the colonial funds and determined by the practitioners in the colonial parliament. The Ministerial custodians, the Colonial Treasurers, and later, in tandem with the Public Service Board, extemporised, and achieved a measurable standard of efficient financial administration. By 1976, the year at which this thesis concludes, Treasury's performance, as financial administrator, was free of overt corrupting practices and manifesting an ideal and a standard of accountability, transparency and efficiency in its stewardship of the public purse.

The New South Wales Treasury has survived the vicissitudes of a penal colony, the uncertainties of constitutional changes, variable leadership qualities, festering Commonwealth/State financial relations, world economic chaos and the advent of computer technology. In 1824 when Treasury opened for business, the population of the colony numbered 35,769. Treasury's activities in 1824 were in response to the immediate economic environment which was developing quickly because of pastoral activities, manufacturing and local industries. The estimated revenue and expenditure for the colony in 1826 was £72,221 and £97,866 respectively.² In 1976 the population of New South Wales had expanded to 4,978,461. The New South Wales Budget Papers for 1975/1976 indicated that the Consolidated receipts amounted to \$2,638,516,494, including payments to the State by the Commonwealth.³ The summary of Estimated expenditure for the same period was \$2,637,762,411.

Between 1824 and 1976 the department has served and survived under 19 Under Secretaries and 51 Colonial Treasurers. From the one branch, the Treasury, the

² McMartin, (1983), p.184

³ NSW Budget Papers 1975/1976, p.8

department in 1976 boasted a Senior Executive, the Budget and Inspection Branches, the Economics and Revenue Branches, Administrative and the Account Branch.⁴

In the nineteenth century whilst the Under Secretaries were experienced public servants in matters of public administration and public finance the Colonial Treasurers possessed a variable capacity to manage the public purse. The Under Secretaries were, by necessity, practitioners of the interplay of politics and administration and in the promotion of the department's interests.⁵ Each was personally involved in the development of the department, its internal policies and directing and controlling the execution of its policies. Treasury's permanent heads were shadowy personages in the public domain. Seldom were they in the public eye, being professional accountants and strict overseers of departmental expenditure. They were unlike other public servants such as Dr J. Bradfield, Public Works engineer, Timothy Coghlan, Government Statistician, Critchett Walker, Principal Under Secretary of the Colonial Secretary's Department, and the doyen of New South Wales public servants at the beginning of the twentieth century,⁶ or R. J. Noble, Department of Agriculture, names associated with the wealth and progress of the State and its administration.

Despite lapses in good judgment and leadership, including episodes, for example, of overt sectarianism, these aberrations were overcome or subsumed by the major activities of the department. The incidents of malfeasance were rare with immediate suspension if detected. The appointments to the New South Wales public service in the nineteenth century, by way of royal or ministerial patronage, were much better than one would have any right to expect from the system under which they were appointed.⁷

Treasury's administration has, since the 1900s, been based not only on its fundamental accounting role but investigating and analyzing and appreciating the consequences of the surrounding financial *milieu*, both good and bad. The Lang years of the 1920s and 1930s provide sufficient evidence of Treasury doing its duty at the behest of its political masters, and surviving the political turmoil. The outcomes were political, based on political strategies and ideological grounds. Treasury's responses in periods of crisis confirms Hyslop's argument that the mere words 'policy' and

⁴ The first female Budget officer was appointed in 1981.

⁵ Hyslop, (1973), pp.1-2

⁶ Tyler, (2006), p.17

⁷ Curnow, R. and Page, B. ed 1989, 'Politicisation and the Career Service', Canberra College of Adult Education and NSW Division of RAIPA, Canberra, p.1

‘administration’ provide no basis for distinguishing the roles of ministers and public servants. He concluded that administration (of Treasury) is ‘the capacity of co-ordinating many and often conflicting social energies in a single organism so adroitly that they should operate as a unity.’⁸

In 1976 the Wran (Labor) Ministry established a new power base with the Premier’s department taking the dominant role in government administration away from the Public Service Board. What occurred was the metamorphosis of the public service, transformed from the Weberian hierarchical structure, a departmental head referring to the political representative, to one of dispersed responsibility and accountability. Until this period there was a formal relationship between the Minister, the parliament and the administration with full responsibility resting at the pinnacle of this pyramidal scheme of administration. This *schemata* was considered by the administrative reformists as being too narrow to afford full accountability. The managerial model for the public service as propounded, would lead to open accountability by a policy of freedom of information for the electors.

Three main elements of this new testament were identified in Treasury’s development after 1976. The focus turned to top management systems providing information by firstly: enhanced computer technology, secondly, the decentralization of budget control to departmental accountants and thirdly, performance appraisal of the senior executive service. This final element intended flexibility, contractual participation without the traditional style of rules and procedures.⁹ The new managerialism introduced direct accounting to a client based public service with anticipated greater responsiveness and transparency of results. What happened was a paradigm shift from a bureaucratic model of administration to a market model of management closely related to that of the private sector. It was now result driven at the organizational and individual level. It is interesting to observe that after thirty years of ‘managerialism’ the concept has come under review and criticism because of its questionable efficacy and lack of common sense.

⁸ Brooks, Adam in Jaleel Ahmad, *The Expert and the Administrator*, University of Pittsburgh, 1959, p.4
in Hyslop (1973), p.195

⁹ Owen, (1994), pp.247-256

Strategic management and planning was introduced at the executive level with staff input supported by corporate planning.¹⁰ The paradigm was based on a system that was inherently political with special connections between the Treasury executive and the political sphere. Although couched in modernist language this undoubtedly applied in the 1870s when Eagar as Under Secretary developed a special communication with Treasurers involved in overseas borrowing and who gave the most focused advice possible to Colonial Treasurers and Agents-General. Eagar was Treasury's 19th century intellectual capital.

As argued Treasury was, until the 1970s a unit in the traditional hierarchical public administrative structure. The Treasurer was directly responsible for financial administration, Treasury providing faceless advice and administrative acumen. The hierarchical model gave way to the precept of managerialism and decentralization of accounting management.

Accountability, as argued by Forster and Hazlehurst, was implicit throughout the instructions given to Phillip in 1787. With his broad powers came accountability which involved the collection and collation of information in numerical form appropriate for a penal colony.¹¹ That included regular returns of population, land grants, live stock, marines, the sick and the dead. The Commissary was obliged to send to the Colonial Office the state of stores and the number of persons being victualled at Sydney and Norfolk Island. In 1822, accountability was the notion behind the Blue Books first collated and gathered from all British colonies according to a prescribed form. In this prescribed form of reporting was recorded detailed information respecting the financial resources of the colonies and returned to the Colonial Office in order to rationalize the administration and expenditure across the empire. When self-government was instituted in 1856, the Blue Books were transformed into the Statistical Registers. The Colonial Treasurers' Financial Statements, issued annually, were annual responses to the precept of ministerial accountability.

In 1974 Hector and Wildavsky argued that:

¹⁰ Aulich, Chris, Halligan, John, Nutley, Sandra 2001 *Australian Handbook of Public Service Management*, Allen & Unwin, Sydney, pp.59

¹¹ Forster, Colin and Hazlehurst, Cameron 1988, 'Australian Statisticians and the Development of Official Statistics', *Year Book of Australia 1988*, Australian Bureau of Statistics, p.1

‘allocating money was the most pervasive and informative operation of government. It tells how politicians and public servants co-operate, bargain and fight. It is about cabinet, government, professional administration, parliamentary democracy and ideology.’¹²

The evidence, flowing from current practices as to public money and control, they argued, was almost non-existent. Well before the reformist years of the 1970s the trends in accountancy had changed, however, in Treasury. In the 1930s, rather than attempting to trip up petty cashiers accountants began to look behind the figures forensically, which offered directions for future planning and for framing policies for the future. This was Stevens’ perception of the role of the Budget branch.

New machinery in ‘expenditure practice’ was among requirements, however, for successful change. English and Guthrie concluded that after the early 1970s there was a determined shift in the method of delivering government services to the community and ‘an increasing attention to economy, efficiency and effectiveness in their administration’.¹³

The administrative revolution commencing in the 1970s identified accountability as the yardstick of good governance and was prized as leverage by the public as administration became client focused. Administrative law made provision for the airing of public grievances, Freedom of Information legislation, the establishment of the Ombudsman and appeals to Administrative Tribunals enhanced the ideal of government accountability. With added probity came the requirement for financial administrative improvements.

The administrative problems of the 1960s and beyond were to be problems attaching to an expanding organization, still conscious of a mismatch between resources and commitments. Technology was adopted as the means for harnessing expanding information in the renewed demands by parliament and the public for defining accountability. Forster *et al* when analyzing the introduction of the era of the computer into government administration identified reasons: administrative pressures and needs which depended on managerial support and funding. As with the advances made in statistical gathering so it was with financial administration. In pre-War years

¹² Heclo, Hugh and Wildavsky, Aaron 1974 *The Private Government of Public Money*, Macmillan, London, p.xii

¹³ English, Linda and Guthrie, James 2000, ‘Mandate, Independence and Funding: Resolution of a Protracted Struggle Between Parliament and the Executive Over the Powers of the Australian Auditor-General’, *AJPA*, 59,1, pp.98-114

‘... statistics were used primarily as a measure of past performance, since the War they have been used increasingly as a means of evaluating current trends and as a basis for anticipating future economic trends for planning, both in Government and in private industry.’¹⁴

In the 1960s, New South Wales shadowed, if not pre-empted, the initiatives in the federal sphere for anticipating future economic trends for planning. In August 1960, fresh management tools in financial administration were applied, enhancing government accountability.¹⁵ Innovation, especially technology was developed as foreseen by Bertram Stevens in the early 1920s. Automatic Data Processing (ADP) was developed in Treasury because of a growing awareness and appreciation of the potential of ADP.¹⁶

In June 1987 a Final Report was issued by an Expenditure Review Task Force.¹⁷ The Chairman observed that:

‘The major challenge facing the NSW Government for the remainder of this century will be to satisfy changing community needs with limited budgetary resources. Hyperbolically, “to do better with less”. This will require not only a more efficient and effective delivery of basic services, but also concentrating on the most pressing needs to the exclusion of other demands.’

Accountability, efficiency and effectiveness has been the mantra of Secretaries of State following European settlement. The Bigge Report supported this policy and was pursued until transportation was discontinued and responsible government instituted. Federalism and the twentieth century problems of tax sharing grants and specific purpose payments by the Commonwealth endorsed this precept. For nearly two hundred years there has been the constancy of demands for smarter and smaller government with Treasury supervising conformity in its capacity as superintendent of the public purse.

In the late twentieth century the observation has been made that the role of the public service debate has become uncertain. This has arisen because the distinction between the private and public sectors has become less pronounced. A career no longer meant a lifetime attachment to the one department. Because of specialization and

¹⁴ Forster, et al (1988), p.100

¹⁵ Spann, R.N. ‘Understanding Public Administration: Reflections on an Academic Obituary – “Alas, Poor Yorick”’, *AJPA*, Vol. XL, No. 3, September 1981, p.235

¹⁶ See Moore (1989) for an analysis of the importance of leadership in the affairs of the PSB

¹⁷ NSW Treasury, June 1987, *Expenditure Review Task Force Final Report*, Summary and Recommendations, p.1

portable superannuation a life long career of 30 to 40 years was no longer anticipated as had been the tradition in Treasury.

In 1965, morning and afternoon tea was served in Treasury by a tea lady and taken at desks. A small charge of 30 cents per fortnight to cover the cost of ingredients only was made for this service. The reading of newspapers and magazines was not permitted during the tea breaks.¹⁸ In November 1975 technology overtook the leisurely ceremony of the tea trolley and the traditional ways collapsed. A hot drink vending system or Café Bar replaced the tea and coffee trolley service. The formation of ‘tea clubs’ was disposed off. The evening meal served usually on four days each week was curtailed in November 1975 because of a number of factors associated with a decrease in patronage and flexitime. The changes were profound but a global economy had overtaken a proud and provincial participant in what was now a global entity.






This thesis, therefore, traces the development of an institution, from penal colony to a multi-purpose economy, depending on private sector agreements for public infrastructure, an experiment that failed in 1853. Tyler (2006) concludes his analysis of the public service in the twentieth century with the observation that ‘What effect these radical philosophical and social changes have had on the administration of New South Wales since 1960 remains a subject for future analysis.’¹⁹ My closing sentiments are those of Tyler concerning the future role of Treasury. Its abiding principles of financial administration must remain if it is to survive, and I iterate, accountability, transparency and efficiency.







¹⁸ *NSW Treasury Working Papers*, ‘Recreation and amenities for Treasury officers, Staffing etc. c1965’, (SRNSW ref: 10/48388)







¹⁹ Tyler, (2006), p.228




APPENDIX A

SECRETARIES OF THE NEW SOUTH WALES TREASURY, 1856–1999

	<p>HENRY LANE Under Secretary for Finance and Trade</p> <p>Term of Appointment: 1st September 1856–30th January 1872</p>
	<p>Hon. GEOFFREY EAGAR Under Secretary for Finance and Trade</p> <p>Term of Appointment: 1st February 1872–28th February 1891</p>
<p>Photograph Not available</p>	<p>FRANCIS KIRKPATRICK Under Secretary for Finance and Trade</p> <p>Term of Appointment: 1st March 1891–10th May 1905</p>
	<p>CHARLES JAMES SAUNDERS Under Secretary for Finance and Trade</p> <p>Term of Appointment: 11th May 1905–28th January 1907</p>
	<p>JOHN WILLIAM HOLLIMAN ISO Under Secretary for Finance and Trade</p> <p>Term of Appointment: 29th January 1907–15th January 1922</p>
	<p>ARTHUR PATTRICK PEARSON Under Secretary</p> <p>Term of Appointment: 16th January 1922–3rd April 1923</p>

	<p>JOHN SPENCE B.A., LL.B., FCAA, CMG Under Secretary for Finance and Trade, Director of Finance</p> <p>Term of Appointment: 4th April 1923–21st November 1924</p>
	<p>BERTRAM SYDNEY BARNSDALE STEVENS Director of Finance, Under Secretary</p> <p>Term of Appointment: 22nd November 1924–12th July 1925</p>
	<p>CLARENCE RADFORD CHAPMAN Under Secretary</p> <p>Term of Appointment: 13th July 1925–29th July 1935</p>
	<p>THOMAS JOSEPH DWYER KELLY CMG, FICA Under Secretary and Comptroller of Accounts, Director of Finance and Trade Under Secretary</p> <p>Term of Appointment: 30th July 1935–10th May 1938</p>
	<p>EDMUND HAROLD SWIFT MA, AICA Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 11th May 1938–5th January 1942</p>
	<p>MERVYN ANDREW KERR WEIR AICA Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 19th January 1942–31st December 1945</p>

	<p>JOHN GEORGE LEE DEC Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 2nd January 1946–30th June 1948</p>
	<p>SIR JOHN WILLIAM GOODSSELL CMG, FASA Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 1st July 1948–29th April 1955</p>
	<p>AUBREY WILLIAM BURLETON COADY CMG, BA, B.Ec. Under Secretary & Comptroller of Accounts</p> <p>Term of Appointment: 30th April 1955–13th October 1959</p>
	<p>WILLIAM GORDON MATHIESON CMG, B.Ec, FAGA Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 14th October 1959–6th December 1963</p>
	<p>EDWIN JAMES WALDER B.Ec. (Hons) Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 27th December 1963–21st September 1965</p>
	<p>ALBERT JOHN OLIVER CMG FASA FAIM Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 22nd September 1965–30th June 1971</p>

	<p>WILLIAM ERNEST HENRY CMG B.Ec. FASA Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 1st July 1971–16th January 1977</p>
	<p>NORMAN OAKES B.Ec. Under Secretary and Comptroller of Accounts</p> <p>Term of Appointment: 17th January 1977–23rd February 1986</p>
	<p>Prof. PERCY ALLAN M.Ec Secretary of the Treasury</p> <p>Term of Appointment: 24th February 1986–27th May 1994</p>
	<p>MICHAEL GEORGE LAMBERT B. ECG. (Hons) M.Ec. Secretary</p> <p>Term of Appointment: June 1994–31st January 1997</p>
	<p>JOHN ERIC PIERCE B.Comm (Hons) Secretary</p> <p>Term of Appointment: 16th April 1997–</p>

APPENDIX B

TREASURERS OF NEW SOUTH WALES, 1824–1999



William Balcombe
Colonial Treasurer 28th April 1824 – 19th March 1829



Campbell Drummond Riddell
Colonial Treasurer 23rd August 1830 – 5th June 1856



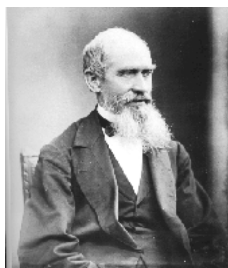
Thomas Holt
Colonial Treasurer 6th June 1856 – 25th August 1856
(*Donaldson Ministry No.1. 6th June 1856 – 25th August 1856*)



Robert Campbell
Colonial Treasurer 26th August 1856 – 2nd October 1856
(*Cowper Ministry No. 2. 26th Aug. 1856 – 2nd Oct. 1856*)
Colonial Treasurer 4th Jan. 1858 – 30th March 1859
(*Cowper Ministry No. 4. 7th Sept. 1857 – 26th Oct. 1859*)



Sir Stuart Alexander Donaldson
Colonial Treasurer 3rd Oct. 1856 – 7th Sept. 1857
(*Parker Ministry No. 3. 3rd Oct. 1856 – 7th Sept. 1857*)



Richard Jones
Colonial Treasurer 7th Sept. 1857 – 3rd Jan. 1858
(*Cowper Ministry No.4. 7th Sept. 1857 – 26th Oct. 1859*)



Elias Carpenter Weekes

Colonial Treasurer 18th April 1859 – 26th Oct. 1859

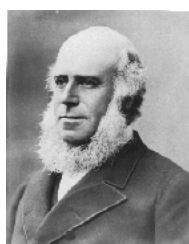
(Cowper Ministry No.4. 7th Sept. 1857 – 26th Oct. 1859)

Colonial Treasurer 9th Mar. 1860 – 20th Mar. 1863

(Robertson Ministry No.6. 9th Mar. 1860– 9th Jan. 1861)

Colonial Treasurer 10th Jan. 1861 – 20th Mar. 1863

(Cowper Ministry No.7. 10th Jan. 1861– 15th Oct. 1863)



Sir Saul Samuel

Colonial Treasurer 27th .Oct. 1859 – 8th .Mar. 1860

(Forster Ministry No. 5 27th Oct. 1859 – 8th Mar. 1860)

Colonial Treasurer 20th . Oct. 1865 – 3rd Jan. 1866

(Cowper Ministry No. 9. 3rd .Feb. 1865 – 21st Jan. 1866)

Colonial Treasurer 27th Oct. 1868 – 15th Dec. 1870

(Robertson Ministry No. 11. 27th Oct. 1868 – 12th Jan. 1870)

Colonial Treasurer 27th.Oct. 1868 – 15th Dec. 1870

(Cowper Ministry No. 12. 13th Jan. 1870 – 15th Dec. 1870)



Thomas Ware Smart

Colonial Treasurer 21st Mar. 1863 – 15th Oct. 1863

(Cowper Ministry No.7. 10th Jan. 1861 – 15th Oct. 1863)

Colonial Treasurer 3rd Feb. 1865 – 19th Oct. 1865

(Cowper Ministry No.9. 3rd Feb. 1865 – 21st Jan. 1866)



Hon. Geoffrey Eagar

Colonial Treasurer 16th Oct. 1863 – 2nd Feb. 1865

(Martin Ministry No.8. 16th Oct. 1863 – 2nd Feb. 1865)

Colonial Treasurer 22nd Jan. 1866 – 26th Oct. 1868

(Martin Ministry No.10. 22nd Jan. 1866 – 26th Oct. 1868)



Marshall Burdekin

Colonial Treasurer 4th Jan. 1866 – 21st Jan. 1866

(Cowper Ministry No.9. 3rd Feb. 1865 – 21st Jan. 1866)



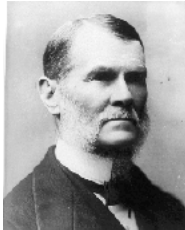
George William Lord
Colonial Treasurer 16th Dec. 1870 – 13th May 1872
(Martin Ministry No.13. 16th Dec. 1870 – 13th May 1872)



William Richman Piddington
Colonial Treasurer 14th May 1872 – 4th Dec. 1872
(Parkes Ministry No.14. 14th May 1872 – 8th Feb. 1875)
Colonial Treasurer 22nd Mar. 1877 – 16th Aug. 1877
(Parkes Ministry No.16. 22nd Mar. 1877 – 16th Aug. 1877)



George Alfred Lloyd
Colonial Treasurer 5th Dec. 1872 – 8th Feb. 1875
(Parkes Ministry No.14. 14th May 1872 – 8th Feb. 1875)



William Forster
Colonial Treasurer 9th Feb. 1875 – 7th Feb. 1876
(Robertson Ministry No.15. 9th Feb. 1875 – 21st Mar. 1877)



Sir Alexander Stuart
Colonial Treasurer 8th Feb. 1876 – 21st Mar. 1877
(Robertson Ministry No.15. 9th Feb. 1875 – 21st Mar. 1877)



William Alexander Long
Colonial Treasurer 17th Aug. 1877 – 17th Dec. 1877
(Robertson Ministry No.17. 17th Aug. 1877 – 17th Dec. 1877)



Henry Emanuel Cohen
Colonial Treasurer 18th Dec. 1877 – 20th Dec. 1878
(Farnell Ministry No.18. 18th Dec. 1877 – 20th Dec. 1878)



James Watson
Colonial Treasurer 21st Dec. 1878 – 4th Jan. 1883
(*Parkes Ministry No.19* 21st Dec. 1878 – 4th Jan. 1883)



Sir George Richard Dibbs
Colonial Treasurer 5th Jan. 1883 – 6th Oct. 1885
(*Stuart Ministry No.20.* 5th Jan. 1883 – 6th Oct. 1885)
Colonial Treasurer 10th Oct. 1885 – 21st Dec. 1885
(*Dibbs Ministry No.21.* 7th Oct. 1885 – 21st Dec. 1885)



John Fitzgerald Burns
Colonial Treasurer 22nd Dec. 1885 – 25th Feb. 1886
(*Robertson Ministry No.22.* 22nd Dec. 1885 – 25th Feb. 1886)
Colonial Treasurer 20th Jan. 1887 – 16th Jan. 1889
(*Parkes Ministry No.24.* 20th Jan. 1887 – 16th Jan. 1889)



Sir Patrick Alfred Jennings
Premier & Col. Treasurer 26th Feb. 1886 – 19th Jan. 1887
(*Jennings Ministry No.23.* 26th Feb. 1886 – 19th Jan. 1887)



James Patrick Garvan
Colonial Treasurer 17th Jan. 1889 – 7th Mar. 1889
(*Dibbs Ministry No.25.* 17th Jan. 1889 – 7th Mar. 1889)



Sir William McMillan
Colonial Treasurer 8th Mar. 1889 – 27th July 1891
(*Parkes Ministry No.26.* 8th Mar. 1889 – 22nd Oct. 1891)



Arthur Bruce Smith
Colonial Treasurer 14th Aug. 1891 – 22nd Oct. 1891
(*Parkes Ministry No.26.* 8th Mar. 1889 – 22nd Oct. 1891)



Sir John See
Colonial Treasurer 23rd Oct. 1891 – 2nd Aug. 1894
(*Dibbs Ministry No.27. 23rd Oct. 1891 – 2nd Aug. 1894*)



Sir George Houstoun Reid
Premier & Col. Treasurer 3rd Aug. 1894 – 3rd July. 1899
(*Reid Ministry No.28. 3rd Aug. 1894 – 13th Sept. 1899*)



Sir Joseph Hector Carruthers
Colonial Treasurer 3rd July. 1899 – 13th Sept. 1899
(*Reid Ministry No. 28. 3rd July. 1899 – 13th Sept. 1899*)
Premier & Col. Treasurer 30th Aug. 1904 – 1st Oct. 1907
(*Carruthers Ministry No. 32. 30th Aug. 1904 – 1st Oct. 1907*)



Sir William John Lyne
Premier & Colonial Treasurer 15th Sept. 1899 – 20th Mar. 1901
(*Lyne Ministry No.29. 14th Sept. 1899 – 27th Mar. 1901*)



Thomas Waddell
Colonial Treasurer 10th April. 1901 – 14th June 1904
(*See Ministry No.30. 28th Mar. 1901 - 14th June 1904*)
Premier & Colonial Treasurer 15th June 1904 – 29th Oct. 1904
(*Waddell Ministry No.31. 15th June 1904 – 29th Oct. 1904*)
Colonial Treasurer 2nd Oct. 1907 – 20th Oct. 1910
(*Wade Ministry No. 33. 2nd Oct. 1907 – 20th Oct. 1910*)



James Sinclair Taylor McGowen
Premier & Colonial Treasurer 21st Oct. 1910 – 26th Nov. 1911
(*McGowen Ministry No.34. 21st Oct. 1910 – 29th June 1913*)



John Rowland Dacey
Colonial Treasurer 27th Nov. 1911 – 11th April 1912
(*McGowen Ministry No.34. 21st Oct. 1910 – 29th June 1913*)



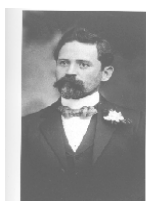
Ambrose Campbell Carmichael
Colonial Treasurer 17th April 1912 – 5th May 1912
(McGowen Ministry No.34. 21st Oct. 1910 – 29th June 1913)



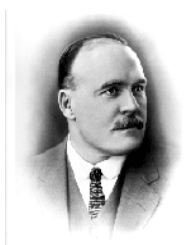
John Henry Cann
Colonial Treasurer 6th May 1912 – 29th June 1913
(McGowen Ministry No.34. 21st Oct. 1910 - 29th June 1913)
Colonial Treasurer 30th June 1913 – 29th Jan. 1914
(Holman Ministry No.35. 30th June 1913 – 15th Nov. 1916)



William Arthur Holman
Colonial Treasurer 29th Jan. 1914 – 15th Nov. 1916
(Holman Ministry No.35. 30th June 1913 - 15th Nov. 1916)
Colonial Treasurer 15th Nov. 1916- 30th Oct. 1918
(National Ministry No.36. 15th Nov. 1916- 12th April 1920)



John Charles Lucas Fitzpatrick
Colonial Treasurer 30th Oct. 1918 – 12th April 1920
(National Ministry No.36. 15th Nov. 1916 - 12th April 1920)



John Thomas Lang
Colonial Treasurer 13th April 1920 – 10th Oct. 1921
(Storey Ministry No.37. 13th April 1920 – 10th Oct. 1921)
Colonial Treasurer 10th Oct. 1921 – 20th Dec. 1921
(Dooley Ministry No.38. 10th Oct. 1921 – 20th Dec. 1921)
Colonial Treasurer 20th Dec. 1921- 3rd April 1922
(Dooley Ministry No.40. 20th Dec. 1921– 13th April 1922)
Premier & Colonial Treasurer 17th June 1925 – 26th May 1927
(Lang Ministry No.42. 17th June 1925 – 26th May 1927)
Premier & Colonial Treasurer 27th May 1927 – 18th Oct. 1927
(Lang Ministry No.43. 27th May 1927 – 18th Oct. 1927)
Premier & Colonial Treasurer 4th Nov. 1930 – 13th May 1932
(Lang Ministry No.45. 4th Nov. 1930 – 13th May 1932)



Sir Alfred Arthur Clement Cocks

Colonial Treasurer 20th Dec. 1921 - 20th Dec. 1921

(Fuller Ministry No.39. 20th Dec. 1921)

Colonial Treasurer 13th April 1922 – 14th Feb. 1925

(Fuller (Coalition) Ministry No.41. 13th April 1922 – 17th June 1925)



Sir George Warburton Fuller

Colonial Treasurer 24th Feb. 1925 -17th June 1925

(Fuller (Coalition) Ministry No.41. 13th April 1922 - 17th June 1925)



Sir Thomas Rainsford Bavin

Colonial Treasurer 18th Oct. 1927 – 15th April 1929

(Bavin Ministry No.44. 18th Oct. 1927 – 3rd Nov. 1930)



Sir Bertram Sydney Barnsdale Stevens

Colonial Treasurer 16th April 1929 – 3rd Nov. 1930

(Bavin Ministry No.44. 18th Oct. 1927 - 3rd Nov. 1930)

Premier & Colonial Treasurer 16th May 1932 – 10th Feb. 1935

(Stevens-BruXner Ministry No.46. 16th May 1932 – 10th Feb. 1935)

Premier & Colonial Treasurer 11th Feb. 1935 – 13th April 1938

(Stevens-BruXner Ministry No.47. 11th Feb. 1935 – 13th April 1938)

Premier & Colonial Treasurer 13th April 1938- 13th Oct. Alexander Mair



Colonial Treasurer 13th Oct. 1938 – 5th Aug. 1939

(Stevens-BruXner Ministry No.48. 13th Oct. 1938 – 5th Aug. 1939)

Premier & Colonial Treasurer 5th Aug. 1939- 16th Aug. 1939

(Mair-BruXner Ministry No.49. 5th Aug. 1939- 16th May 1941)



Athol Railton Richardson OBE

Colonial Treasurer 16th Aug. 1939 -16th May 1941

(Mair-BruXner Ministry No.49 5th Aug. 1939 - 16th May 1941)



Sir William John McKell

Premier & Colonial Treasurer 16th May 1941 – 8th June 1944

(McKell Ministry No.50. 16th May 1941 – 8th June 1944)

Premier & Colonial Treasurer 8th June 1944 - 6th Feb. 1947

(McKell Ministry No.51. 8th June 1944 - 6th Feb. 1947)



James McGirr

Premier & Colonial Treasurer 6th Feb. 1947 – 19th May 1947

(McGirr Ministry No.52. 6th Feb. 1947 – 19th May 1947)

Premier & Colonial Treasurer 19th May 1947 – 30th June 1950

(McGirr Ministry No.53. 19th May 1947 – 30th June 1950)

Premier & Colonial Treasurer 30th June 1950- 2nd April 1952

(McGirr Ministry No.54. 30th June 1950 - 2nd April 1952)



John Joseph Cahill

Premier & Col. Treasurer 3rd April 1952 – 23rd Feb. 1953

(Cahill Ministry No.55. 3rd April 1952 – 23rd Feb. 1953)

Premier & Col. Treasurer 23rd Feb. 1953- 15th Mar. 1956

(Cahill Ministry No.56. 23rd Feb. 1953- 15th Mar. 1956)

Premier & Col. Treasurer 15th Mar. 1956- 1st April 1959

(Cahill Ministry No.57. 15th Mar. 1956- 1st April 1959)

Premier & Treasurer 1st April 1959- 22nd Oct. 1959

(Cahill Ministry No.58. 1st April 1959- 28th Oct. 1959)



Robert James Heffron

Premier & Treasurer 23rd Oct. 1959 – 28th Oct. 1959

(Cahill Ministry No.58. 1st April 1959 - 28th Oct. 1959)



John Brophy Renshaw

Treasurer 28th Oct. 1959 – 14th Mar. 1962

(Heffron Ministry No.59. 28th Oct. 1959 – 14th Mar. 1962)

Treasurer 14th Mar. 1962- 30th April 1964

(Heffron Ministry No.60. 14th Mar. 1962 - 30th April 1964)

Premier & Treasurer 30th April 1964 - 13th May 1965

(Renshaw Ministry No.61. 30th April 1964 - 13th May 1965)

Treasurer 14th May 1976 – 19th Oct. 1978

(Wran Ministry No.71. 14th May 1976 – 19th Oct. 1978)

Treasurer 19th Oct. 1978- 29th Jan. 1980

(Wran Ministry No.72. 19th Oct. 1978- 29th Jan. 1980)



Sir Robert (Robin Charles) William Askin

KCMG

Premier & Treasurer 13th May 1965 – 5th Mar. 1968

(Askin-Cutler Ministry No.62. 13th May 1965 – 5th Mar. 1968)

Premier & Treasurer 5th Mar. 1968- 11th Feb. 1969

(Askin-Cutler Ministry No.63. 5th Mar. 1968- 11th Feb. 1969)

Premier & Treasurer 11th Feb. 1969- 11th Mar. 1971

(Askin-Cutler Ministry No.64. 11th Feb. 1969- 11th Mar. 1971)

Premier & Treasurer 11th Mar. 1971- 17th Jan. 1973

(Askin-Cutler Ministry No.65. 11th Mar. 1971- 17th Jan. 1973)

Premier & Treasurer 17th Jan. 1973- 3rd Dec. 1973

(Askin-Cutler Ministry No.66. 17th Jan. 1973- 3rd Dec. 1973)

Premier & Treasurer 3rd Dec. 1973- 3rd Jan. 1975

(Askin-Cutler Ministry No.67. 3rd Dec. 1973- 3rd Jan. 1975)



Thomas Lancelot Lewis

Premier & Treasurer 3rd Jan. 1975- 17th Dec. 1975

(Lewis-Cutler Ministry No.68. 3rd Jan. 1975- 17th Dec. 1975)

Premier & Treasurer 17th Dec. 1975- 23rd Jan. 1976

(Lewis-Punch Ministry No.69. 17th Dec. 1975- 23rd Jan. 1976)



Sir Eric Archibald Willis

Premier & Treasurer 23rd Jan. 1976- 14th May 1976

(Willis-Punch Ministry No.70. 23rd Jan. 1976- 14th May 1976)



Neville Kenneth Wran, QC

Premier & Treasurer 29th Jan. 1980 – 29th Feb. 1980

(Wran Ministry No.72. 19th Oct. 1978 - 29th Feb. 1980)

Premier & Treasurer 29th Feb. 1980- 2nd Oct. 1981

(Wran Ministry No.73. 29th Feb. 1980- 2nd Oct. 1981)



Kenneth George Booth

Treasurer 2nd Oct. 1981- 1st Feb. 1983

(Wran Ministry No.74. 2nd Oct. 1981- 1st Feb. 1983)

Treasurer 1st Feb. 1983- 10th Feb. 1984

(Wran Ministry No.75. 1st Feb. 1983- 10th Feb. 1984)

Treasurer 10th Feb. 1984- 5th April 1984

(Wran Ministry No.76. 10th Feb. 1984- 5th April 1984)

Treasurer 5th April 1984- 6th Feb. 1986

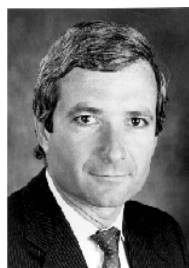
(Wran Ministry No.77. 5th April 1984- 6th Feb. 1986)

Treasurer 6th Feb. 1986- 4th July 1986

(Wran Ministry No.78. 6th Feb. 1986- 4th July 1986)

Treasurer 4th July 1986- 25th Mar. 1988

(Unsworth Ministry No.79. 4th July 1986- 25th Mar. 1988)



Nicholas Frank Greiner

Premier & Treasurer 25th March 1988 – 24th June 1992

(Greiner-Murray Ministry No.80/81. 25th March 1988 – 24th June 1992)



John Joseph Fahey

Premier & Treasurer 24th June 1992 – 26th May 1993

(Fahey Ministry No.81/82/83/84. 24th June 1992 – 4th April 1995)



Peter Edward James Collins, QC, RFD

Treasurer 26th May 1993 – 4th April 1995

(Fahey Ministry No.84. 24th June 1992 – 4th April 1995)



Michael Rueben Egan, MLC

Treasurer 4th April 1995 - 8th April 1999

(Carr Ministry No. 85/86/87/88. 3rd April 1995 – 21st Jan. 2005)

APPENDIX C
NSW TREASURY CHARTS

Charts demonstrating:

Average age of Secretaries at appointment and age distribution	Chart 1
Secretaries' place of birth and distribution	Chart 2
Secretaries' religion and distribution	Chart 3
Secretaries' qualifications	Chart 4

APPENDIX D

SITES OF THE TREASURY, 1824–1995¹

1824–1826	The corner of Bent and O’Connell Streets, Sydney. This site served as the first Treasury Department and residence of the first Treasurer, William Balcombe and his family.
29 th July 1826	The proposed new location for Treasury gazetted. Located at the north-east corner of the Barrack Square, later Wynyard Park. The reason for the move was improved and more effectual security.
4 th May 1827	The building in Barrack Square completed. The Treasury vault incorporated into the complex.
1831–1836	George Street near the corner of what is now Margaret Street.
1 st January 1837	Macquarie Place. This sub-standard house, adjacent to the polluted Tank Stream, was leased from Mrs Mary Reiby. The building housed Treasury and the reincorporated Collector of Revenue, and the Auditor-General’s Department..
31 st December 1839	The Treasury and Auditor-General instructed to move to the former residence of the Colonial Secretary, Mr Alexander MacLeay. The site was located where present Loftus Street runs, between the present Education and Lands Department Buildings, Macquarie Place.
28 th August 1849	Treasury moved to Charlotte Place opposite St Philip’s Church, Church Hill now Grosvenor Street.
17 th October 1851	The new, specifically built Treasury building, corner of Macquarie and Bridge Streets opened for the transaction of business.
1896	Colonial Architect Walter Vernon plans an addition, the north wing in Macquarie Street with Strong Room.

¹ Guide to the State Archives of New South Wales, *The Auditor General*, 1964, p.31; Wright, Hugh ‘Sites of the Old Treasuries’, *JRAHS*, vol.4, pp. 279-283

1899–1900	Sir William Lyne the first Premier and Treasurer occupies the new Premier's Room in the Treasury building. Extensions to the Treasury building had joined the original Treasury with a 'bridge' housing the Strong Room.
1908	A small Premier's Department occupies a portion of the Treasury building on the corner of Macquarie and Bridge Streets
1919	McRae's extensions to the Treasury building completed on Bridge Street but the proposed Phillip Street and north wings not built.
1967	Treasury moves to the State Office Block, Phillip Street, a purpose-built State Government enterprise.
1995	Treasury, the Office of Financial Management, moves to the Governor Macquarie Tower, Farrer Place, adjacent to the site of the first Government House and diagonally opposite 1 O'Connell Street Sydney

APPENDIX E

BIBLIOGRAPHY

This Bibliography is arranged as follows:

A. PRIMARY AND CONTEMPORARY SOURCES

1. Archives
2. Other Institutions

B. GOVERNMENT PUBLICATIONS

1. Parliamentary Publications
2. Annual Reports
3. Other Official Sources
4. Commissions

C. SECONDARY SOURCES

1. Newspapers, Magazines and Journals
2. Contemporary Publications
3. Serial and Journal Articles
4. Books and Monographs
5. Theses

D. OTHER SOURCES

1. Interviews

A. PRIMARY AND CONTEMPORARY SOURCES

1. ARCHIVES

AMP Archives

Kambala School Archives

National Archives of Australia

Parliament of NSW Archives

The Legislative Assembly:

Clerk's General Files

Correspondence

Tabled Papers and Letters Received

Records of Proceedings of Select Committees

Special Bundles

Tribute Booklets

Legislative Council, Correspondence

Parliamentary Standing Committee on Public Works

Photographs and Other Pictures

Lists of Members and Former Members

State Records New South Wales

The following record groups were of importance:

Auditor-General

- Accounts and Related Papers

- Correspondence

Bureau of Statistics

Clergy and School Lands Corporation

Colonial Architect

Colonial Secretary, later Chief Secretary

- Correspondence

Convict Records

- Records Having Legal Effect

Registers of Land Grants

- Shipping Records

- Accounting and Financial Records

Salary Registers

- Statistical Records: Musters and Census Records

- Special Bundles

Commissariat

- Commissions of Inquiries

Convicts

Courts of Petty Sessions. Many country Petty Sessions officials performed other public duties e.g. Crown Land Agents; Immigration Agents; Land Board Offices; Mining Wardens and Registrars.

Crown Solicitor's Office

Executive Council

Gold Commissioners

Government Architect

The Governor

Immigration

Lands

Licenses Reduction Board

Licensing Courts

Naval Officer

Premiers Department

- Correspondence

- General Files

- Special Bundles

Principal Superintendent of Convicts

Probate Office

NSW Public Service Board

- Public Service Lists

- Register of Persons charged 1896–1929

- Special Bundles

- W. C. Wurth Papers

- Public Works

Registrar General

Royal Mint

State Records New South Wales (continued)

State Lotteries

Supreme Court

NSW Treasury. See Guide to Treasury Records for the date range of series.

Correspondence

Letters received: 1824–1856

Collector of Internal Revenue; Revenue Branch; Treasury Branch.

Indexes and Registers 1856–1900

Letters received: 1856–1900

Indexes and registers 1901–

Correspondence and Circulars: 1901–

Copies of letters sent: 1824–1857: Colonial Treasurer;

Collector of Internal Revenue; Treasury Branch

Copies of Letters sent 1856–1900

Limited Copies of Letters sent 1901–

Accounting and financial policy. Includes:

Finance Guard Books: 1901–1941

Report on the reorganization of accounting activities of government
departments by B.S. Stevens

Ledger of Treasury bank operations under J. T. Lang, 1932

General Ledgers 1826–1921

Appropriation ledgers 1864–1929, 1939–1940

Debentures: Agent General for New South Wales in London

Land and immigration debentures 1842–1916

Gold: Correspondence from Gold Commissioners, Invoices, Registers

Government Loans: Monies received, Indexes, Registers NSW Funded Stock

Legal Opinions

Licensing: Publicans licences, depasturing licences, Auctioneers'
licences, occupation licences

Minutes: Treasury minutes

Office Memoranda

Premier's Office

Racing and Gaming

Records Relating to Land

Special Bundles

Working Papers

Supreme Court

Westpac Archives

2. OTHER INSTITUTIONS

NSW Mitchell Library

Album of Newspaper Clippings (ML ref: Q320.991/2)

Belmore Correspondence (ML ref: 2542)

Eagar Correspondence (ML ref: A4504)

Financial Statements of the Colonial Treasurers of NSW, Vol.1, (ML ref: 336.91)
Memorandum, 6th January 1857, NSW Treasury, *Capacity of Clerks in Accounts New South Wales – Papers 1812–1863*, (ML ref: A668, p.283)
NSW Parliamentary Debates
NSW Votes and Proceedings
‘Old Chum,’ (ML ref:FM4/7955, p.5)
Pamphlets, (ML ref: 042P57)
Parkes Correspondence (ML ref: A1028)
Parliamentary Papers
The J. T. Lang. Papers
The Parkes Papers
Sir Joseph H. Carruthers Papers

NSW State Library

National Archives UK
Colonial Office Correspondence
British Treasury
The Exchequer

B. GOVERNMENT PUBLICATIONS

A. PARLIAMENTARY

Financial Statements NSW Parliament
Guide to the Contents of the Public Record Office, Vol. 11, State Papers and Departmental Records, HMSO, 1963
ACT Legislative Assembly, *Hansard*
NSW Parliamentary Debates
NSW Parliamentary Hansard
NSW Parliament Votes and Proceedings
Official Report of the National Australasian Convention Debates, Adelaide, March 22nd to May 5th 1897, Legal Books Pty. Ltd. Sydney 1986, Vol. 2,
UK House of Commons – Treasury(<http://www.Parliament>)
Commonwealth Grants Commission Report, 1939
Historical Records of Australia
Historical Records of New South Wales
NSW Government Gazette
Journal of the Legislative Council
Journal of the Legislative Assembly
Votes and Proceedings of the Legislative Council
New South Wales Parliamentary Record
NSW Government Budget Papers
NSW Public Accounts Committee Reports

2. ANNUAL REPORTS

Commonwealth Grants Commission
 NSW Auditor-General
 NSW Blue Books, Returns of the Colony
 NSW Dept. of Gaming and Racing
 NSW Licences Reduction Board
 NSW Liquor Administration Board
 NSW Premiers Department
 NSW Public Service Board
 NSW Public Service Lists
 NSW Treasury
 NSW Year Books

3. OFFICIAL SOURCES

Australian Bureau of Statistics

British Parliamentary Papers, 1812, *Select Committee on Transportation*
 British Parliamentary Papers, 1801–1899, Irish University Press Series, Shannon
 Emigration (Australia)
 British Parliamentary Papers, Government, Civil Service, *Report on the Organization of the Permanent Civil Service*, Vol. 2, Sessions 1854–1855
 British Parliamentary Papers, Vol. 3, *Australian Colonies, Laws and Ordinances of NSW*, 1824
 British Parliamentary Papers, Vol. 3. A Return of the Annual Expenditure in the Colony of NSW. Papers Relating to HM Settlements at NSW. Expense of Transport of Convicts: 1818

Heritage Council of NSW

NSW Public Service Lists

NSW Treasury, June 1987, *Expenditure Review Task Force* Final Report, Summary and Recommendations

Official Record of the Debates of the Australasian Federal Convention, 3rd Session
 Melbourne, 20 January–17 March 1898, Vic. Government Printer Melbourne

Returns of the Colony (NSW Blue Books)
 TAB-Totalizator Agency Board. Performance of NSW Government Businesses,
 Microeconomic Reform, New South Wales Government, November 1991

UK Public Record Office. Guide to the Public Records: Board of Trade, Colonial Office, The Treasury

4. COMMISSIONS

First Report of Committee of Investigation into the Budget and Public Accounts, 13th April 1944, 2 vols. NSW Treasury Working Papers, (State Records NSW ref: 10/48388)

Haldane of Cloan, Viscount, 1918, Chairman, Report on the Machinery of Government Committee, HC, London

New South Wales Commission of Audit, July 1988, *Focus on Reform, Report on the State's Finances*, NSW Government Printer, Sydney

NSW LA, Parliamentary Standing Committee on Public Works, Report Relating to the Proposed Additions to the Treasury Building, 23 July 1896. (NSW Parliamentary Archives ref: PRS 75.LA Copies of Printed Reports Relating to Proposed Works, 1888–1930, Box 8, No. 71, 1896

NSW LA, Select Committee, Records of Proceedings, Item 27, 1870–71, No. 19: Charges against the Collector of Customs'. Proceedings, Minutes of Evidence, Correspondence and Papers, (Ref: NSW Parliamentary Archives)

NSW LC 1, Manuscript Records: Fourth Council, First Session (1st August 1843 to 28th December 1843) – Tabled Papers (31 October 1843, Report of the Committee on the Monetary Confusion, with minutes of evidence. (Box 27)

Report from the Select Committee on the Changes in the Administration Under the New Constitution Act 1853, NSW Legislative Council 1855

Report of the Commission of Inquiry into the State of the Colony of New South Wales, 19 June 1822

Report of the Royal Commission on Australian Government Administration, AGPS, Canberra, H. C. Coombs Report, 1976

The Lambert Report, 1979, Summary of the Final Report of the Royal Commission on Financial Management and Accountability, Canada

C. SECONDARY SOURCES

1. NEWSPAPERS, MAGAZINES AND JOURNALS

Arden's Sydney Magazine of Politics and General Literature, Vol. 1. No. 1, Sept. 1843
Australasian Insurance and Banking Record
Australian Accountant
Australian Economist
Album of Newspaper Cuttings, Various. ML
Australian Financial Review

The Australian National Review
 Australasian Insurance and Banking Record
 Australian National Review
 Australian Star
 Commercial Journal and Advertiser, Sydney
 Cosmos
 Daily Telegraph (Sydney)
 Empire (Sydney)
 Evening News
 Financial Review
 The Gentleman's Magazine (London) 1731–1907
 Illustrated Sydney News (ISN)
 Smith's Weekly (Sydney)
 Southern Cross (Sydney)
 Sydney Mail
 Sydney Morning Herald
 NSW Treasury *Focus*
 The Bulletin
 The Sun (Sydney)
 Sydney Mail
 Sydney Punch
 Sun-Herald (Sydney)
 University of Sydney Gazette
 Wise. B., *Album of Newspaper Clippings* 1892–1903, ML

2. CONTEMPORARY PUBLICATIONS

Beaglehole, J.C. 1768–1771, *The Journals of Captain James Cook on His Voyages of Discovery, The Voyage of the Endeavour*, Hakluyt Society, Vol. 1 Cambridge, 1955

Bennett, George 1834, *Wanderings in New South Wales*, Vol. 1, Richard Bentley, London

Bigge Report, *a Copy of Instructions Given by Earl Bathurst to Mr Bigge, 6th January 1819, printed July 1823, facsimile edition 1966*, The Libraries Board, South Australia

Bigge Reports, Printed by Order of the House 25th June 1822, 21st February 1823, 13th March 1823, HM Government

Clark, Lt. Ralph, *the Journal and Letters of Lt. Ralph Clark, 1787–1792*, Australian Documents Library 1981

Coghlan, T.A. 1898, *Notes on the Financial Aspect of Australian Federation*, NSW Government Printer, Sydney

Collins, David 1804, *An Account of the English Colony in New South Wales*, Vols 1 & 2, Printed by A Strahan for Cadell and Davies, London

Fitz Nigel, Richard c.1176, *Dialogus de Scaccario, the Course of the Exchequer*, edited and translated by Charles Johnson, 1983, Clarendon Press, Oxford

Fitzgerald, James Edward, 1881, *A Report on the Management, Accounts and Audit of the Public Revenues*, the NZ Government Wellington

Friend, Robert, *The Official Book of Omar*, unpublished anthology of verse, NSW Treasury

Landman, Captain, 1852, *Adventures and Recollections of Captain Landman*, late of the Corps of Royal Engineers, Vol. 1

Madox, Thomas 1708, *The History and Antiquities of the Exchequer*, 2nd ed. 1769, Rothman Reprints Inc. 1969, New York

NSW Treasury, April 1987, *An Introduction to Government Finance and Accounting in New South Wales*, NSW Treasury

Pamphlet: Speech of Geoffrey Eagar Colonial Treasurer in moving the First Resolution in Committee of Ways and Means in the Legislative Assembly, 27 September 1866, ML

Sands Directory, Sydney

Therry, R. 1863, *Reminiscences of Thirty Years' Residence in New South Wales and Victoria*, London: Sampson Low

Tench, Watkin 1793, *Sydney's First Four Years*, Angus and Robertson, 1961

Wentworth, W.C. 1819, Facsimile Reprint, 1979, *Description of the Colony of New South Wales*, Doubleday Australia Pty. Ltd.

3. SERIAL AND JOURNAL ARTICLES

Abbott, G.C. 'Staple Theory and Australian Economic Growth 1788–1820', *Business Archives and History*, Vol. 5, No. 2, August 1965, pp.142-154

Abbott, G.J. 'A Note on the Volume of the New South Wales Treasury Bill Expenditure 1788–1821', *Business Archives and History*, Vol. V1, No. 1, February 1966, pp.81-84

Abbott, Graham, 'The Expected Cost of the Botany Bay Scheme', *JRAHS*, Vol. 81, Pt. 2, December 1995, pp.151-166

Anderson, Prudence 'Social Secessionism', 1997, *Turning Point*, ed. Christopher Sheil, Evatt Foundation, Allen & Unwin, Sydney

Atkinson, Alan, 'Book Reviews', Frost, Alan 1994, *Botany Bay Mirages: Illusions of Australia's Convict Beginnings*. Melbourne University Press, Melbourne, in *Australian Historical Studies*, 106, 1996, pp.197-198

Atkinson, Alan, 'Book Reviews', Ekirch, A. Roger, 1987, *Bound for America: The Transportation of British Convicts to the Colonies, 1718–1775*, Clarendon Press, Oxford, *Australian Historical Studies*, Vol. 23, April 1989, pp.334-335

Atkinson, Alan, 'The First Plans for Governing New South Wales, 1786–87', *Australian Historical Studies*, Vol. 24, No. 94, April 1990, pp.22-40

Biskup, Peter, Book Reviews, Eddy, J.J. and Nethercote, J.R. ed. 1987, *From Colony to Coloniser: Studies in Australian Administrative History*, Hale and Iremonger, Sydney, *AJPA*, Vol. 49, No. 2, June 1990, pp.91-92

Black, Reginald J. in Remarks, 'Colonial State Borrowing', *The Australian Economist*, 23rd November 1892, p.277

Black, Reginald J. 'The Finances of Federation,' *Australian Economist*, 25th March 1895, p.471

Bland, F.A. 'The Spoils System in the Public Service', *The Australian Quarterly*, 14th June 1932, pp.41-43

Boot, H. M. 'Government and the Colonial Economies', *Australian Economic History Review*, Vol. 38, No. 1, March 1998, pp.74-101

Brewer, John, 'An Ungovernable People?', *History Today*, Vol. 30, Jan. 1980, pp.18-27

Brown, R.A. 'The Treasury of the Later 12th Century,' in *Studies Presented to Sir Hilary Jenkinson*, 1957, Conway. J. Davies ed. London, pp.35-49

Burchill, Scott 'A Short History of Self-defence, Australian Financial Review, 21st July 2000, p.6

Burton, Ann, 'Treasury Control and Colonial Policy in the Late Nineteenth Century', *Public Administration, London*, XLIV, Summer 1966, pp.169-192

Butlin, N.G. 'Free Lunches Antipodean Style; NSW Economy 1788–1810', *Working Paper No. 57*, Department of Economic History, Australian National University, October 1985

Butlin, N.G. 'What a Way to Run an Empire, Fiscally!', *Working Paper No. 55*, Department of Economic History, ANU, August 1985

Butlin, N.G. 'Yo Ho Ho and How Many Bottles of Rum?' *AEHR*, Vol. XXIII, No. 1, March 1983, pp.1-27

Butlin, S.J. 'British Banking in Australia', *JRAHS*, Vol. 49, Pt. 2, July 1963, pp.81-99

Butlin, N.G. 'Colonial Socialism in Australia 1860–1900', in Aitken, H.G.J. ed. 1959, *The State and Economic Growth*, Social Science Research Council, New York, pp.26-78

Byrnes, Dan, 'Emptying the Hulks: Duncan Campbell and the First Three Fleets to Australia', *Push from the Bush*, no. 24, April 1987 in Atkinson, Alan, 'The First Plans For Governing New South Wales, 1786–1787', *Australian Historical Studies*, Vol. 24, No. 94, April 1990, pp.22-40

Caiden, Naomi, 'A New Perspective on Budgetary Reform', *Australian Journal of Public Administration*, Vol. 48, No. 1, March 1989, pp.53-60

Cameron, W.G. 'Australian Federation,' Lecture at the New Masonic Hall, Sydney, 29 October 1889, reported in *The Australian Economist*, November 1889, p.203

Campbell, Enid, 'Prerogative Rule in New South Wales, 1788–1823', *JRAHS*, Vol. 50, August 1964, pt.3, pp.161-191

Cell, John, 'The Colonial Office in the 1850s', *Historical Studies*, Vol. 12, October 1965, pp.43-56

Chester, D.N. 'The Treasury, 1956', *Public Administration London*, Vol. XXXV, Spring 1957, pp.15-23

Clark, Dora Mae, 'Secretary to the Treasury in the Eighteenth Century', *American Historical Review*, XLII, 1936-37, pp.22-45

Craig, Russell, 'Jeremiah Murphy: bank account No. 1'. *Australian CPA*, December 1998, pp.68-69

Craig, R.J. and Jenkins, Sarah A. 'Conjectures on Colonial Accounting History in Australia', *Abacus*, Vol. 32, No. 2, 1996, pp.214-238

Craig, R.J. and Jenkins, S.A. 'The Cox and Greenwood Ledger of the New South Wales Corps 1801–1805: The Account of Captain John Macarthur', *JRAHS*, Vol. 82, 1996, Pt. 2, pp.138-151

Curnow, Ross, 'The Cage of that Bondage of the Future'?', *Australian Journal of Public Administration*, Vol. 48, No. 1, March 1989, pp.29-40

Curnow, Ross 'The NSW Machinery of Government Review' in Smith, R. F.I. and Weller, P.1978, *Public Service Inquiries in Australia*, University of Queensland Press, St Lucia, Brisbane

Currey, C.H. 'Responsible Government in New South Wales', *JRAHS*, Vol. 42, Pt. 3, 1956, pp.97-137

- Dallen, Robert, 'The Chancellors of the University of Sydney since its Foundation', *JRAHS*, Vol. XIX, 1933, Pt. 1V, pp.209-238
- Day, J. 'The Great Bullion Famine of the Fifteenth Century', *Past and Present*, 1979, pp.4-5
- Dickey, Brian, 'Responsible Government in New South Wales: the Transfer of Power in a Colony of Settlement', *JRAHS*, Vol. 60, Dec. 1974, pp.217-242
- Dickey, Brian, 'The Introduction of Direct Taxation in New South Wales, 1892–1898', *JRAHS*, Vol. 74, Pt. 4, April 1989, pp.329-347
- Dingle, A.E. 'The Truly Magnificent Thirst', *Historical Studies*, Vol. XIX, 1980, pp.227-249
- Dingle, A.E. 'Reviews', Jackson, R.V. 1977, *Australian Economic Development in the Nineteenth Century*, ANU Press, Canberra, *Historical Studies*, Vol. 18, No. 73, Oct. 1979, pp.633-635
- Dryen, Ronald, 'Accountancy Records as Archival Sources', *Archives and Manuscripts*, Vol. 3, No. 8, May 1969, pp.3-9
- Dyster, Barrie, 'Book Reviews', Butlin, N.G. 1994, *Forming a Colonial Economy: Australia 1810–1850*, Melbourne, Cambridge University Press, *JRAHS*, Vol. 83, Pt. 1, pp.85-87
- Dyster, Barrie, 'Book Reviews', Raby, Geoff, 1996, *Making Rural Australia: An Economic History of Technical and Institutional Creativity, 1788–1860*, Oxford University Press, Melbourne *Australian Historical Studies*, No. 109, Oct. 1997, pp.200-201
- Dyster, Barrie 'The 1840s Depression Revisited', *HS*, Vol. 25, Nos 98-101, April 1992-October 1993, pp.589-607
- Dyster, Barrie 'Prosperity, Prostration, Prudence: Business and Investment in Sydney 1838–1851, in Alan Birch and David S. Macmillan eds. 1967, *Wealth and Progress: Studies in Australian Business History*, Sydney, pp.51-76
- Encel, S. 'Cabinet Machinery in Australia', *Public Administration*, Vol. XV, No. 2, June 1956, pp.93-115
- Fletcher, B. 'Administrative Reform in New South Wales under Governor Darling 1825–1831', *Australian Journal of Public Administration*, Vol. 38, No. 3, 1979, pp.246-262
- Forsyth, Archibald 'Federation – A Criticism,' *Australian Economist*, August 1889, p.173

- Foster, C.D. 'The Civil Service Under Stress: The Fall in Civil Service Power and Authority', *Public Administration London*, Vol. 79, No. 3, 2001, pp.725-749
- Foster, S. G. 'A Piece of Sharp Practice? Governor Bourke and the Office of Colonial Secretary in New South Wales', *Historical Studies*, Vol. 16, No. 64, April 1975, pp.402-424
- Fredman, L.E. 'Yes-No Reid: A case for the Prosecution', *JRAHS*, Vol. 50, Pt. 2, July 1964, pp.109-117
- Funnell, Warwick 'Exchequer and Audit Departments Act', *Abacus*, Vol. 32, No. 1, 1996, pp.102-110
- Gallagher, Phillip 'A Farewell to Power', Press Clipping, (NSW Treasury File No. T89/1429V)
- Garran, A. 'The Method and Spirit of Economic Enquiry,' *The Australian Economist*, 4 August 1888, p.74
- Gibson, Robert, 'Early Double Entry Records in Australia', *Accounting History Newsletter*, No. 13, Summer 1986-87
- Gill, Doris, 'The Treasury 1660-1714', *HER*, XLVII, 1931, pp.600-609
- Gollan, Robin, 'Reviews', Schedvin, C.B. 1970, *Australia and the Great Depression*, Sydney University Press, *Historical Studies*, Vol. 15, No. 59, October 1972, pp.458-460
- Gray, Andrew and Jenkins, Bill 'Government and Administration: The Dilemmas of Delivery', *Parliamentary Affairs*, Vol. 54. No.2, April 2001, Oxford University Press, pp.206-222
- Groom, Eric, 'The Curran Report and the Role of the State', *AJPA*, Vol. 49, No. 2, June 1990, p.144
- Grose, Kelvin, 'Sir George Gipps: Prince of all Skinflints?,' *JRAHS*, Vol. 50, Pt 6, Dec. 1964, pp.453-465
- Hamilton, Celia 'Irish Catholics of NSW and the Labor Party', *Historical Studies*, Vol. 8, November 1958, pp.254-267
- Hamilton, Sir Horace, 'Treasury Control in the Eighties', *Public Administration London*, Spring 1955, pp.13-17
- Hamilton, R. 'An Historical Survey', Chartered Accountant in Australia, 20th April 1933

- Harris, C.P. 'Relationships between Federal and State Governments in Australia', Advisory Council for Inter-government Relations *Information Paper*: 6, AGPS, Canberra, 1979
- Harvey, Avril and Merivale, Herman, 'The Colonial Office and the Australian Colonies 1848–1860', *JRAHS*, Vol. 60, Pt. 2, June 1974, pp.89-104
- Hayes, C.J. 'The Administration of State Public Services', *Public Administration*, Sydney, 15 (1956), pp.116-131
- Henderson, James 'Some Notes on the Economic History of New South Wales,' *The Australian Economist*, 31 March 1888, p.17
- Heydon, L.F. 'Federation - Imperial v Australian,' *The Australian Economist*, June 1889, p.157
- History and Functions of Government Departments*, 1993, Reference Services, Central Office of Information, HMSO
- Hogan, Michael, 'Cartoonists and Political Cynicism', *The Drawing Board: An Australian Review of Public Affairs*, Vol. 2, No. 1, July 2001, pp.27-50
- Hollister, C.W. 'The Origins of the English Treasury', *HER*, XCIII (1978), pp.262-275
- Holmes, Jean, 'F.A. Bland and Fifty Years of Public Administration', *Australian Journal of Public Administration*, Vol. 48, No. 4, December 1989, pp.322-329
- Horsefield, J.K. 'Stop of the Exchequer Re-visited', *Economic History Review*, XXXV 4, 1982, pp.511-528
- Hume, L.J. 'Administrative History', *Australian Journal of Public Administration*, Vol. 39, September, 1980, pp.422-436
- Humphry, R.G. 'The Public Sector Accounting Standards Board – the first year and the future.' Paper presented to National Government Accounting Convention, Australian Society of Accountants, University of Adelaide
- Jackson, R.V. 'Jeremy Bentham on the Cost of the Convict Colony', *Australian Historical Studies*, Vol. 23, No. 90, April 1988, pp.42-59
- Jaleel, Ahmad 1959, *The Expert and the Administration*, University of Pittsburgh
- Kelsall, R.K. 'Selection and the Social Background of the Administrative Class: A Rejoinder', *Public Administration London*, Vol. XXXIV, Summer 1956, pp.169-171
- King, Hazel, 'Pulling Strings at the Colonial Office', *JRAHS*, Vol. 61, Pt. 3, Sept. 1975, pp.145-164

Kingston, Beverley, 'Home Truths from the 1970s', *Australian Historical Studies*, Vol. 27, No. 106, April 1996, pp.30-36

Kittrell, Edward R. 'Laissez Faire' in English Classical Economics', *Journal of the History of Ideas*, Vol. XXVII, Oct-Dec. 1966, No. 4, pp.610-620

Knight, Ken 'Formulating the New South Wales Budget', *Public Administration*, Vol. XVIII, No. 3, 1959, pp.238-253

Knight, Ken 'Patronage and the 1894 Royal Commission of Inquiry into the New South Wales Public Service', *Australian Journal of Politics and History*, Vol. VII, No. 2, November 1961, pp.166-185

Lamb, P.N. 'Early Overseas Borrowing by the New South Wales Government', *Business Archives and History*, Vol. 1V, No. 1 February 1964, pp.44-62

Lamb, P.N. 'Geoffrey Eagar and the Colonial Treasury of New South Wales', *Australian Economic Papers*, Vol. 1, No. 1, Sept. 1962, in *Public Administration* pp.259-266

Loveday, P. 'Democracy in New South Wales', *JRAHS*, Vol. 42, Part 4, 1957, pp.187-200

Loveday, Peter 'Patronage and Politics in New South Wales 1856–1870', *Public Administration*, Vol. XVIII, No. 4, December 1959, pp.341-358

Loveday, P.& Martin, A.W. 'The Politics of New South Wales, 1856–1889: A Reply', *Historical Studies*, Vol. 13, Oct. 1967, No. 49, pp.223-232

Lyndon, Stephen 12th August 1987, Speech to the Government Accountants Group of The Australian Society of Accountants, 'The Implications of Financial Management Improvements in New South Wales', NSW Treasurer's Office

McCarty, J.W. 'Reviews', Sinclair, W.A. 1976, *The Process of Economic Development in Australia*, HS, Vol. 17, No. 69, October 1977, pp.535-537

McCulloch, S.C. 'Unguarded Comments on the Administration of New South Wales, 1839–1846: The Gipps-La Trobe Private Correspondence', *Historical Studies*, Vol. 9, Nov. 1959–May 1961, pp.30-45

McDonald, D.I. 'The Nineteenth Century New South Wales Civil Service, Reforms and the Northcote-Trevelyan Report', *JRAHS*, Vol. 71, Pt. 2, Oct. 1985, pp.107-126

McLachlan, N.D. 'Bathurst at the Colonial Office, 1812–1827' A Reconnaissance', *Historical Studies*, Vol. 13, No. 52, 1969, pp.477-502

McLachlan, N.D. 'Edward Eagar (1787–1866) A Colonial Spokesman in Sydney and London', *Historical Studies*, Vol. 10, 1963, pp.431-456

- McLaren, W.A. 'Some aspects of economy and efficiency in a public service, *Public Administration*, Vol. 1, September 1938, pp.84-94
- McMartin, A. 'Aspects of Patronage in Australia, 1786–1836', *Australian Journal of Public Administration*, Vol. 18, No. 4, 1959, pp.326-340
- McMartin, Arthur, 'The Emigrant Public Servant', *Australian Journal of Public Administration*, Vol. 48, No. 4, December 1989, pp.398-410
- McMartin, A, 'The Payment of Officials in Early Australia: an essay in administrative history', *Public Administration*, Vol. 17, No. 1, March 1958, pp.45-80
- McMartin, Arthur, 'The Treasury in New South Wales, 1786–1836', *Public Administration*, Vol. XVII, No. 3, Sept. 1958, pp.213-228
- McMinn, Trevor, 'Conservatism in Decline: the Parker Ministry, 1856–1857', *JRAHS*, Vol. 64, Pt. 3, Dec. 1978, pp.182-191
- McMinn, Trevor, 'The Premiership of William Forster 1859–1860', *JRAHS*, Vol. 67, Pt. 3, Dec. 1981, pp.238-248
- McMinn, W.G. 'The Making of a Politician: The Early Career of G.H. Reid', *JRAHS*, Vol. 67, Pt. 1, June 1981, pp.1-17
- McMinn, W.G. 'Sir Henry Parkes as a Federalist', *Historical Studies*, Vol. 12, No. 47, Oct. 1966, pp.405- 416
- Martin, A.W. 'Drink and Deviance in Sydney: Investigating Intemperance, 1854–1855', *HS*, vol. 17, No. 68, April 1977, pp.342-360
- Martin, Ged, 'A London Newspaper on the Founding of Botany Bay, August 1786-May 1787', in Martin, Ged ed. 1982, *The Founding of Australia*, Hale & Iremonger, Sydney, pp.169-184
- Martin, Ged, 'Economic motives behind the founding of Botany Bay', in *The Founding of Australia*, Martin, Ged ed. Hale & Iremonger, Sydney
- Mathews, Russell, 1970, 'Horizontal Balance in the Australian Federation: the Reduction of Inequalities' in Treasury Working Papers (SRNSW ref: 10/48366)
- Mathews, Professor Russell, 'The Development of Commonwealth-State Financial Arrangements in Australia', *Year Book of Australia*, 1984, ABS cat. No. 1301.0
- Metcalf, J.W. 'Governor Bourke – Or, The Lion and the Wolves', *JRAHS*, Vol. XXX, Part 1, 1945, pp.44-80

Mitchell, Alex, 'A Chill wind through the House', *The Sun-Herald*, 16th October 2005, p.71

Moore, Barry, 'Administrative Chronicle: New South Wales', *AJPA*, 1979, 1985, 1987, 1988

Moore, Barry, 'Developments in New South Wales Public Administration', *Australian Journal of Public Administration*, Vol. 48 No. 2, June 1989, pp.109-122

Moore, Barry, 'Top Administrators in New South Wales', *Australian Journal of Public Administration*, Vol. XL, No. 4, December 1981, pp.350-354

Morton Egoll, 'Use Accounting to Make United States Leaders Accountable,' *Wall Street Journal*, 10th March 1987

Nairn, Bede, 'A Note on a Colonial Treasurer's Resignation', *Historical Studies*, Vol. 13, Oct. 1967, pp.94-96

Neild, J.C. 'Control of Public Finances', *Cosmos*, April 30, 1896, pp.345-351

Oxley, Deborah, 'Books', Butlin, Noel, 1994, *Forming a Colonial Economy: Australia 1810-1850*, Cambridge University Press, Melbourne, *Australian Historical Studies*, 108, 1997, pp.179-180

Parker, R.H. 'Bookkeeping Barter and Current Cash Equivalents in Early New South Wales', *Abacus*, Vol. 18, No. 2, 1982, pp.139-151

Parker, R.S. 'The Wilenski Review', *AJPA*, Vol. XXXVIII, No. 2, June 1979, pp.168-175

Parsons, T.G. 'Public Money and Private Enterprise: The Administration of the New South Wales Commissariat, 1813-1820', *JRAHS*, 60, March 1974, pp.1-11

Parsons, T. G. 'Colonial Commissaries', in *Australian Financiers*, 1988, Appleyard, R.T. and Schedvin, C.B. eds. Globe Press, Melbourne, pp.11-33

Parsons, T.G. 'The Development of Early Colonial Capitalism: Some thoughts on Connell and Irving's Class Structure in Australian History', *JRAHS*, Vol. 68, Pt. 2, p.155-159

Parsons, T.G. 'Does the Bigge Report Follow from the Evidence?', *Australian Historical Studies*, Vol. 15, April 1972, No. 58, pp.268-275

Parsons, T.G. 'Public Money and Private Enterprise: The Administration of the New South Wales Commissariat, 1813 to 1820', *JRAHS*, Vol. 60, March 1974, Pt. 1, pp.1-11

Pinto, Susan and Wilson, Paul, 'Trends and Issues in Crime and Criminal Justice', No. 24, *Gambling in Australia*, Australian Institute of Criminology, July 1990

- Pratt, Graham, 'Administrative Chronicle: New South Wales', *AJPA*, 1981, 1983
- Rawson, Don 'McKell and Labor Unity' in Easson, Michael 1988, *The Achievements of Sir William McKell*, Allen & Unwin, Sydney, pp.26-49
- Richardson, G.D. 'The Early Archives of New South Wales. Notes on their Creation and their Keepers', *JRAHS*, June 1973, Vol. 59, Pt. 2, pp.79-94
- Ritchie, John, 'John Thomas Bigge and His Reports on New South Wales', *JRAHS*, Vol. 60, Pt. 1, March 1974, pp.12-27
- Robertson, Kenneth, 'Selection and the Social Background of the Administrative Class', *Public Administration London*, Winter 1955, pp.383-388
- Roe, Jill, 'Reviews', Inglis, K.S. 1974, *The Australian Colonists An Exploration of Social History 1788-1870*, Melbourne University Press, Melbourne, in *Historical Studies*, Vol. 17, No. 66-69, April 1976 – Oct. 1977, pp.93-95
- Rolin, T, 'Federal Finance – Railways and Debts,' *Australian Economist*, 21 April 1897, p.25
- Rutledge, Martha, 'John Fitzgerald Burns – Colonial Treasurer', *JRAHS*, Vol. 55, Pt. 3, Sept. 1969, pp.262-271
- Saunders, Malcolm, 'Parliament and the New South Wales Contingent to the Sudan in 1885', *JRAHS*, Vol. 70, Pt. 4, April 1985, pp.227-250
- Schaffer, B.B. and Knight, K.W. 'Top Public Servants in Two States', University of Queensland Papers, Dept. of History and Political Science, Vol. 1, No. 1, 31 December 1963, University of Queensland Press, St Lucia, pp.3-37
- Scott, Joanne and Wanna, John 'Trajectories of public administration and administrative history in Australia: Rectifying 'a curious blight'? web page scott.wanna.pmd, 16th March 2005, pp.11-24
- Skinner, Carolynne, 'The Treasury a Very Australian Inheritance', *Oz Arts*, 12 Sept.-Dec. 1995, p.45
- Shaw, A.G.L. 'Orders from Downing Street', *JRAHS*, Vol. 54, part 2, June 1968, pp.113-134
- Smith, C.E., 'F.L.S. Merewether', *JRAHS*, Vol. 59, Part 1, March 1973, pp.1-15
- Snooks, G.D. 'Arbitrary Decree or Rational Calculation? The Contribution of Domesday Book to Economic History and Economics', *AEHR*, Vol. XXX, No. 2, Sept. 1990, pp.23-49

Spann, R.N. 'Understanding Public Administration: Reflections on an Academic Obituary – 'Alas, Poor Yorick'', *AJPA*, Vol. XLII, No. 3, Sept. 1981, pp.233-240

Spathe, O. H. K. 'Book Reviews', Frost, Alan 1980, *Convicts and Empire. A Naval Question 1776–1811*, Oxford University Press, Melbourne, in *Australian Historical Studies*, Vol. 19, April 1981-Oct. 1981, pp.457-458

Spathe, O.H.K. 'Reviews', Martin, Ged ed. 1978, *The Founding of Australia*, Hale & Iremonger, Sydney, *HS*, Vol. 18, No. 73, October 1979, pp.632-633

Statham, Pamela, 'A New Look at the New South Wales Corps, 1790–1810', *AEHR*, Vol. XXX, No. 1, March 1990, pp.43-63

Totaro, Paola 'Not much of a civil service, sir', *SMH*, Monday 28th October 2002, p.15

Totaro, Paola and Wainwright, Robert 'Servant of the people', *SMH Weekend Edition*, 2–3 October, 2004, p.31

Tout, T.F. 1934, *The Civil Service in the Fourteenth Century*, in *Collected Papers*, Vol. III, 1934, Publications of the University of Manchester, Historical Series

Veale, T. 'Civil Service Reform in New South Wales', *Sydney Quarterly*, 1V, June 1887, pp.176-183

Wade, Andrew, 'NSW Government Financial Crisis – the Early 1980s', unpublished paper, 1995, NSW Treasury

Walker, J. T. 'Federation – Imperial v Australian,' *Australian Economist*, July 1889, p.165

Walsh, G.P. 'The Geography of Manufacturing in Sydney, 1788–1851, *Business Archives and History*, Vol. III, No. 1, Feb. 1963, pp.20-52

Ward, John, 'Reviews', Shaw, A.G.L. 1970, *Great Britain and the Colonies*, in *Historical Studies*, Vol. 15, April 1972, No. 58, pp.457-457

Whatmore, Richard 'Adam Smith's Role in the French Revolution', *Past and Present*, No. 175, May 2002, pp.65-89

Windeyer, W.J.V. 'Responsible Government – Highlights, Sidelights and Reflections', *JRAHS*, Vol. 42, Pt. 6, 1957, pp.257-312

Wright, Hugh, 'Sites of the New South Wales Treasury', *JRAHS*, Vol. 4, 1918, pp.279-283

Wurth, Wallace, 'The Public Service and Responsible Government', *Public Administration*, Vol. XV, No. 2, June 1956, pp.82-84

Yeatman, Anna, 'Book Review', Deacon, Desley, 1989, *Managing Gender: The State, the New Middle Class and Women Workers, 1830–1930*, Oxford University Press, Melbourne, in *Australian Journal of Public Administration*, Vol. 49, No. 4, December 1990, pp.483-485

Young, Maxine 'The British Administration of New South Wales 1786–1812' in *From Colony to Coloniser, Studies in Australian Administrative History*, 1987, Hale & Iremonger, Sydney, pp.23-41

4. BOOKS AND MONOGRAPHS

Abbott, G.J. 1971, *The Pastoral Age: A re-examination*, Macmillan of Australia, South Melbourne

Abbott, G.J. and Nairn, N.B. 1978, *Economic Growth of Australia 1788–1821*, Melbourne University Press, Melbourne

Aitkin, Don 1969, *The Colonel: A Political Biography of Sir Michael Bruxner*, ANU Press, Canberra

Aitkin, Don 1972, *The Country Party in New South Wales: A Study of Organisation and Survival*, ANU Press, Canberra

Alaba, Richard 1994, *Inside Bureaucratic Power*, Hale & Iremonger, ACT, Canberra

Amery, Kerry L. 1986, 'Vida Goldstein' in *Hidden Women: Locating Information on Significant Australian Women*, Melbourne College of Advanced Education, Carlton, Victoria

Appleyard, R.T. and Schedvin, C.B. 1988, *Australian Financiers*, Macmillan Australia, Melbourne

Austin, A. March 1998, *Coin Web*, Privately produced CD, Sydney

Australian Biographical Dictionary, 1934, Macmillan and Co. Ltd, Melbourne

Australian Dictionary of Biography, Vols. 1-15, Melbourne University Press

Australian Encyclopaedia, 1983, Grolier Society, Sydney

Australian Labour Party 1946, *Five Critical Years, The Story of the McKell Labour (sic) Party*, Sydney

Baker, J.H. 1979, *An Introduction to English Legal History*, Butterworths, London

Barnes, Donald Grove 1965, *George III and William Pitt, 1783–1806*, Octagon Books Inc. New York

- Barton, G.B. 1866, *Literature in New South Wales*, NSW Government Printer, Sydney
- Barton, G.B. 1889, *History of New South Wales*, 2 Vols. NSW Government Printer, Sydney
- Bateson, Charles 1969, 2nd ed. *The Convict Ships*, Brown, Son & Ferguson, Ltd., Glasgow
- Baxter, S.B. 1957, *The Development of the Treasury 1660–1702*, Longmans, London
- Beard, Miriam 1962, *A History of Business*, Ann Arbor Paperbacks, University of Michigan Press
- Berriedale, Keith 1928, 2nd ed. *Responsible Government in the Dominions*, Clarendon Press, Oxford
- Binney, J.E.D. 1958, *British Public Finance and Administration, 1774–1792*, Oxford University Press
- Blainey, Geoffrey, 1974, *The Rush That Never Ended*, Melbourne University Press
- Blainey, Geoffrey, 1970, *The Tyranny of Distance*, Sun Books, Melbourne
- Bland, F.A. 1931 & 1946, 4th ed. *Budget Control*, Angus & Robertson, Sydney
- Bland, F.A. ed. 1944, *Government in Australia*, NSW Government Printer, Sydney
- Borchardt, D.H. 1975, *Checklist of Royal Commissions, Select Committees of Parliament and Boards of Inquiry, New South Wales 1855–1960*, La Trobe University Library, Bundoora
- Borchardt, D. H. and Crittenden, Victor, eds, 1987, *Australians A Guide to Sources*, Vol. 9, Fairfax, Syme & Weldon Associates, Sydney
- Bridges, Edward 1964, *The Treasury*, Allen & Unwin, London
- Brookes, Dame Mabel 1956, *Crowded Galleries*, Heinemann, London
- Brown, R.A. 1957, 'The Treasury', in *Studies Presented to Sir Hilary Jenkinson*, J. Conway Davies ed. London
- Buchanan, D. 1863, *Political Portraits of Some of the Members of the Parliament of New South Wales*, Sydney
- Bullock, Alan & Deakin, F. W. 1962, 2nd ed. *The Concept of Empire 1774–1947*, Adam and Charles Black, London

- Bolton, Geoffrey 1990, *The Oxford History of Australia*, Vol. 5, 1942–1988, Oxford University Press, Melbourne
- Butlin, N.G. Ginswick, J. and Statham, P. 1986, *Colonial Statistics Before 1850*, ANU, Canberra
- Butlin, N.G. 1994, *Forming a Colonial Economy, Australia 1810–1850*, Cambridge University Press
- Butlin, S.J. 1955, *War Economy 1939–1942*, Australian War Memorial, Canberra
- Butlin, S.J. Reprint 1968, *Foundations of the Australian Monetary System 1788–1851*, Sydney University Press
- Butterfield, H. 1968, *The Whig Interpretation of History*, G. Bell and Sons, Ltd. London
- Cain, F. 2005, *Jack Lang and the Great Depression*, Australian Scholarly Publishing Pty. Ltd. Melbourne
- Campbell, W.J. 1954, *Australian State Public Finance*, Law Book Company of Australasia, Sydney
- Cell, John 1979, *British Colonial Administration in the Mid-Nineteenth Century: The Policy Making Process*, Yale University Press, New Haven
- Chandaman, C.D. 1975, *The English Public Revenue 1660–1688*, Oxford University Press
- Chaplin, Arnold 1914, *St Helena Who's Who, 1815–1821*, London
- Chrimes, S.B. 1966, *An Introduction to the Administrative History of Mediaeval England*, 3rd ed. Oxford Basil Blackwell, Oxford University Press
- Clark, Dora Mae 1960, *The Rise of the British Treasury: Colonial Administration in the Eighteenth Century*, Yale University Press, New Haven
- Clarke, F. G. 1977, *The Land of Contrarities*, Melbourne University Press
- Clark, M. 1971 ed. *Sources of Australian History*, Oxford University Press, London
- Clark, M. 1972, *Select Documents in Australian History, 1788–1850*, Angus and Robertson, Sydney
- Clark, Major Rex 1972, *New South Wales Soudan Contingent 1885*, Military Historical Society of Australia, A.C.T
- Cobley, John 1980, *Sydney Cove 1788*, Angus & Robertson, Sydney

Coghlan, T.A. 1969, first published 1918, *Labour and Industry in Australia*, Vols. 1-4, Macmillan of Australia, Melbourne

Coghlan, T.A. 1898, *Notes on the Financial Aspect of Australian Federation*, NSW Government Printer, Sydney

Coghlan, T.A. 1903, *The Progress of Australasia in the Nineteenth Century*, W. & R. Chambers, Limited, London

Cohen, Emmeline 1941, *The Growth of the British Civil Service 1786–1939*, George Allen & Unwin Ltd, London

Cohen, V.H. 1938, *An Historical Survey of the Establishment and Development of the Audit of Public Accounts in New South Wales*, Unpublished manuscript, NSW Auditor-General's Department, Sydney

Coleborne, C. & MacKinnon, D. 2003, *Madness in Australia*, University of Queensland Press

Coltheart, Lenore 1989, *Significant Sites*, Hale & Iremonger, Sydney

Commager, Henry S. ed, 1968, *Documents of American History*, Meredith, New York

Concise Guide to the State Archives of New South Wales, Archives Authority of New South Wales, Sydney 1970, with Supplements

Cooksey, Robert 1976, *Lang and Socialism*, Australian National University Press

Craig, Jean 1955, *Bibliography of Public Administration in Australia 1850–1947*, Sydney University Press

Craig, Sir John 1955, *A History of Red Tape*, Macdonald & Evans, London

Cramp, Karl Reginald 1913, *The State and Federal Constitutions of Australia*, Angus and Robertson, Sydney

Crisp, L.F. 1980, *George Richard Dibbs 1834–1904*, ANU, Canberra

Crowley, F.K. 1973, *Modern Australia in Documents*, Vol. 2, Wren Publishing Pty. Ltd. Melbourne

Cunneen, Christopher 2000, *William John McKell: Boilermaker, Premier, Governor-General*, UNSW Press, Sydney

Cyclopedia of New South Wales, 1907, Sydney

Davies, Glyn 1994, *A History of Money*, University of Wales Press, Cardiff

- Davis, S.R. 1960, *The Government of the Australian States*, Longmans, London
- Day, David 1992, *Smugglers and Sailors*, AGPS, Canberra
- Deacon, Desley 1989, *Managing Gender: the State, the New Middleclass and Women Workers 1830–1930*, Oxford University Press, Melbourne
- Denison, Sir William 1870, *Varieties of Vice-Regal Life*, Vol. 1, Longmans, London, Green & Co.
- Department of Treasury, 2001, *Centenary of Treasury 1901–2001*, Canberra, ACT
- De Soto, Hernando 2000, *The Mystery of Capital*, Bantam Press, London
- Dickey, Brian 1969, *Politics in New South Wales 1856–1900*, Cassell, Melbourne
- Dietz, Frederick 1964, *English Public Finance 1485–1641*, Cassells, London
- Easson, Michael ed. 1988, *The Achievements of Sir William McKell*, Allen & Unwin, Sydney
- Eaton, Jeanette, *Betsy's Napoleon*, a novel, in JR Tyrrell's File on the Balcombes, 1779–1852, ML
- Eddy, J.J. 1969, *Britain and the Australian Colonies, 1818–1831*, Clarendon Press, Oxford
- Eddy, J.J. and Nethercote, J.R. 1987, *From Colony to Coloniser: Studies in Australian Administrative History*, Hale & Iremonger, Sydney
- Eddy, J.J. and Nethercote, J.R. 1994, *Towards National Administration: Studies in Australian Administrative History*, Hale & Iremonger, Sydney
- Ehrman, J. 1969, *The Younger Pitt: The Years of Acclaim*, E.P. Dutton & Co. Inc., New York
- Emy, Hugh V. 1978, *The Politics of Australian Democracy*, Macmillan, Melbourne
- Encel, S. 1970, *Equality and Authority: a study of class status and power in Australia*, Cheshire, Melbourne
- Farrell, Frank 1990, *Themes in Australian History*, NSW University Press, Kensington.
- Fieldhouse, D.K. 1966, *The Colonial Empires*, Delta, New York
- The First At War*, 1987, The story of the 2/1st Australian Infantry Battalion, 1939–45, The Editorial Committee, The Association of First Infantry Battalions

Fitzpatrick, Brian reissued 1969, *The British Empire in Australia 1834–1939*, Macmillan of Australia, Melbourne

Five Critical Years, Story of the McKell Labour (sic) Government in New South Wales, May, 1941–May, 1946, 1946, Australian Labour (sic) Party, Sydney

Fletcher, Brian 1984, *Ralph Darling A Governor Maligned*, Oxford University Press

Foster, S.G. 1978, *Colonial Improver*, Melbourne University Press

Frost, Alan 1994, *Botany Bay Mirages: Illusions of Australia's Convict Beginnings*, Melbourne University Press, Melbourne

Frost, Alan 1980, *Convicts and Empire*, Oxford University Press, Melbourne

Garran, Robert 1897, *The Coming Commonwealth*, Angus & Robertson, Sydney

Ged, Martin ed. 1978, *The Founding of Australia: The Argument about Australia's Origins*, Hale & Iremonger, Sydney

Golder, Hilary 1991, *High and Responsible Office*, Sydney University Press

Golder, Hilary 2005, *Politics, Patronage and Public Works*, State Records NSW, UNSW Press

Greene, Jack P. 1972, *The Quest for Power*, The Norton Library, New York

Greenwood, Gordon 1975, *Australia*, Angus & Robertson, Sydney

Groenewegen, Peter & McFarlane, Bruce 1990, *A History of Australian Economic Thought*, Routledge, London

Guide to the Contents of the Public Record Office, 1963, Vol. 11, State Papers and Department Records, HMSO

Hall, Hubert 1969, *Studies in English Official Historical Documents*, Burt Franklin, New York

Harvey, Philip, Licensing Magistrate, 1990, *The Role of the Magistracy in the Control of Liquor in New South Wales*, Unpublished msc. Liquor Administration Board, Sydney

Hawker, G.N. 1971, *The Parliament of New South Wales 1856–1965*, NSW Government Printer, Sydney

Heaton, J.H. 1879, *Australian Dictionary of Dates and Men of the Time*, Sydney

Heclo, Hugh and Wildavsky, Aaron 1974, *The Private Government of Public Money*, Macmillan, London

- Herman, M. 1953, *The Early Australian Architects and Their Works*, Angus and Robertson, Sydney
- Higley, John, Deacon, Desley and Smart, Don 1979, *Elites in Australia*, Routledge & Kegan Paul, London
- Historical Records of Australia*, Series 1, New South Wales, 1788–1848, 26 Vols. Tasmania, 1803–1827
- Historical Records of New South Wales, 7 Vols. Sydney 1893–1901
- Hogan, M. & Clune, D. eds, 2001, *The People's Choice: electoral politics in twentieth century New South Wales*, 3 Vols. NSW Parliament and University of Sydney, Sydney
- Hogan, Michael 1987, *The Sectarian Strand: Religion in Australian History*, Penguin, Ringwood, Victoria
- Holder, R.F. 1970, *Bank of New South Wales A History*, vol. 1, Angus and Robertson, Sydney
- Hubbard, Nigel and O'Brien, Gerard 1985, *Dibbs V Daily Telegraph*, Private Publication, Macquarie University
- Hughes, Colin and Graham, B.D. 1968, *A Handbook of Australian Government and Politics 1890–1964*, Australian National University Press, Canberra
- Hughes, Robert 1988, *The Fatal Shore*, Pan Books, London
- Hyslop, Robert 1973, *Australian Naval Administration, 1900–1939*, The Hawthorn Press, Melbourne
- Hyslop, Robert 1990, *Aye Aye Minister: Australian Naval Administration 1939–1959*, AGPS, Canberra
- Hyslop, Robert 1993, *Australian Mandarins*, AGPS Press and RIPA, Canberra
- Jackson, R.V. 1977, *Australian Economic Development in the Nineteenth Century*, ANU Press, Canberra
- Jenks, Edward 1891, *The Government of Victoria*, Macmillan, London
- Jenks, Edward 1912, *A History of the Australasian Colonies*, Cambridge University Press
- Joel, Asher, 1958, *A Survey of, and Report upon, the Hotel Industry of New South Wales*, Asher Joel Advertising, Sydney

- Johnson, Paul 1974, *Elizabeth I A Study in Power and Intellect*, Weidenfeld and Nicolson, London
- Kammen, Michael ed. 1986, *The Origins of the American Constitution*, Penguin Books, New York
- Keith, Arthur B. 1928, *Responsible Government in the Dominions*, Clarendon Press, Oxford
- Kelly, Vince 1971, *A Man of the People*, Alpha Books, Sydney
- Kerr, James S. 1994, *Goulburn Correctional Centre*, NSW Dept. of Corrective Services
- King, R.J. reprinted 1990, *Alexandro Malaspina, The Secret History of the Convict Colony*, Allen and Unwin, Sydney
- Kingsmill, A.G. 1972, *Witness to History: A Short Study of the Colonial Secretary's Department*, Alpha Books, Sydney
- Kingston, Beverley 1975, *My Wife, My Daughter, and poor Mary Ann*, Nelson, Melbourne, Victoria
- Kingston, Beverley 1988, *The Oxford History of Australia*, Volume 3, Oxford University Press, Melbourne
- Knight, Kenneth W. 1977, *Formulating Government Budgets*, Queensland University, St Lucia
- Knight, Kenneth W. 1970, *The Literature of State Budgeting in Australia, Canada and the United States of America*, St Lucia, Queensland
- Knight, Kenneth W. and Adams, Jill 1974, *Politics and Administration in Queensland and Select Bibliography*, Queensland University Press, Brisbane
- La Nauze, J.A. 1974, *The Making of the Australian Constitution*, Melbourne University Press
- La Nauze, J.A. 1949, *Political Economy in Australia*, Melbourne University Press
- Lang, J.T. 1970, *The Turbulent Years*, Alpha Books, Sydney
- Laslett, B. ed. 1996, *Gender and Scientific Authority Women and Technology*, University of Chicago Press
- Lee, Robert D. Jr. and Johnson, Ronald W. 1977, *Public Budgeting Systems*, 2nd ed., University Park Press, Baltimore

- Lipson, E. 1956, *The Economic History of England*, Vol. 1, The Middle Ages, 6th ed. Adam and Charles Black, London
- Loveday, P. and Martin, A. 1966, *Parliament Factions and Parties*, Melbourne University Press, Melbourne
- Lumb, R.D. 1972, *The Constitution of the Australian States*, University of Queensland Press, St. Lucia
- Lyne, Charles E. 1896, *Life of Sir Henry Parkes*, George Robertson & Co.
- Macintyre, Stuart 1986, *Oxford History of Australia 1901–1942*, Oxford University Press, Melbourne
- McMartin, Arthur 1983, *Public Servants and Patronage*, Sydney University Press
- McMinn, Winston G. 1979, *A Constitutional History of Australia*, Oxford University Press, Melbourne
- McMinn, Winston G. 1989, *George Reid*, Melbourne University Press
- Manning, Helen Taft reprinted 1966, *British Colonial Government After the American Revolution 1782–1820*, Archon Books, Connecticut
- Mansfield, Bruce 1965, *Australian Democrat: the Career of Edward William O’Sullivan 1846–1910*, Sydney University Press
- Mansfield, R. *Analytical View of the Census of NSW for the year 1841*, Kemp and Fairfax, Sydney. Originally written for the readers of the *Sydney Herald*
- Martin, A.W. 1980, *Henry Parkes*, Melbourne University Press, Melbourne
- Martin, E.A. 1884, *The Life and Speeches of Daniel Henry Deniehy*, McNeil & Coffee, Sydney
- Martin, Ged ed. 1982, *The Founding of Australia: The Argument about Australia’s Origins*, Hale and Iremonger, Sydney
- Mathews, R.L. ed. 1974, *Intergovernmental Relations in Australia*, A&R, Sydney
- Mayer, Henry 1971, *Australian Politics*, a Second Reader, Cheshire, Melbourne
- Melbourne, A.C.V. 1963, *Early Constitutional Development in Australia*, University of Queensland Press, St. Lucia
- Mommsen, Wolfgang 1974, *The Age of Bureaucracy*, Oxford University Press
- Nairn, Bede ed. 1995, *The ‘Big Fella’*, Melbourne University Press

- Nicholls, Don 1991, *Managing State Finance*, NSW Treasury, Sydney
- Normanton, E.L. 1966, *The Accountability and Audit of Government*, Manchester
- NSW Treasury, 1999, *Golden Heritage*
- Osborne, G. and Mandle, W.F. 1982, *New History Studying Australia Today*, George Allen & Unwin, Sydney
- Overy, Richard 2004, *The Dictators*, Allen Lane, London
- Parker, Robert 1942, *Public Service Recruitment in Australia*, Melbourne University Press
- Parsons, T.G. 1988, 'Colonial Commissaries,' in Appleyard, R. T. and Schedvin, C.B. eds. *Australian Financiers*, Macmillan, Melbourne
- Patterson, G.D. 1968, *The Tariff in the Australian Colonies 1856–1900*, F.W. Cheshire, Sydney
- Plumb, J.H. 1973, *England in the Eighteenth Century*, Penguin, London
- Portus, G.V. 1933, *Australia an Economic Interpretation*, Angus and Robertson, Sydney
- Prest, A.R. 1974, *Public Finance in Theory and Practice*, 5th ed. Weidenfeld and Nicolson, London
- Progress Magazine*, August 1966, 'Know Your Departments, 20, The NSW Treasury
- Property Services Group Estate Management Division, January 1995, *Governor Macquarie Tower*, Information Booklet, Sydney
- Raadschelders, Jos 1998, *The Handbook of Administrative History*, Rutgers University, New Jersey
- Radi, H. Spearritt, P. and Hinton, E. 1979, *The Biographical Register of NSW Parliament, 1901–1970*, ANU Press, Canberra
- Reeves, James. ed. 1961, *The Poets' World*, Lawson, Henry 'The Roaring Days', William Heinemann, Melbourne
- Reid, G.H. 1876, *An Essay on New South Wales*, NSW Government Printer, Sydney
- Reid, Sir George Houstoun 1917, *My Reminiscences*, Cassell and Co. London
- Rey, Roselyne 1993, *The History of Pain*, Harvard University Press, Massachusetts

- Richards, T. 1883, *An Epitome of the Official History of New South Wales*, NSW Government Printer, Sydney
- Ritchie, John 1970, *Punishment and Profit*, Heinemann, Melbourne
- Ritchie, John ed. 1971, *The Evidence to the Bigge Reports*, Vols. 1 and 2, William Heinemann, Melbourne
- Robertson, Sir Charles 1947, *Chatham and the British Empire*, Hodder & Stoughton, London
- Roseveare, Henry 1969, *The Treasury, The Evolution of a British Institution*, Allen Lane, The Penguin Press, London
- Roseveare, Henry 1973, *The Treasury 1660–1870*, Allen & Unwin Ltd, London
- Roth, Guenther and Wittich, Claus 1978, *Max Weber Economy and Society*, University of California Press, Berkeley
- Russell, Eric 1980, *Woollahra – a history in pictures*, John Ferguson, Sydney
- Sainty, M. & Johson, K. 1980, *Census of New South Wales, November 1828*, Library of Australian History, Sydney
- Salsbury, Stephen and Sweeney, Kay 1988, *The Bull, the Bear and the Kangaroo*, Allen & Unwin, Sydney
- Sawer, Marian and Simms, Marian 1993, *A Woman's Place. Women and Politics in Australia*, 2nd ed. Allen and Unwin, St. Leonards, Sydney
- Schaffer, B.B. 1963, *Top Public Servants*, University of Queensland Press
- Schedvin, C.B. 1970, *Australia and the Great Depression*, Sydney University Press
- Scott, Ernest ed. 1933, Reprint 1988, *Australia, Cambridge History of the British Empire*, Vol. VII, Pt. 1, Cambridge University Press, Sydney
- Semmel, Bernard 1970, *Rise of Free Trade Imperialism*, Cambridge University Press
- Shann, Edward 1938, *An Economic History of Australia*, Cambridge University Press
- Shaw, A.G.L. 1966, *Convicts and the Colonies*, Faber and Faber, London
- Shaw, A.G.L. ed., 1989, *Gipps-La Trobe Correspondence, 1839–1846*, Melbourne University Press
- Shaw, A.G.L. 1970, *Great Britain and the Colonies*, Methuen, London

- Shuman, Cathy 2000, *Pedagogical Economies*, Stanford University Press, Stanford
- Sinclair, W.A. 1985, *The Process of Economic Development in Australia*, Longman Cheshire, Melbourne
- Smith, Adam 1776, *An Inquiry into the Nature and Causes of the Wealth of Nations, Book Four: Of Systems of Political Economy*, Adam Smith Institute 2001 Created and Maintained by: Cyberpoint Limited
- Souter, Gavin 1981, *Company of Heralds*, Melbourne University Press
- Spann, R.N. 1979, *Government Administration in Australia*, George Allen & Unwin, Sydney
- Spann, R.N. and Curnow, G.R. 1975, *Public Policy and Administration in Australia: A Reader*, John Wiley and Sons Australasia, Sydney
- Statham, Pamela 1992, *A Colonial Regiment*, ANU, Canberra
- Steketee, Michael and Cockburn, Milton 1986, *Wran An Unauthorised Biography*, Allen & Unwin, Sydney
- Steven, Margaret 1965, *Merchant Campbell 1769–1846*, Oxford University Press, Melbourne
- Swanson, James, October 1971, Licensing Magistrate, *Two Centuries of Liquor Law New South Wales*, unpublished manuscript, Licences Reduction Board, (Liquor Administration Board) Sydney
- The Mandarins, 12 Profiles of Major Commonwealth Government Departments*, 1975, Hoquara Pty Ltd, North Sydney
- Thomson, Hugh 2006, *Cochineal Red*, Weidenfeld and Nicolson, London
- Twomey, Anne, 2004, *The Constitution of New South Wales*, The Federation Press, Sydney
- Tyler, Peter 2006, *Humble and Obedient Servants 1901–1960*, UNSW Press, State Records NSW
- Waldersee, J. 1974, *Catholic Society in New South Wales 1788–1860*, Sydney University Press
- Waterhouse, Richard 1995, *Private Pleasures, Public Leisure*, Longman, Melbourne
- Watson, F. 1913, *The Beginnings of Government in Australia*, New South Wales Government Printer, Sydney

Watson, J. Steven 1960, *The Oxford History of England, The Reign of George II, 1760–1815*, Oxford University Press

Waugh & Cox's *Australian Almanac*

Weider, Ben. Forshufvud, Sten 1995, *Assassination at St Helena Revisited*, John Wiley & Sons Inc. New York

Wilenski, P. May 1982, *Further Report, Unfinished Agenda*, NSW Government Administration

Williams, E.N. 1970, *The Eighteenth Century Constitution*, Cambridge University Press

Winch, Donald 1965, *Classical Political Economy and Colonies*, London School of Economics, G. Bell and Son Ltd. London

Wright, D.I. 'The Politics of Federal Finance: The First Decade', *HS*, Vol. 13, No. 51, October 1968, pp.460476

Wright, Maurice, Treasury Control 1854–1914' in Sutherland, Gillian ed. 1972, *Studies In The Growth Of Nineteenth-Century Government*, Routledge & Kegan Paul, London

Young, D.M. 1961, *The Colonial Office in the Early Nineteenth Century*, Longmans, London

Young, E. Hilton and Young, N.E. 1936, *The System of National Finance*, John Murray, London

Young, John, Sefton, Ann and Webb, Nina *Centenary Book of the University of Sydney Faculty of Medicine*, Sydney University Press, 1984

5. THESES

Carew, Roberta 1985, *Port Jackson in the 1830s*, Unpublished MA Thesis, History Department, University of Sydney

Clune, David March 1990, *The Labor Government in New South Wales 1941 to 1965*, Ph.D. Thesis, Department of Government and Public Administration, University of Sydney

Graham, Neil 1972, *The Role of the Governor of New South Wales Under Responsible Government, 1861–1890*, Ph.D Thesis, Macquarie University

Henry, Keith Haldane 1974, *From Plough to Premiership The Career of Sir John See 1845–1907*, MA Thesis, Macquarie University

Hubbard, Nigel 1969, *Some Aspects of the Social and Political Career of George Dibbs*, MA Thesis, University of Sydney

Irving, T.H. 1967, *The Development of Liberal Politics in New South Wales 1843–1855*, Unpublished Thesis, Sydney University

Kildea, Jeff 2000, 'Troubled Times: A History of the Catholic Federation of New South Wales 1910–1924,' Ph.D Thesis, School of History UNSW

Knight, K, 1955, *The Development of the Public Service of New South Wales From Responsible Government 1856 to the Establishment of the Public Service Board 1895*, M.Ec. Thesis, University of Sydney

Lamb, P.N. 1963, *The Financing of Government Expenditure in New South Wales, 1856–1900*, ANU Ph.D Thesis

McCarthy, J.M. 1967, *The Stevens-Bruxner Government 1932–1939*, MA Thesis UNSW

McGrath, Dermid Anthony, 1973, *The Legislative Council and New South Wales Politics 1889–1895*, MA Thesis Macquarie University

Moore, Barry 1985, *Administrative Style: Its effect on the Functioning of An Organisation*. Ph.D. University of Sydney, Faculty of Economics

Murray, P.L. Lt-Col. 1911, *Official Records of the Australian Military Contingents*, Government Printer, Melbourne

Neil, Graham 1972, *The Role of the Governor of New South Wales Under Responsible Government, 1861–1890*, Ph.D. Thesis, School of Historical, Philosophical and Political Studies, Macquarie University

O'Brien, G.G. 1973, *John See Colonial Treasurer and Some Developments Affecting the Treasury of NSW 1891–1894*, MA Thesis, University of Sydney

Parsons, Robin Jane 1972, *Lawyers in New South Wales Parliament 1870–1890, A Study of the Legislative Role of Private Members*, Ph.D Thesis, Macquarie University

Polden, Kenneth Arthur 1970, *The Government Savings Bank of New South Wales 1871–1931 With particular emphasis on the amalgamation with the Commonwealth Savings Bank in 1931*, MA Thesis, Macquarie University

Reynolds, Peter 1972, Ph.D. *The Evolution of the Government Architect's Branch of the New South Wales Department of Public Works, 1788–1911*, UNSW, Sydney

Shortus, Stephen Paul, 1970, *Retrospection: Attitudes to the Colonial Past in New South Wales in the 1880s*, MA Thesis, Macquarie University

Smith, K.E. 1974, *Treasury Correspondence to 1856*, Unpublished Thesis, Diploma in Archives Administration, School of Librarianship, UNSW

Smith, K.E. 1976, *The Colonial Treasury of New South Wales, 1823–1841*, BA Hons Degree, School of History, Macquarie University

Vallance, Sarah Ph.D. (2000) *The influence of Culture Upon Administrative Practice in Singapore, Thailand and the Philippines with Particular Reference to Performance Appraisal and Performance Auditing*, Department of Government and Public Administration, University of Sydney

Young, I. *The Impact of J.T. Lang on the NSW Labor Party 1929–1943*, MA Thesis, UNSW, 1963

Young, Maxine, 1982, *The Secretaries of State and New South Wales, A Study of Britain's Policies towards the Colonies and Their Administration Between 1786–1812*, MA Thesis, NSW Politics and Government, Macquarie University, Ryde

Zafarullah, Habib Mohammad, 1986, *Public Service Inquiries and Administrative Reforms in Australia, 1856–1906*, Ph.D. Thesis, University of Sydney

OTHER SOURCES

1. INTERVIEWS

Allan, Percy
 Coady, Aubrey
 Henry, Bill (William)
 Knight, Kenneth
 Lambert, Gary
 McPhee, Norm
 Oliver, John
 Oakes, Norm
 O'Grady, Hon. Paul
 Trott, Ken
 Walder, Ted (Edwin)
 Wentworth MP, Hon. W. C.

