

# "NOT EVEN HONEST"

## Mr. Butler On Budget

EXPECTS DEFICIT TO BE  
£2,000,000

## Says Figures Were Juggled

The leader of the Opposition (Mr. Butler) in the Assembly yesterday said that the Budget brought down by the Premier last week, in its failure to comply with the Premiers' Plan, was not even honest. If approved by Parliament it would be a reflection on Parliament's honor.

Mr. Butler, in continuing the debate on the Budget, said it was one of the most extraordinary financial statements which had ever been submitted to Parliament, as its weaknesses and inaccuracies were apparent to any casual observer.

One would think, he said, judging from the Premier's statements, that even financial jugglery and political evasion were excusable as long as no attempts were made to cover up the masquerade.

His main objections to the Budget were:—

- (1) That it was not in accordance with the Premiers' Plan which had definitely limited the total deficit for South Australia to £1,500,000;
- (2) That to keep within the limit, the Treasurer had excluded from his expenditure depreciation payments and wasting assets amounting to £203,000;
- (3) That he had inflated his revenue to the extent of £300,000;
- (4) That the Treasurer had refused to make further economies which could have been effected without retrenchment or throwing more persons upon the unemployed market;
- (5) That the deficit would probably be £2,000,000, or approximately £500,000 in excess of what the Treasurer had estimated.

No one would dispute the difficulties and responsibilities placed upon the Treasurer in presenting the State's annual financial statement, said Mr. Butler. It was difficult because of the impossibility of balancing accounts. At the same time the responsibilities were great because the Premier had, under the Premiers' Plan, definitely agreed to keep his deficit within a clearly defined amount, namely £1,500,000.

Mr. Butler said he had repeatedly expressed the opinion during the past two years that the responsibility imposed upon the Treasurer and a Government should be shared by all political parties. It was somewhat unusual in the political life of this country that an Opposition should endeavor to relieve the Government of some of its responsibilities, but the critical condition of State finance had demanded it. Any member of the Opposition, in fact, any member of that House who attempted to make political capital out of the many unpopular things which a Government was compelled to do in these days betrayed a sacred trust, a trust imposed upon him by the people of this country to make personal and party considerations subservient to the best interests of the State. It was for those reasons that he, on behalf of the Opposition, had suggested that a Budget Committee, consisting of representatives of all parties of the House, should be appointed to render every assistance to the Treasurer in trying to lift the State out of the financial morass. The fact that the Treasurer had agreed to the appointment of this committee had met with general approbation from all sections of the community.

### Weakness of Budget Committee

Although the Committee had been unable to agree upon a common policy, which, in his opinion, would have altered many aspects of the Budget, yet the work of the Committee had by no means been futile. The apparent weakness of the Committee (and he did not say that disparagingly) was that the Treasurer was chairman of

# Mr. Butler's Criticism of State Budget

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### Reduction in Expenditure Essential

All he wished to do was to place the true facts before the people of the State. The total production of wheat and wool was not sufficient to pay the cost of Government.

Mr. Cameron (C.P.)—It would just about pay half of it.

Mr. Butler said that in the interests of the employees of the State, if they were not going to take everything from them by taxation, reduction in the costs of Government was essential. In 1930 the number of taxpayers with an income of more than £4,000 was 27. In 1931 it was five. Those with incomes between £2,000 and £4,000 were 130 in 1930 and 52 in 1931. Between £1,250 and £2,000 the numbers were 365 in 1930 and 159 in 1931, and between £750 and £1,250, the numbers were 1,025 in 1930 and 531 in 1931. In 1930 the number of employes who paid income tax was 65,790, contributing £173,817. In 1931 the number of employes paying that tax was 80,321, the tax amounting to £678,669.

### "Governments Not Observing Premiers Plan"

"The Treasurer in his Budget speech," said Mr. Butler, "made many references to the Premiers' Plan, but for obvious reasons he omitted to stress what was perhaps the most important feature of the Plan, namely, that the Governments of Australia should keep their deficits strictly within defined limits. Almost every Government of Australia is endeavoring to evade its responsibilities. Queensland and Western Australia are both budgeting for deficits in excess of the amount limited by the Premiers' Conference. The financial statement of New South Wales showed a deficit of £8,300,000, of which the Treasurer said £1,600,000 was rightly debitable to last year's expenses, leaving a deficit of £6,700,000. The amount fixed by the Premiers' Conference was £5,410,000. Although Mr. Lang in his Budget speech said that further economies would be effected, he has made no attempt so far to carry out this promise. Victoria is budgeting for a deficit very much less than that agreed upon under the Premiers' Plan, but even then it is stated that her reduction in expenditure on railways is largely due to eliminating amounts which have previously been set aside for depreciation, renewals, or repairs. But, after all, we should be mainly concerned with what we do ourselves."

### "Budget Not Honest"

"I wish to state quite candidly that the Budget which the Premier has submitted is not in accordance with the Plan. In that respect his Budget is not even honest. It is a reflection upon the honor of the Government, and will, if approved by Parliament, be a reflection upon the Parliament of this State."

Mr. Hill—That's pretty strong stuff, to say that it is not honest.

Mr. Butler—I will prove what I say to the satisfaction of this House. Let me briefly review the financial statements submitted by the Treasury since the Plan was first adopted. The figures submitted by the Treasurer to the Premiers' Conference showed a deficit of £1,500,000. About two months ago the Treasurer, believing that it was impossible to keep within this defined deficit, submitted new figures to a further Premiers' Conference, showing a deficit of approximately £2,180,000, which he said was due to a shortage in revenue since the time the Premiers' Plan was approved of £680,000.

### Adjusting Expenditure and Revenue

At that conference, said Mr. Butler, practically all the States had endeavored to bring pressure to bear on the banks to make additional money available to meet increased deficits, to which the banks would not agree. Therefore the responsibility was thrown upon the Treasurer to adjust his expenditure and revenue to reveal a deficit of not more than £1,500,000, and this was how he had achieved it.

At the last Premiers' Conference he had estimated railway revenue at £2,800,000, which he had increased to £2,750,000 in the Budget, or an actual increase of £150,000. Harbors revenue had been increased by £30,000, business undertakings by £10,000. Succession duties had been increased by £30,000, stamp duties by £30,000, income tax by £50,000, motor taxation by £20,000, territorial by £40,000, miscellaneous by

### Education Department

Mr. Butler said it has been repeatedly stated that the Education Department was a growing department, and therefore the same economies could not be effected in it as in the other departments. It had also often been stated by the Treasurer that the number of children attending school increased by approximately 2,000 a year, and that a considerable proportion of the increased expenditure was due to opening small schools in the country. Those contentions were not borne out by a study of the facts. The number of schools in operation in 1929 was 1,067, and in 1930 1,073, an increase of six. The number of schools under an average attendance of 20 in those years was 1929, 552, and 1930 539, a decrease of 13. School enrolments grew from 88,296 in 1929 to 88,553 in 1930, an increase of 257. The numbers of teachers in the same years were:—Primary schools, 2,586 and 2,707, an increase of 121; high schools, 212 and 236, an increase of 24; technical schools, 203 and 272, an increase of 69; showing a total increase of 214. Sixty-six teachers had been transferred from primary schools to technical central schools. Had that not been done the increase in primary school teachers would have been 187 for practically the same number of children. The number of class 7 schools in 1930 was actually less than in 1929. The reduction of teachers' salaries by 10 per cent. in October of last year had amounted to over £20,000, yet the decrease in education expenditure up to the end of December of last year had amounted to only £561.

Dealing with the suspension of depreciation payments, Mr. Butler said that he and Mr. Hudd, the Liberal Party members of the Budget Committee, had agreed to the suspension of such payments for one year, provided further economies were effected. In any case, in his opinion, it was a step in the wrong direction. Many of their present financial difficulties were due to the fact that charges for depreciation were not made in the past.

### Cost of Unemployment

"The people will no doubt view with alarm the ever-increasing cost of unemployment in this State," continued Mr. Butler, "and I venture to say that were the whole facts revealed to the public the Government's position would be untenable. It is apparent now, that the appointment of the Unemployment Relief Council was a mistake, as it has done little to remedy the situation. This may be largely due to the fact that it has had to work within the limits of the declared Government policy. The worst feature of the Government's policy of rations without service, outside of the enormous cost to the taxpayer, is that it is demoralising the character of our people and destroying the will to work. The longer this pernicious system is continued the more difficult it will be to abolish it and to remedy the evils connected with it. A suggestion was made to the Government by myself, acting as a member of the Budget Committee, that local governing bodies should be given complete control over all unemployed domiciled in their respective districts; that local governing bodies should be handed over 75 per cent. of what it costs the Government today to provide rations for such persons so domiciled; that the local governing bodies should provide work and so distribute it that the persons concerned would be able to earn something in addition to rations, namely, sufficient for clothing, boots, &c.; that in the event of any person refusing to work on the terms stated by the local governing bodies, their rations should be discontinued. This scheme would have meant a saving of 25 per cent. in the cost of finding rations for persons domiciled in the country, and it would have enabled local governing bodies to carry out necessary and essential works, especially repairs to roads, which, owing to the reduction of the Government grant, are becoming badly neglected. I believe that if this scheme were adopted in all country districts, and gradually extended to the industrial centres, a saving of at least £150,000 a year would be made."

### Fall in National Income

Mr. Butler said that the national income of South Australia had fallen from £41,154,000 in 1926-27 to £23,500,000 in 1930-31. The value per breadwinner had fallen from £175 in 1926-27 to £88 15/4 in 1930-31, and yet people wondered why wages and salaries had fallen and must fall. South Australia had

did not say that disparagingly) was that the Treasurer was chairman of the Committee. Almost every financial question was to a very large extent interwoven with Government policy, and the Committee was forced, in discussing the question of finance, to keep within the defined limits of the Government's policy. That difficulty would arise no matter what Government was in power, and he would suggest that in the future a Budget Committee or a Public Accounts Committee should be appointed, independently of the Government, that would submit its recommendations in writing, either unanimously or by majority reports. It would then be for the Government to decide whether such recommendations were acceptable or not.

"Although it is my duty to criticise to some extent the Budget which the Treasurer has presented to this House," said Mr. Butler, "I can assure him that there will be no bitterness in my remarks, and that any suggestion I have to offer will be made without any party consideration, but with the sole desire of assisting not only the Government, but the individuals and the industries of South Australia."

#### Last Year's Expenditure

Mr. Butler said the expenditure for 1930-31 was £362,829 more than in 1929-30. Expenditure on Government departments had decreased by £122,000, and interest on fixed public debt had increased by £485,000. Reductions had been made in almost every Government department. The reduction in the railways was £772,000, and in the Highways and Local Government Department of £376,000, making a total of £1,148,000, against a saving in all other departments of £256,000. It was evident that the economies effected were mainly in two departments. There had been increases in expenditure in various departments amounting to £1,370,000, made up as follows:—Unemployment relief, £591,000; interest on bonds, bills, stock, &c., £485,000; interest and exchange, £190,000; soldier settlement and administration, £31,000; sinking fund, £29,000; waterworks and sewers, £24,000; mines, £6,000; Architect-in-Chief (including Government buildings), £5,000. Public expenditure per head of population had increased from £8 3/11 in 1926-27 to £12 3/8 in 1930-31, and expenditure per breadwinner had increased from £11 5/8 in 1923-24 to £28 6/5 last year. Those figures revealed how essential a reduction in the cost of Government was. It was the outstanding political problem which must be solved.

stamp duties by £50,000, motor taxation by £20,000, territorial by £40,000, miscellaneous by £30,000, and interest on loans to local governing bodies by £5,000, making a total of £395,000. In order to keep within the deficit laid down by the Premiers' Plan the Premier had inflated his revenues in the past few weeks by £395,000. Which estimate was correct—the one the Treasurer submitted to the last Premiers' Conference when he was desirous of borrowing more money to meet an increased deficit, or the one he had now submitted to the House?

#### Railway Estimates Criticised

"Take the increased estimate of railway revenues amounting to £150,000," said Mr. Butler. "Have conditions improved so much within the past few weeks to justify this increase? I say emphatically, no! In the first place, railway revenue is down nearly £100,000 compared with the same period of the last financial year. Further, the weekly returns reveal that the falling off in railway revenue still continues. Then, again, we are forced to admit the fact that the harvest estimates have fallen very considerably within the past few weeks. The latest railway estimates were based upon a 50 million bushel harvest, which will probably be from seven to 10 million bushels in excess of what will actually be reaped. If such is the case, this means a loss in railway revenue of from £100,000 to £125,000.

"Further, it should be noted that whereas the Treasurer increased railways and harbors revenue, he made a substantial reduction in the expenditure of these two departments. The fall in the basic wage may mean that the railway expenditure estimates will not be exceeded, but it is very doubtful whether the harbors can earn an additional £30,000 in revenue on a reduced expenditure of £30,000. In my opinion the Treasurer is budgeting for at least £300,000 of revenue which he will not receive, yet we call it honoring the Premiers' Plan."

#### Estimated Expenditure

Mr. Butler said there had been a reduction in expenditure in almost every department since 1929-30. The percentage reductions in estimated expenditure this year in the various departments compared with 1929-30 were:—Railways, 35.11; Education Department, 14.98 (of which the reduction on education was only 12.92); Public Works, 7.13; Minister of Irrigation, 17.94; Minister of Marine, 26.8; Crown Lands, 34.06; Police, 13.22; Gaols and Prisons, 17.38; Hospitals, 15.52, and miscellaneous 17.09. The reduction in expenditure in the departments mentioned was £1,696,959, of which £1,262,536 was in the Railways Department.

"It will be noted," said Mr. Butler, "that the expenditure on education is down only 12.92 per cent. as against 35.11 per cent. in the railways. This has been largely due to the fact that automatic and qualifying quota increases are paid to a majority of teachers. Whereas a 10 per cent. cut in education means approximately £60,000, the automatic and qualification quota increases will amount to nearly £20,000 this financial year."

and must fall. South Australia had to produce about £42,000,000 worth, or nearly £20,000,000 in excess of last year's production, to pay every breadwinner £160 per annum. Although there was no doubt that their national income would improve as prices for primary products and metals increased, it was doubtful whether they would reach the £40,000,000 mark for some time. That was conclusive proof that their high standard of expenditure, even in the heyday of prosperity, was never justified.

Referring to the question of Government business undertakings, Mr. Butler suggested the appointment of one directorship to control railways, harbors, and roads. Such a plan would prevent the enormous waste of money which had been caused in the past by the duplication of transport services.

Mr. Butler also said that a substantial writing down of farmers' debts to the Government would have to be made, and suggested that a private statement should be prepared for the Government showing the assets and liabilities of those farmers who had received Government assistance. After such information had been prepared the Government should appoint a committee of the House to go into the whole question.

"No one can dispute the figures I have quoted," concluded Mr. Butler. "They have all been taken from Parliamentary statistics. Unfortunately, they reveal a most depressing situation but although it is impossible to be optimistic as regards State finance at the present time, it is obvious that the State has turned the corner. From an agricultural point of view the worst is over, and with the improved prices there should be a gradual improvement in trade and industry generally."

#### "True Position Not Disclosed"

Mr. Anthony (Lib.) complained of the lateness of the introduction of the Budget. Parliament should adopt statutory provisions similar to those in force in the House of Commons, making it compulsory for the Budget to be introduced before a certain date each year. An important departure had been made this year in the appointment of the Budget Committee. That committee should have brought up a report to Parliament so that members of the House could have the information that was placed at the disposal of that committee. Members had complained every year that information contained in Parliamentary papers did not disclose the true financial position. The Auditor-General made a very valuable report each year, but members had very little opportunity given them of discussing that report. At least one day should be set apart for that purpose.

Mr. Cameron—That would only be taking another page out of the practice of the House of Commons.

Mr. Anthony suggested that the Auditor-General, or the Public Service Commissioner, or both, should be authorised to watch the expenditure of Government departments throughout the year instead of criticising that expenditure after it had been incurred. The reports of the Committee on Education and of the Royal Commission

on Railways contained valuable suggestions regarding the reduction of expenditure to which Parliament should give careful consideration. Soldier settlements along the Murray, which were close together, should be aggregated and controlled by trusts similar to the Renmark Irrigation Trust. The Government could not afford to go on losing money on such settlements each year.

#### Weaknesses of the Budgetary System

Mr. Hudd (Liberal) said that as a result of serving on the Budget Committee he had appreciated the difficult financial problems which were facing the Government and the State today. The great weakness of this year's Budget was that the Revenue Estimates were too optimistic and had been made to obviate the necessity for further reductions in expenditure. There were several vital weaknesses in the present budgetary system of the State. One was that expenditure was based on the expectation of the receipt of certain revenue. If the receipts did not come up to expectations, the expenditure was not affected. There should be a provision that if revenue fell, the expenditure should fall also in an equal proportion. A second weakness was the practice of submitting revenue estimates. There was a danger that a Government, finding it difficult to balance the Budget, might increase the revenue estimates to meet a difficult situation. The Auditor-General, in addition to presenting a report to Parliament on the expenditure of the past year, should also be called upon to submit a certificate that the revenue figures were based on reasonable expectations. Another weakness of the budgetary system was that departmental expenditure could be increased under the Governor's Appropriation Act by £200,000 each year. There was a danger that a department might be ordered to curtail its estimates of expenditure in order that the Budget might be balanced, and be told that any excess expenditure would be made up from the money available under that Act.

#### Land Settlement Essential

Mr. Nicholls (Lib.) said farmers would have to be relieved of many of their obligations if people were to be encouraged to go on the land and produce, which was the only way to keep the country going. Land was cheaper today than at any time in his recollection.

Mr. Craigie (Single Tax)—The cost of production is still high.

Mr. Nicholls—Yes, unfortunately. Secondary industries should be encouraged rather than discouraged, and one Minister should give his whole attention to the matter. To attract money into secondary industries, factory owners should be given grants of land, released from taxation for from five to seven years, or allowed a reduction in freight and wharfage charges. This should absorb a large number of the men out of employment, a definite scheme for permanently absorbing the unemployed had not been put forward by anyone, not even by the Unemployment Relief Council.

Progress was reported, and the debate will be continued today.