

PREFACE

This is the second volume in a series commissioned by the State Records Authority of New South Wales to examine the administration of New South Wales following the attainment of responsible government in 1856. Its publication marks the one hundred and fiftieth anniversary of that event. Volume 1, written by Hilary Golder, covered the colonial period, while this volume looks at the first six decades after Federation.

The range of government activities grew rapidly in the twentieth century as a result of widening community expectations, and a general acceptance of government intervention in aspects of private life that had been considered abhorrent in the previous century. The scale of operations expanded also, to meet the demands of a steadily growing population. At the same time, industrialisation and urbanisation were combining to dilute the traditional Australian orientation towards 'the bush'.

These sixty years were a period of considerable social upheaval, including two catastrophic wars and a devastating economic depression, separated by fleeting moments of prosperity. Governments had to contend with these events at a time when the electoral franchise was universal (except for Aboriginal people), and they sometimes suffered at the polls as a result of their decisions. From the beginning of the twentieth century the business of government ceased to be the exclusive preserve of the propertied classes, as employed workers and their families gained more parliamentary representation.

These factors make for a complex scene, which cannot be analysed in detail in a single volume. Hilary Golder pointed out that she had to apply a ruthless selection process to limit the scope of Volume 1. That was even more necessary for this volume, which has become a study of public administration as defined by Jaensch and Teichmann:

the method of managing public affairs, emphasising such factors as organisation, efficiency, personnel management and finance ... The activity concerned with the implementation of public policies, the technical side of government, as distinct from the making of policies.¹

In other words, this history deals with process rather than outcomes. It is not a catalogue of achievements or a record of major public works projects. Inevitably in a history of government administration there are failures to record as well as successes. This volume explores both.

The emphasis is on the inner-budget sector, comprising those departments funded from the public purse to provide services that otherwise would not exist. Accordingly, attention is concentrated on three major agencies whose influence over government administration was critical throughout the period reviewed: the Premier's Department (initially Colonial Secretary), the Colonial Treasurer's Department (later Treasury) and the Public Service Board. Each of these became dominant in their respective spheres of Cabinet policy, finance, and staffing.

Parliamentary history – the rise and fall of New South Wales governments – has been thoroughly explored by other writers, and so is touched on but lightly here to provide a framework for understanding their impact on administration.² Although the interaction between ministers and their senior officials is mentioned, the book does not explore the pressures that led to the selection of a particular dam site or the construction of a new bridge. The day-to-day work of teaching the children, policing the streets and tending the sick is outside the scope of this study. So too is the operation of the railway and tramway services, although it can be argued that these were the main activity of the New South Wales government. Certainly they formed the biggest enterprise in the State, and employed more people than were under the control of the Public Service Board – 16 250 in 1901, compared with 12 780 public servants. They consumed a major proportion of the State budget. In the words of one historian, “so massive were the capital demands of the railways that the solvency of the State itself depended on the health of the railway finances.”³

Despite awkward gaps in some periods, or for some agencies, the archives held by the State Records Authority of New South Wales provided a treasure trove of original material on which this history is based. Another valuable primary resource is the annual reports presented to Parliament by the various government agencies, particularly the Public Service Board. Understandably, such documents are to some extent self-congratulatory, but they do provide a great deal of information.

Many State departments and statutory corporations have prepared histories of their own organisations, often commissioned to mark a centenary or similar milestone. A few of these have been published commercially, while others consist of photocopied typescript that is not generally accessible. These works vary in quality, but all provide a description of significant achievements of the organisation. This information is helpful for readers who need to know what the agency did and when, rather than how. Some of the publications are little more than glossy picture books for the coffee table, but even these contain a modicum of factual information. On the other hand, several of the departmental histories are serious pieces of scholarship, based on extensive research. A select bibliography appears in this volume. Generally speaking, the material in these secondary sources has been accepted at face value unless obvious discrepancies were detected, often through referral to State Records'

electronic database *Archives Investigator* which gives brief a account of the origin and functions of each government agency.

Information about the careers of public servants can be gleaned from the *Public Service Lists*, known colloquially as the 'Blue Books', that were published almost every year until 1960. These lists give the full name, date of birth, qualifications, position, salary and date of appointment of every individual, from departmental head to messenger, who was employed under the *Public Service Act*. In the early years the lists also contained the names of schoolteachers, police constables and hospital nurses, but as those occupations proliferated, it became impractical to publish details of the entire staffing establishment.

A countervailing impression of the State's administration is provided by the mass media of the day. For much of the period, the activities of the bureaucracy were newsworthy, often reaching the main pages of the metropolitan daily newspapers. For example, the appointment of a new departmental head usually warranted an extensive biography in the press. Even the annual conferences of public sector unions were reported in considerable detail. Newspaper files have been used extensively in this research.

The structure of this volume is essentially a straightforward chronological narrative, with recurring themes in each chapter. Chapters begin and end with a change of government, and sometimes a change of political party as well, because these events frequently coincided with changes in administrative practice. On average, each chapter extends over three Parliaments and five ministries. While the longest chapter covers nearly 11 years, the shortest spans just over five turbulent years. Labor and non-Labor parties alternated, each holding office for five periods of government in the first 60 years after Federation, although in total the Australian Labor Party sat on the government benches slightly longer: 53 per cent of the time. Eighteen men held the position of premier, three of them on two occasions.

Most scholars of Australian politics or history have tended to focus their research on the activities of the Commonwealth rather than State governments, thereby perhaps undervaluing the role of the other tiers, where most of the services meaningful to the proverbial man-in-the-street originate. Education, transport, health, housing, policing are all delivered by the States. The Commonwealth has gradually intruded into these areas, attempting to provide some coordination or uniformity through its ultimate control over finance, but it is not saddled with the responsibility when services break down. Areas in which the Commonwealth has total jurisdiction, such as foreign affairs, defence and customs, rarely impinge on the average citizen. Postal and electronic communications (the telegraph in the early days), important activities of the Commonwealth at the time of Federation, became less significant when alternative transmission modes emerged and many of the previous monopoly services were thrown open to commercial competition.

A major aim of this history is to redress some of the imbalance in the literature by emphasising the importance of New South Wales, where about one-third of the Australian population lives. For that reason alone the unique features of the State's governance demand greater consideration by historians.

INDUSTRIAL RELATIONS

Widespread industrial unrest in Australia during the depression years of the 1890s led many people to advocate government intervention in the relationships between private employers and their workers. Compulsory arbitration of industrial disputes was introduced in New South Wales from the end of 1901, with a Court of Industrial Arbitration backed by a Registrar stationed in the Department of Attorney-General and Justice.

The government did not expect that public servants would avail themselves of the arbitration system, because the Public Service Board was supposed to fill the role of arbiter. However, unlike the courts, the Public Service Board was not in a position to award wage or salary increases unless Parliament voted funds for this purpose. After a salary drought coinciding with the one affecting rural industries, the public service became restive. In 1900 Parliament refused salary increases for officers receiving over £400 per annum, provoking a sharp response from the Public Service Board that “an arbitrary rule of this kind will ultimately work great mischief”.²⁸ Parliament relented the following year, and the rules on promotion of junior officers were relaxed at the same time. Annual increments of up to ten pounds were permitted until a salary of £150 per annum was reached, a sum considered to be “a fair living wage”.

Employees in the general division of the public service – tradesmen, gardeners, labourers and the like – did not fare so well. To maintain parity with the clerical staff, they were reluctantly granted three weeks’ annual leave, but the Public Service Board remarked rather provocatively that “in many outdoor trades and occupations there is not the same need of recreation leave as in the case of men leading a sedentary or confined life.” Probably the manual workers felt they were more deserving of a break from hard work than were the desk-bound clerks.

Although the Public Service Board was charged with improving the efficiency of the public service through the introduction of new technology and better methods, inevitably a large part of its time was devoted to more mundane matters relating to the employment conditions of its large workforce. The biennial assessment and regrading of staff was a time-consuming and contentious issue. Following the regrading of 4566 officers in 1906, 1122 appeals were lodged with the board.²⁹ Each of these had to be heard individually, and long delays resulted.

By early 1910, the inflexible Wade government was clearly in trouble, and facing a possible Labor electoral victory. Although there had been major industrial unrest in Broken Hill and Newcastle the previous year, with violent confrontations and the jailing of strike leaders, the economy had been booming, resulting in inflation that was eroding the standard of living. In an effort to sway the large public service vote, the government decided to provide additional funds to increase public service salaries from 1 July. The extra cash was not distributed equally, but applied particularly to the lower clerical grades and in professional occupations where there was a lot of competition from the private sector. Judging by correspondence in the daily newspapers published under the heading “Discontent in the Public Service”, many

of the recipients were not impressed, although their criticism was directed more at the Public Service Board than the government.³⁰

In a leading article in the conservative *Sydney Morning Herald*, public servants were exhorted not to vote for the Labor Party in the forthcoming election, for "the government of a country is a task for statesmen, not for ill-informed, short-sighted amateurs."³¹ The writer was concerned by elements of the Labor policy platform, including the abolition of first-class seats on suburban trains and the establishment of various State commercial enterprises, conveniently overlooking the fact that a number of these existed already.

Just before the election Wade amended the *Public Service Act*, devolving the power for fixing salaries from the Public Service Board to departmental boards consisting of the under secretary, a member of the Public Service Board, and the head of the branch in which an officer worked.³² This innovation provided a new opportunity for favouritism, despite there being provision for appeal if an officer was dissatisfied with the departmental board's decision. Ninety-six departmental boards were established in the first year, with the aim of making salary reviews a continuous rather than a periodic process.³³ These measures did not save the government.

A PREMIER'S DEPARTMENT EMERGES

Soon after JH Carruthers became Premier and Colonial Treasurer in 1904, he proposed reorganisation of the Colonial (or Chief) Secretary's Department to achieve better control over expenditure. He was disturbed by the department's plethora of unrelated responsibilities, which could perhaps be distributed among other departments to achieve more efficient administration.³⁴

His concern was justified. In 1904, the Chief Secretary was responsible for the Audit Office, the Botanic Gardens, police, fisheries, lunacy, friendly societies and trade unions, public health, the Registrar General, asylums for the infirm, the Stores, Supply and Tender Board, children's relief, the Medical Board, fire brigades, and the State Clothing Factory, besides such incidental activities as the Electoral Office, State Government House, the Agent-General in London, the Government Statistician, the Executive Council, and his own ministerial office.

In *Politics, Patronage and Public Works*, Hilary Golder suggests that this accretion of responsibilities was due to the dominance of (Sir) Henry Parkes and (Sir) John Robertson when they held the portfolio of Colonial Secretary. It helped that their Principal Under Secretary, R Critchett Walker, a personal friend of Parkes, had held this influential position since 1879.

Joseph Carruthers was not about to place such power in the hands of his colleague, Colonial Secretary JA "Dismal Jimmy" Hogue.³⁵ Carruthers asked the Public Service Board "to assist me by a determined effort to reform this Department."³⁶ The board showed less determination by responding that while they sympathised with the Premier's objectives, they had too much other work. Already there were signs of a struggle for power between a premier and the board.