This is George Lewkowicz for the Don Dunstan Foundation interviewing Mr Ron Barnes, who was a senior executive in the Treasury Department and Under-Treasurer when Don Dunstan was the Premier. The date today is 29th May and the location is Mr Barnes’ home.

Ron, thank very much for being willing to be interviewed for the Don Dunstan History Project. Can you just talk a bit about yourself, your university education and how you became employed in the South Australian public service?

It’s a pleasure to take part, George. Begins at age fifteen, I guess, when I left Adelaide Technical High School and began both employment and university studies. Employment during the day and (break in recording) University studies at night. Started in the Treasury as office boy, as I say at age fifteen, and Tom Playford was the Premier and Treasurer. Began a diploma in commerce at the University of Adelaide and that eventually led on to me doing a degree in economics, which I finished many years later.

At age eighteen I joined the navy and was away for four years. Most of the young chaps in the public service, of course, joined up then. After the [Second World] War back to the Treasury and on with studies in the evening. In my early twenties, at about age twenty-five, I was tempted by the very good salaries being offered by the Commonwealth Bank and I resigned from the public service and went to the bank for five years. Didn’t enjoy banking much but I was fortunate in being involved in quite a few economic surveys, which (laughs) I much preferred to banking. But after five years in the bank I had a stroke of luck: the then Research Officer in the Treasury, one Alan Bailey, left to become a financial journalist and the Research Officer’s job was advertised, so I applied for it. I think that was probably 1949 – no, it would have been 1953. Yes, that would have been about 1953. And that year is relevant, in a way, to what we’re going to talk about – Don Dunstan, mainly – because in 1953 as one of a small Treasury group accompanying Tom Playford to Canberra for Premiers’ Conference and Loan Council meetings, I had the opportunity to observe Tom in action and his counterparts from the other states, and then over a period of thirty years I went to – I’m about to say ‘every’ Premiers’ Conference and Loan Council meeting; perhaps I should say ‘virtually’, because I may have missed one along the way, but I don’t think so. (laughs) Including, of course, the period in which Don was Premier and Treasurer. So in a small way that gave
me an opportunity, I guess, to compare Don in some elements of his persona and his presentation, *et cetera*, with his counterparts in other states and the people who went before him and came after him.

**Terrific, yes.**

In retrospect, I’d say he would have to be if not *the* most articulate of them all, certainly one of the most articulate. Very impressive.

**So what was your role when you went to these conferences the first two or three times? You were the resident economist, or – – –?**

(laughs) Well, the only one I’d describe as a true economist was Gilbert Seaman, and Gilbert was Under-Treasurer for most of the period we’re talking about and in my view he was really an economist. He not only understood economic matters, he lectured in Stats II at the University of Adelaide, *et cetera, et cetera*. (laughs) I think my role in the early years was to sit and listen and learn. In later years, it was once in a while to give advice on some matter, the details of which I no longer remember. Remember we’re talking of a period going back anything from thirty to fifty years now, George.

**And were there many economics graduates in the Treasury Department then?**

There were not many in those days. There might have been three, I would say: the Under-Treasurer, his 2IC – who was probably called Assistant Under-Treasurer in those days – and the Research Officer, and I was the Research Officer at that stage.

**You were the Research Officer, right.**

That’s correct. There were a few more by the time I retired, but still not all that many.

**And what was your role as the Research Officer?**

It was varied. A large part of it was involved with work to make submissions to the Grants Commission, because as you know South Australia was a so-called ‘mendicant’ state and much of the work involved – quite important element of the work for South Australia – was to make the best possible case to the Grants Commission on what were the difficulties in providing services, how our difficulties were greater than elsewhere, *et cetera*, what were the problems in raising revenues and how were those problems greater
than elsewhere. So more than anything else I would say the job of the Research Officer, the economic element of it, was in the Grants Commission area.

I think it’s worth saying, perhaps relevant at this stage, George, to say that in the times we’re talking about treasuries generally, on my observation, did not get involved very much in broad economic issues of the whole nation. That was recognised as being the area for the Commonwealth Government and the Reserve Bank, and still remains so although there is, I guess, more interest in the state treasuries in that economic element.

Yes. And you’d have a close relationship with the ABS, the [Australian] Bureau of Statistics?

I wouldn’t say close. We knew some of the people, we dealt with them on cordial terms, got the information we needed, but not a close relationship, no.

Just looking at the late ’60s and the early ’70s, can you recall what the economic climate, the State economy was like at the time?

I can’t recall it clearly. But in general terms South Australia at that stage remained primarily – (laughs) primarily, I used the word ‘primarily’ – a primary producing state with elements of secondary industry, much of which was the legacy of Tom Playford’s day, for instance the development of Whyalla, the presence of BHP there. The mining was important but nowhere near as important as it is today, of course. But what I’m saying there about South Australia pretty much could have been said of Western Australia, Tasmania – both of whom were mendicant states, by the way – and could also have been said of Queensland, which could have made a case to the Grants Commission had they wished but didn’t. So, other than New South Wales and Victoria, I think my belief is that all of those four states shared the situation of being largely primary producing with limited secondary industry and limited commercial and tertiary industry.

The reason why I’m asking is there seems to have been a switch. The late ’60s, early ’70s, a reasonable amount of money around for governments to be able to inject into their reforms; but later, in the later ’70s, we had tariff reform coming in and I’m not too sure when the petrol prices started going up, but it seemed as though conditions were a lot tighter. Can you recall any switch in economic conditions?

The main switch that I remember in conditions in South Australia was the sale of the railways. We’re interested mainly in Don Dunstan’s time, aren’t we?
Yes, sure.

Things would have been pretty tight when Don took over. The change of government, by the way, from Liberal to Labor was in ’65, wasn’t it?

Yes.

Incidentally, go off at a bit of a tangent here and say I believe that the outstanding work done by Gilbert Seaman as Under-Treasurer in ’65 in the service that he gave to Frank Walsh as Premier and Treasurer in helping him to get the finance for the pipeline up to Moomba and other major projects helped to settle the position of Treasury and maybe the public service generally with the new government. Because obviously, after that long period of thirty years with Tom Playford there, there would have been, as I say, naturally some – perhaps ‘suspicion’ is too strong a word, but lack of ease with the public service. (laughter) And in ’65 – I say that because I think Gilbert Seaman did an outstanding job there, but I’m getting a little bit away from the subject now – things remained pretty tight in South Australia as a mendicant state, up until the ’70s.

But the thing that sticks in my mind that changed the situation for Treasury, for the South Australian Government, for Don’s ability as Premier and Treasurer to bring in new programs, was the advent of the Whitlam Government in ’72, when there were a whole range of new projects financed from Canberra and the major one in South Australia’s case was the sale of the railways. And it so happens that I was in the small contingent with Don Dunstan in Sydney when he saw the Commonwealth Minister – would it have been Connor? I don’t remember now – but he wrapped up the arrangements for the transfer of the railways. What he told me afterwards – because there were no officers present, only Don and Commonwealth politicians – when he told me afterwards of the financial deal that he’d struck I was dumbfounded, it was just so good. It was so good, of course, that South Australia moved out of the situation of being a mendicant state.

Did he ever explain how he got the deal?

No, he didn’t ever talk at length on any subject. You may wish to deal with that as a – – – .
Well, talk about it now. I was going to come to it later, but if you want to talk about it now that’s good.

Were you? Well, dealing with Don was interesting, and it was fascinating at times. It was fascinating to see his ability to absorb information. And at the time you would wonder whether you had got across the point you were making, because quite often there would be no reaction at all, and it would be maybe weeks later Don would make some comment which showed that he had got every word of what was said, he’d weighed it up and then made up his own mind on what to do, presumably after talking to other people. But, coming back to the railway thing, no: he didn’t ever explain how he’d gone about it. But, I guess, as I said before, he was articulate, persuasive, whatever.

And when did you first hear about the impending railways deal or offer from the Commonwealth?

I don’t remember that clearly, George. I think we must have gone over to talk about it. I think it must have been on the table and it was probably – because this happened in Sydney, not in Canberra – and I think it was probably a special meeting set up to discuss that. So my answer to your question would have been I first heard about it in 1973 or ’74, say, and then in probably late ’74 it became fact. And I say probably late ’74 because I can’t remember the date of being in Sydney, but what I can remember clearly is a Premiers’ Conference and Loan Council meeting in ’75 – and that almost certainly would have been about June, maybe early July 1975 – when Don Dunstan had to leave the conference early. I think the Premiers’ Conference had been completed and the Treasurers had moved into Loan Council. Don had to go back to Adelaide, and the reason was he had to be in parliament to get the legislation through dealing with the transfer of the railways.

And one particular part of it sticks in my mind – and this is getting away from Don slightly to me, now – he nominated me as his stand-in at Loan Council. So I was sitting there as one public servant stand-in while the rest of the members were Bill Hayden in the chair as chairman and the various premiers round the table. And what sticks in my mind particularly is that a vote came on the size of the loan program, and four premiers – by the way, I had asked to speak last, I thought it would be appropriate for me as a public servant
to not speak fourth, as South Australia would, but to speak last – four premiers had spoken and said they would vote against the total of the loan program as put up by the Commonwealth and one had said they would grudgingly accept it. Had I gone with the four, the vote would have been five to three and lost, because the Commonwealth had two votes and a casting vote. As it turned out, I said last, ‘Well, I think the Premier, Mr Dunstan, had he been here would have criticised the total but I don’t think he would have embarrassed the Commonwealth by voting against it, hence I will cast my vote for the program’. Which meant that the vote then was four to two with the state premiers and one public servant; the Commonwealth with its two votes made it four–four and with its casting vote got its program through. That’s probably not on the record anywhere, (laughter) but it’s interesting that I not only took part in a Loan Council meeting but in a vote such as that.

What did Don say after when you told him?

That’s an interesting point. In the last couple of days thinking about that I was trying to think what did Don say when I told him, and, try as I may, I cannot remember clearly. But I’ve got a vague recollection that his answer was an enigmatic smile. (laughter) But I’m not a hundred per cent sure of that.

These were Liberal premiers apart from [Don]?

They were a mixture. I think there were probably about four Liberal premiers or treasurers – because they happened to be treasurers acting in Loan Council. But no, I’m not clear about that now, George.

What was their concern, why were they voting against the program?

They wanted a larger program.

Oh, larger, really?

Because remember in those days the Commonwealth raised all the funds and then made them available to the states. So the states would take the view that it’s the Commonwealth’s job to raise the money and these four premiers wanted the
Commonwealth to raise more money to pass on to the states in their loan programs so they could build more schools and hospitals, *et cetera*.

**Just getting back to the railways agreement, what was the Treasury’s role in that, your role? Checking out all the figures?**

It was really just to cast an eye over it and, as you say, to see if the figures looked right. And of course the main figure was how much we were paid for it, and we were bowled over by (laughter) what Don Dunstan had achieved. And the second stage – I don’t really remember this – but we must have then quickly advised Don to withdraw from the Grants Commission procedures because we were so well-off. And of course that gave him the opportunity, as Premier and Treasurer – in this case as Treasurer, framing the budget – to do a lot of things that would have otherwise been difficult.

**How long did that last, SA not a mendicant state? Because later on it went back in as one, I forget exactly when.**

Yes, I think it lasted probably till 1981, and I’m guessing. It would have been ’80, ’81, ’82, that time. And the reason was not anything that happened on South Australia’s part but that the whole arrangements for the Grants Commission were changed by the Commonwealth and in effect every state was brought into the system so that there was no longer the question of mendicancy, it was a question of distributing between the six states whatever the total was. And of course that comes through today as all of the GST¹ revenues being made available to the pool and being distributed by the – well, I was about to say ‘by the Commonwealth Grants Commission’; that’s not true – by the Commonwealth but on the recommendation of the Commonwealth Grants Commission.

By the way, as an aside, I was a member of the Grants Commission for ten years, ’89 to ’99.

**Interesting – so you saw it from the other side, if you like. ‘Who are these states coming in for all this money?’**

(laughter) Yes. Which was interesting, some of the stories being told, and thinking to myself, ‘God, I used to put up that nonsense myself’.

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¹ GST – goods and services tax.
Who was the chair when you were on? Was it Else-Mitchell or was that later?

No, that was later. Oh, that’s a face that sticks in the memory, of course. But yes, Rae Else-Mitchell was much earlier. Dick Rye, an ex-senior Treasury man, was chair during my time.

Good. Just looking at the role of Treasury, we were talking earlier about the late ’60s not a lot of graduates, Gilbert Seaman being the Under-Treasurer, he was a trained economist. Just reflecting on the role, did you see it changing over the ten or so years that Don was Premier, the Labor Government there?

I saw some change would have been in Don’s time, yes, because he came in in the early ’70s. Changes of government were ’65, ’68 and ’70, I think.

Yes. Don was Premier for a year and a half in the late ’60s before he lost to Steele Hall.

Oh, so Frankie Walsh came in in ’65.

’Sixty-five, yes.

And then Don became [Premier]. I had forgotten that.

But the main period in early 1970.

Yes. Gilbert Seaman retired in probably late ’74 or very early ’75. The reason I say that was that on his retirement I was approached by the then Chairman of the Public Service Board – and I don’t know whether he was acting on Don’s behalf or on his own – but to apply for the job of Under-Treasurer, and I was third in line at that stage of the game and I chose not to, because I saw the main job of Treasury as being to help the government to get the best use of the resources available to it. Of course to get the resources in the first place, but then to use them in the best way. And we did not have a strong enough budget section. We were a very small department, partly because Gilbert Seaman was so brilliant. We needed to beef up that budget section so that we could have more people going into the departments and talking to them: not to tell them what to do, but to understand what their problems were, to find out more about what government policy was in respect of those services and to get a better – when I say ‘better’, to get as good a distribution of resources as one could. And of course, while Treasury could do that up to
a certain point, the final allocation of course was subject to the Premier and Treasurer’s okay or cabinet’s okay.

So one of the major changes in that time – oh, by the way, I suppose in effect I was really acting as Under-Treasurer, because Ted Carey, who was Under-Treasurer for that short time, was ill. But, coming back really to your question, the changes were more budgetary and it was deliberately to get the best use of resources, to know more about what was going on and to understand more about what was going on. And, if you like, (laughs) to make Treasury a friend of the departments and not the enemy.

So it was a sort of better understanding and better ability to make judgments by way of recommendations on resources.

Yes, that’s right.

Very good. And did you sense the departments were appreciative of that?

From the odd comment I’ve heard from half a dozen people I met afterwards through the years, I have the impression that they were.

So Treasury wasn’t a dead hand.

I like to think not. (laughter) Maybe I’m fooling myself.

And did Don give you any broad scenarios on what he was after?

No. Well, again I’m calling on my memory of thirty years ago. But I’m inclined to say no. It seemed to me that Don’s major concerns were not financial but they were incidental to other things, and that his main concern was to bring about social change in South Australia which included, among other things, a greater emphasis on the arts. So in the budgetary picture the arts became more prominent, got a better hearing. And that was pretty clear in the budget discussions which were between Treasury and Don Dunstan as Treasurer; not with cabinet. Now, what happened beyond that when he took things to cabinet I don’t know, I was not there.

I was going to ask this later, but he was Treasurer and he was Minister for the Arts and I forget, I think tourism was in there somewhere, and he was minister for a few other things sometimes, economic development for a while. Were there conflicts he had in his mind about his role – he could have seen his role as Treasurer as getting money for all these others, or your role being to say – – –? (break in recording)
If there were any tensions they weren’t obvious to me, because I think if he’d put up anything that Treasury would have considered outlandish or completely beyond the pale as favouring the arts or some section of the arts quite unreasonably at the expense of somebody else, we would have at least raised a question about it, accepting that cabinet had the final say. But I have no recollection of that kind of conflict ever cropping up, so my memory is that he was pretty reasonable in his approach and that he resolved the conflicts – any conflicts, if they were there.

Just a broad question: the philosophy, was there one of surpluses or small deficits or government pump-priming at the time? Like these days there’s all the triple-A rating and concerns about going to deficit.

In those days no, life was simpler. In all treasuries, all state treasuries, to my knowledge, there was a general – and not only treasuries; accepted by cabinets, by governments – that it was desirable to achieve reasonable balances, that is not to seek surpluses on current account nor to run deficits. It was desirable to borrow only to provide long-term assets such as school buildings and hospital buildings, and there was nothing in any of the treasuries’ or governments’ thinking in those days that building up surpluses was a good thing and that avoiding borrowing was, of itself, a good thing. The general thought was borrowing was okay, provided it was used sensibly for assets.

And the idea of public–private partnerships, that really wasn’t in the general?—?

No. There was an element which moved in that direction, but not to the extent of private–public partnerships, no. When I say ‘in that direction’, the use of superannuation funds, for example, to finance buildings which were rented back to the government gave them access to an asset they wouldn’t have otherwise had, and that came about largely by the thinking of Ian Weiss, who was the Public Actuary at the time and the adviser. When we get onto that – I’m finding it very difficult, by the way, to fix time, so I can’t link it necessarily with Don Dunstan.

That’s all right.

But you would perhaps be able to do that.
Yes. And there was discussion about, for example, a Hilton Hotel in Victoria Square, as Don was quite keen on getting an international hotel. I’m not too sure where government moneys came into that. It didn’t get built in his time, but he was pushing that along. And the West Lakes deal as well, he was certainly involved in that but again I’m not clear whether there was any government money or treasury involvement in that.

I don’t remember those. What I do remember is that the kind of thing that Ian Weiss arranged covered the Hyatt Hotel on North Terrace, the Hyatt and some of the other buildings there. But the Hilton, no, I simply don’t remember.

One other very broad area’s the Treasury’s relationships – we talked about the other departments; we didn’t specifically mention the Premier’s Department. Do you have any recollections of how those two departments might have worked together on getting the government’s program implemented?

My only recollection there, George, is of discussions with Barry Hughes, who was a personal assistant, I guess would be the expression, on Don’s staff: a very competent person with sound ideas, and I’m pleased to be able to say we had very good relations with Barry. And Barry and I had a very good personal relationship. He had qualities which we didn’t have in Treasury. The sort of advice that he gave to Don, for instance, I really don’t know about. Perhaps I should just go off at a minor tangent here and say if Barry advised Don that it would be desirable to back a certain kind of industry and to give them special incentives, then we would have spoken against it. (break in recording)

Yes, I was saying in a general way, on economic development, Treasury’s belief was essentially – and I think this was broadly Australia-wide of treasuries, too – use your resources you have to the best effect in providing services so that they’re available for industry if it comes. The question of letting industry know what’s available is not Treasury, specifically; there’s usually a department of economic development or an arm of Premier’s Department which is pretty good at telling people what’s available and helping them where to find things. And they are the two best things you can do to attract industry. If it sees that there is a natural advantage there, the services, the information, that’s good; but all treasuries, and we certainly would be one of them, would speak against particular bribery, incentives, whatever. Now, I don’t know what kind of advice Barry might have given – my guess is he’d have been pretty hard-headed, but I mustn’t speak for him – but
we had a good relationship with him. There was no antagonism, no going behind each
other’s backs, it was all out – I was about to say ‘all out in the open’. (laughs) I think
most of it was.

Yes. There was Milton Smith and his group as well.

Yes. Got on well with Milton. Again, I can’t really speak for what kind of advice – can’t
guess at the kind of advice Milton gave.

And Treasury people were on some of the – there was a parliamentary committee, like
the Industries Guarantees or Advice Committee and one of the others, I just forget;
somebody mentioned Tom Sheridan to me was on one of those committees. (break in
recording)

Yes, on that involvement in any of the parliamentary or other committees that were
dealing with industry in one way or another, if Tom Sheridan were involved I’m pretty
sure it wasn’t when he was my deputy, and I don’t think Treasury ever got involved other
than as witnesses, for want of a better word, before the committee. I have no recollection
of anything closer than that. I do have recollections later of particular incidents such as
when I was Deputy Chairman of the Electricity Trust of fronting up to a parliamentary
committee to justify the decision to move out of the old ETSA\(^2\) Building, for instance, but
that’s another matter. So in Treasury days, no.

Just the relationships with premiers, I don’t know about the Auditor-General, but
generally speaking the central agencies were a key part of the government’s broad
strategic thinking and policy work. Did you ever meet with Bob Bakewell and, say,
Graham Inns and discuss broadly how the state was going and what the departments
might do?

No.

No, and no interactions?

No. Oh, interactions on particular things from time to time, but no really important issue.
No overriding issue or broad issue, no.

And was Treasury involved in the cabinet commenting process? The Policy Division
used to provide comments to the Premier, but I’m not too clear — — .

\(^{2}\) ETSA – Electricity Trust of South Australia.
No. Not to my knowledge.

So a cabinet submission from another department wouldn’t come to Treasury?

Not automatically, no. There may have been cases – and I’m really at sea here – there may have been cases where say Don as Premier and Treasurer pulled something out of cabinet and sought advice on a specific matter – undoubtedly there were from time to time – but a general process of comment, no.

We’ve talked a bit about your interest in upgrading the role of Treasury Department by expanding the budget area. Were there any other reforms or changes you had in mind? Like you became the Under-Treasurer in 1976 and thinking, ‘Well, here I am, now I’m going to be doing this or that’?

No. I think that was the only one. It was against the background, by the way, that I keep coming back to: Gilbert Seaman being particularly competent and really of leaving a department in pretty good shape.

Just talking about Don now and his work as the Treasurer, and you mentioned he was very good in taking briefings and, notwithstanding you wondered whether he absorbed them or not, picking things up later on, and we’ve talked about Barry Hughes: was there any other observations you had about Don and his role as Treasurer, his quickness of decision-making or otherwise?

No. I certainly had this impression of him being decisive. The first impression, of course, was of that innate intelligence, his ability just to absorb information, to make sense of it. And I certainly had an impression of his being decisive. That would have come mainly through our discussions about the budget, I think. And other than that very seldom was there a case where Don gave me as Under-Treasurer, on a particular matter – let’s say I’d been to see him to get a few proposals, sign some dockets which needed his approval or whatever – I cannot recollect any matters at all where I had an impression of him picking up an issue and discussing it.

Right, really?

That leads to a general comment of not much discussion back and forth with Don. There wasn’t, in my memory, a case of saying something to him, getting a response, of then batting it back and forth. My general impression – let me stress, general impression – is
of Don absorbing information and then making up his own mind or perhaps, and I know nothing about this, taking it to cabinet and then making up his own mind.

So he never got back to you and said, ‘Hudo’ – that’s Hugh Hudson – ‘thinks this’ or some private sector friend he’d been speaking to says that ‘What do you think about it?’

I have no recollection of that, no. And I’m interested that you mention Hudo, for instance, because there were some very competent people there. Hugh Hudson was one of them, remarkably competent. Des Corcoran was very competent, Geoff Virgo was very competent. Had the impression there, by the way, that each of them was left pretty much to run their own areas without interference from Don, but that’s only an impression.

That’s interesting. Now, we were talking earlier about relationships with the Commonwealth Government and the Commonwealth Treasury. What generally were those relationships like – oh, sorry, and the Grants Commission as well?

Relationships with the Grants Commission were always good. There was always a frank, honest exchange of views there, nothing hidden. I think we each knew what was going through the other’s mind, it was all out on the table. With the Commonwealth Treasury, not all that much interaction. Sometimes you had the impression that senior people, say John Stone as Secretary to the Treasury, were rather dogmatic and if it came from Commonwealth Treasury it was take it or leave it. That was only an impression. But on a personal level, with individual senior officers of Commonwealth Treasury, relationships were good.

Relationships at the level of State parliamentarians and Commonwealth parliamentarians I wouldn’t even guess at. If I were guessing I would think that from 1972 onwards for a while they were good at all levels – for instance, that Geoff Virgo got funds for railways and that his relationship with his counterpart in Canberra was good, that the same thing applied to other ministers. But that’s sheer guesswork.

And were there ever any comments made about the competence of financial management in South Australia, or otherwise?

I’ve never heard anything either particularly favourable or adverse, no.
Just looking at the DURD\textsuperscript{3} program, like the Land Commission and there was quite a large urban and regional development agreement –

Yes.

– agreed to by South Australia and the Commonwealth, what sort of process was Treasury involved in there?

A process a bit remote from what was happening. When I say ‘remote’, perhaps that’s an overstatement. For instance, take the DURD thing, take the Land Commission for example, the knowledge that Ken Taeuber was chairing it, a very competent person who knew what he was doing: we spoke to him once in a while, knew what was going on. Had no reason at all to second-guess him in any way at all. He knew his area far better than we did. There were no adverse financial implications. By and large those things we’re talking about in that period, the ’70s, the funds came from Commonwealth. There may have been small matching amounts from state budget, but by and large the funds came separately from Canberra and by and large they were administered locally by competent people. There was no need for Treasury to get involved in any ..... 

There was, say, with some section 31 grant proposals – well, this is not so much a Trojan horse, but, ‘Watch out, here’s some money coming from the Commonwealth but the State’s going to have to pick up later on the costs or particularly the operating costs, so just beware of all these offers’. Was that something in the Treasury’s mind?

From time to time that question must have arisen. I do not remember clearly any case where a great red light shone. There must have been odd times, yes. But no, nothing sticks in my mind.

And when Malcolm Fraser came in as Prime Minister in the new government there, was there any change at all that you picked up in the Treasury’s view about South Australia? Previously it was a Labor Government to Labor Government; now that had changed.

No. Because what I considered the major thing which affected Treasury, that was the railway transfer and that wonderful financial deal for South Australia which went with it, was locked into legislation until the broad overhaul of all states’ relationships in 1981. So

\textsuperscript{3} DURD – Department of Urban and Regional Development.
there was nothing that I remember. There may have been odd cases, because Fraser would almost certainly have spoken against some of the grants to the states which Labor introduced; but there was nothing that sticks in my memory.

The Monarto initiative, did Treasury have any view on that?

I don’t know that we ever expressed a view. If we had one, I think it was generally supportive. And my personal view would remain still pretty supportive and say, with the wisdom of hindsight, it might well have been a good thing for Monarto to have gone ahead as envisaged. What’s there now with the zoo is a very good use of the land, but no: short answer, Treasury did not get involved. I do not remember expressing a view. But certainly if I thought then as I think now (laughs) I would have been sympathetic to Monarto.

That’s interesting. Just a couple of other areas on specific types of things. Innovative financing, that was also related to hollow logs, the issue of hollow logs. Are there any insights you can tell us about in terms of how Treasury got – well, whether it was a deficit or a small surplus, but there was some discussion at some stage about, ‘Well, Treasury’s got all these hollow logs it uses every now and again to balance the books or get close to it’?

I don’t think there were any hollow logs. The departments, by and large, didn’t have places where they could park money. One of the important elements of this increase in the budget branch, the growth of the budget branch that I mentioned, in understanding departments’ needs was, among other things, to understand the need for carry-over funds, that something that was started with government support, government approval, in this financial year had implications for the full year next year, was to understand that something might have been started in this year and funds allocated to it unspent. Part of this that I’ve been talking about, this expansion of the budget branch, was to understand what was unspent and how or if it were needed in the following year and to make allowance. But there was no parking of funds in particular places. So my answer, in a very general way, would be there were no boxes, no salting away – not that I was aware of – – –.

The semi-government bodies?
Semi-government bodies, places such as the Electricity Trust for example, made a contribution each year, paid interest at standard rates on their loans. There may have been some minor salting away of funds in places like that, in that not every dollar of surplus was taken to the budget. But I don’t think there was any major salting away, no.

And there weren’t people in Treasury looking at their annual reports and balance sheets and trying to unscramble the way they financed themselves to see if there was some extra money around?

Yes, there was – perhaps not some body, but within the budget branch somebody – not necessarily the same person each year – would have been casting an eye over that. I say that fairly clearly because I asked one person in particular to do just that sort of job in a couple of areas and, among other things, to have a look at the Engineering and Water Supply, as it then was, a government department, and see what would happen, how it would look, if it were removed from the budget and set up as a semi-government body.

Interesting. What about the staggering of capital works budgets, which people often do these days? Like the votes for capital works and then they’d either get speeded up or slowed down.

I have no clear memory of that, George, other than that in an overall way departments were expected to accord with whatever their allocation was for the year, and that applied whether it was part of the revenue budget or the capital budget. (laughs) I guess there were cases when people overspent and had to be bailed out, but nothing particular sticks in my memory.

And there were sometimes parliamentary debates about governments drawing on loan moneys to fund operating costs that I recall. I don’t know whether it’s about the ’70s particularly, but governments getting accused of directing loan moneys to wrong sorts of areas.

I don’t remember anything of that order. In that general area, I remember one thing clearly: there was a time when universities were state responsibilities entirely, and I can remember that funds for grants for buildings, for capital purposes, came out of the revenue budget. And at that stage the revenue budget was under strain; the capital budget, the loan budget, was under less strain and those funds were then taken from the capital budget. But they were still, even though to a body outside the government, they were still for
buildings for long term. That, by the way, was long before Don Dunstan so it’s not relevant to this period.

And the creation of the SGIC, did Treasury have a view about that? Like should governments be getting into these sorts of things, the due diligence or risk management analyses?

(laughter) My memory is very unclear on that. The likelihood is that we did have a view and that it was not in favour of it, but no, I cannot really give a worthwhile comment on that, I simply don’t remember.

And did you see, ever involved in any meetings Don had with the private sector people at all on financing issues – merchant bankers or the like?

No, never. Never.

Do you know if he ever met with people like that?

I was about to say I’m inclined to think not, but then if somebody from outside rang the Premier’s Department and said, ‘So-and-so, a director of this organisation from overseas, is coming through Adelaide and would like to see the Premier’, then I suppose commonsense would say he might well say, ‘Well, I’ve got nothing to lose, I’ll see this .....’. But no, I can’t add anything there.

And Treasury wasn’t involved in locating financial people, say, like the Commonwealth Government was?

No. (laughter) Oh, gosh.

Much to its dismay in the end.

No. No.

And the petrochemical, the Redcliffs project, there would have been some financing issues around that if it was going to go ahead. The one up around Port Augusta.

Yes, I remember that there was such a proposal, but I have no recollection. Only a vague recollection of the proposal, nothing specific.

Now, this is probably picking up Don’s comment from his book, Felicia, where he talks about you being ‘very diplomatic’. What do you think he was getting at there?
(laughs) That’s a good question. When I read that I wondered. I think it probably means a careful way of disagreeing with somebody. (laughter) Instead of saying, ‘Well, that’s bloody nonsense’, of saying, ‘Well, I wouldn’t do it if I were you’. No, I don’t know. I think you should ask that question of somebody else.

**Just round off our discussion this morning, Ron, what sort of broad comments would you have on Don’s performance, as a Premier to start with and then we’ll go into Treasurer and economic manager, but just Premier broadly, from your work with him and how you observed what he was achieving?**

I think I can best answer that by referring to a letter I wrote to him when he was very ill, not long before he died. And I told him in that letter quite truthfully that I had admired his courage. Whether you agreed or disagreed with the decisions he made on A, B, C or D, you had to admire the strength with which he stood up and put a view and pushed a view, even if he were the only one holding it. It didn’t matter whether the view or what he wanted to do was popular, whether he had only one minister in cabinet on-side and the rest against or whatever, to me he seemed to have the courage to push whatever he believed in, and that I think is the main thing that struck me. The other, of course, I’ve mentioned to you, (leafs through papers) and that was his intellectual ability, his ability to absorb information and then sort it and come up with a decision, whether you agreed with it or not. But I thought he [had] great courage. But when you look at some of the things he espoused, he was really very much a minority – probably in his own party, too.

**Some of them well ahead of his time, like Monarto and relationships with Asia.**

Yes. And relationships with Indigenous people, for instance.

**Yes. And what about his performance as a Treasurer and economic manager, how would you rate him, if you like, compared with some of the other treasurers you came across?**

I really can’t make a worthwhile comment there. The State was never, in my time, tested to that extent. We always managed to get by, somehow or other, it appeared to me without great difficulty, without drama, and there was never in my time, in Don’s time that I observed, there wasn’t a need to show oneself as a good manager and able to get by with limited resources, *et cetera*. That may have been there in the early ’70s, say the first three or four years of the ’70s, it may have been there, because we didn’t get into trouble;
and then the railway deal, which I refer back to again, meant that we were awash with funds for the remainder of his time, up till ’79 when he became ill.

**And you can’t recall any staff freezes or massive cutbacks in anything over that time –**

No.

— and how that was worked through?

No. Again, remember we’re talking of thirty years ago. (laughter)

**Yes, that’s right. And do you think he made any clangers or big mistakes, just thinking back over the 1970s?**

Not that affected Treasury in any way. You hear of other things which had nothing to do with Treasury: you hear comment, as you would have heard, about removal of a police commissioner and that kind of thing, which had nothing to do with us. No, I cannot recollect anything in that area.

**And do you think were there any legacies he left on economic reform or Treasury type of work?**

The legacies he left, I think, are really not financial – as I observed them. I think he really did change community attitudes about migration, about people who are different, about cuisine, the meals we eat, the languages we hear in the train or the bus. I think he did change attitudes about the arts, several branches of the arts. But I doubt whether he changed any attitudes in the financial area, I think not.

**Just by way of a bit of a comparison, when the Tonkin Government came in, it was only there for three years, but did you notice any change in the economic climate or the ease of working – not that you might have related to the private sector, but just the general mood when the Tonkin Government was there?**

The only thing I noticed about that period was a greater interest within the cabinet on the state of the budget. This is not so much about Don’s lack of interest, but there was at cabinet level – and it came through in what was called an Expenditure Review Committee chaired by Roger Goldsworthy, and Roger Goldsworthy was the strong man in the Tonkin Government and largely responsible, more responsible than any other minister for Roxby Downs or Olympic Dam, the negotiations, both as Minister of Mines and *de facto*
Treasurer – and that Expenditure Review Committee did take a much more detailed interest in all aspects of the budget than I observed in Don’s time.

**And we had this program budgeting, I don’t know if you recall that?**

Yes, I recall that. And that was in Tonkin’s time as Premier. I don’t know that I ever observed the benefits, the purported benefits, of it. (laughter) There may have been benefits, but I didn’t observe them.

**That’s a very diplomatic way of putting it, Ron.**

(laughter)

Ron, thanks very much for those recollections and observations. Is there anything you’d like to put on the record that I didn’t cover and we didn’t cover in our discussion?

No, thank you, George. I think the sort of questions you asked, the suggestions you made about areas, gave a pretty good coverage of Don’s time. Perhaps in retrospect, thinking over what we’ve been talking about, there wasn’t quite enough emphasis on Don himself and it may be a bit too much about his times, but that’s natural, I suppose. It’s Don in the times in which he lived.

**Well, did you want to add anything on Don himself? On any aspect?**

No, I think in talking of his courage and his ability, his intelligence, *et cetera*, no, I think I’ve covered it all.

**What about were you ever involved with him socially at all and his first wife, Gretel?**

No.

**She was an economics tutor and lecturer; I just wondered whether you’d come across her.**

No. The only link there, and it’s a very tenuous one, is that when I’d finished my diploma in commerce and I went on to do my degree in economics, I at that stage had to matriculate fully and that was by doing a language other than English, and I had to do French from scratch and I went to Gretel’s mother for tutoring in French. She was Madame Wenzel, was that her name?
Yes, I’d have to check that.

That’s got nothing to do with it. (laughter) That’s extraneous.

Yes. And you’re interested in the arts, did you ever talk to Don about the arts?

Good question. Probably the odd comment, but I don’t remember anything. But must certainly have said at some stage, ‘By the way, did you see So-and-so down at the Art Gallery, Don?’ or, ‘I enjoyed Whatever at the Playhouse the other day’, I assume this; probably, but I don’t remember.

Did he have any social chit-chat with you when you went and saw him?

No.

How often did you meet with him?

No chit-chat, social or otherwise.

How often did you meet with him, though?

Probably weekly and sometimes twice a week, purely because there was formal stuff which needed dealing with. Things just had to be signed; of course, they might have been signed by him, but they could have been signed by say Jack Wright or somebody. Let’s say once a week, roughly.

And was he incisive, like when you were there signing things, but were there times when he had a tricky question for you?

Not often because most of that stuff was straightforward and formal.

All settled, right.

But once in a while and, yes, if he had a question it was incisive, it went to the heart of the thing. That was part of his intelligence.

And did you ever see, were there any briefings from anywhere else that were leading his questions or things to be chased up?

I didn’t observe anything, didn’t know of anything, and I would have guessed the answer was no.
And did he express any frustrations about anything? Like there was a famous meeting you had on economic development where he laid down the law on the lack of activity around the place, around South Australia, on economic development, but he didn’t have any debriefs with you or your senior staff?

No. The only time I heard him express frustration was at a Premier’s Conference. We were late getting there because there was fog in Canberra and the plane had to circle Canberra a couple of times, and at one stage during the proceedings when we finally got there Don expressed his frustration and disgust and said something along the lines, ‘If I’d known what was going to happen here today I would have taken the opportunity while I was up there this morning over this place to do what I should have done’, (laughter) left it to everyone’s imagination as to what that should mean. That’s probably not on the record.

No. And what about him talking to the other premiers and the Commonwealth ministers, were you there like [when] there was some preliminary discussions and things like that? How did he relate to them? Was he one of the leaders or, being from a smaller state, he sort of sat back and saw how the others were going?

I find that difficult to answer. There was a standard procedure at say Premiers’ Conference and Loan Council of speaking by seniority, and people didn’t normally butt in. So New South Wales had its say, followed by Victoria, et cetera. I have no recollection of Don interacting with another premier, no recollection.

Not even on any say like cocktails after or before, or some of these informal discussions they’d have before it?

If there were such a meeting, I would not have been there.

You wouldn’t have been there. Right, okay.

I don’t think there’d have been a cocktail half-hour or drinks at the end of the day with both groups of ministers and public servants. I think the ministers would have all been in their own meeting.

All right. Well, thanks very much, Ron. That’s the end of our interview. Good.

Pleasure, George.

END OF INTERVIEW.