

# George Turner: Australia's first treasurer

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The following article is the first in a series of biographies of Australia's federal treasurers.

George Turner, a former Victorian treasurer and premier, was Australia's first treasurer, and despite battling ill-health brought down the first four federal budgets. He was a cautious treasurer whose budgets were balanced, and he limited federal expenditure. Revenue was raised from somewhat protectionist tariffs, and most of it was redistributed to the states. Turner was so widely respected for his diligence and competence that the leaders of all three major parties of the time reputedly offered him the post of treasurer.

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## Introduction

The Right Honourable Sir George Turner, PC, KCMG, was Australia's first treasurer, and brought down the first four federal budgets.<sup>2</sup> Manning Clark said of him that 'balancing the books was his great passion in life'.<sup>3</sup> This made him an ideal choice for the job of treasurer, at a time when it was more of an accounting role than an economic one. Competent rather than charismatic, he was so admired for being 'hardworking, conscientious and reliable'<sup>4</sup> that all the party leaders and prime ministers of the time (the Protectionists Barton and Deakin, the Free Trader Reid and Labor's Watson) reputedly offered him the job as treasurer.

## Turner's career before Federation

George Turner was born in Melbourne on 8 August 1851, the son of English immigrants. His father was a cabinet-maker, but in a literal rather than political sense. George's exposure to politics came early, as at the age of 14 he started work for John Edwards, a solicitor who was a member of the Legislative Assembly. He completed an articled clerks' course and was admitted as an attorney in 1881. He married English-born Rosa Morgan in 1872 and was 'fortunate in finding a partner who assisted him at every step and constantly pushed him forward.'<sup>5</sup>

Turner's political career took off quickly. He was elected to St Kilda City Council in 1885, served as mayor in 1887-88, and by 1889 was representing St Kilda in the Victorian parliament as a Liberal Protectionist MLA. He quickly rose to the ministry, being appointed Commissioner for Trade and Customs in 1891 and also Solicitor-General from 1892.

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2 He had also presented six Victorian budgets.

3 Clark (1981, p 122). This rather dour characterisation is shared by other historians. Crisp (1990, p 190) writes 'nor was George Turner ... a man of lively imagination'. McMullin (1991, p 136) suggests 'no Victorian premier has had less charisma'. Rickard (2006, p 109) commented 'few political figures have been so celebrated for their dullness'. Similar views were expressed by his peers. Deakin writing anonymously in 1905 said 'his colourless policy fitted a colourless personality'. He later described Turner, in his posthumously published memoirs (1944, p 66), as 'the average man ... in dress, manner and habits exactly on the same level as the shopkeepers and prosperous artisans who were his ratepayers and constituents ... as a speaker he was as plain, commonplace and even slangy as Reid, but had none of the rich humour ... he had no enthusiasms'. A contemporary journalist recalls Turner as 'not a profound or original thinker'; Campbell-Jones (1935, p 105).

4 In the words of Deakin's biographer, La Nauze (1965, p 217). Deakin himself (1944, p 66) said that 'his faculty of work was enormous, his love of detail great'. Another contemporary, and future treasurer, Joseph Cook described him as 'one of the most useful public men Australia has ever known'.

5 Deakin (1944, p 68).

When the government fell in the depths of the 1890s depression, Turner reluctantly became Opposition Leader (with the support of Alfred Deakin and Isaac Isaacs).<sup>6</sup> In 1894 a successful vote of no confidence led to an election which made Turner Premier of Victoria.

He also took the treasury portfolio. The Victorian economy was still suffering very high unemployment and net emigration. The government had a large budget deficit, which Turner set about correcting. He cut public works and spending on education and defence, and introduced a graduated income tax.<sup>7</sup> Following a royal commission, he amalgamated local savings banks into the State Savings Bank of Victoria in 1896.

In mid-1897 Turner, and the other premiers, attended Queen Victoria's diamond jubilee, and he was appointed a privy counsellor and received a KCMG and honorary degrees from Cambridge and Oxford. He returned to an easy victory in the October 1897 election, with Labor support. During his second term, the budget deficit was eliminated. However, when some country Liberals and disaffected radicals crossed the floor in November 1899, Turner's government fell. He regained office at the November 1900 poll, and introduced legislation for old age pensions, before resigning in February 1901 to enter federal politics.

While Premier, Turner had been a supporter of Federation. He topped the poll to represent Victoria at the 1897 federation convention.<sup>8</sup> While an influential member of the finance committee, illness and an overseas trip meant he missed many of the sessions. He proposed a new capital be created in a territory carved out of New South Wales. Long a supporter of Edmund Barton, he argued (perhaps decisively) for his appointment as Australia's first Prime Minister.<sup>9</sup>

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6 An anonymous obituary (*The Age*, 25 April 1916, p 7) remarks that 'never did a politician accept the leadership of a party with greater reluctance'.

7 These were characterised as 'desperate remedies' in that anonymous obituary, but appear to have been accepted as necessary by the public.

8 Turner also represented Victoria ex-officio at the Premiers' Conferences on federation in 1895 and 1899.

9 The first Governor-General, the seventh Earl of Hopetoun, had initially approached William Lyne to form a government, apparently on the grounds he was premier of the largest state. This 'Hopetoun blunder' as it became known (the expression originated with Deakin) was an odd choice, given Lyne's opposition to federation; La Nauze (1957). Despite Lyne offering Turner a ministry, he spurned Lyne's advances. Campbell-Jones (1935, p 23) believes Turner 'told him flatly that he ought to advise the Governor-General to send for Sir Edmund Barton'. When Lyne was unable to form a credible ministry, Barton was commissioned.

## Turner's first term as treasurer

Barton appointed Turner as treasurer in his first (interim) cabinet and reappointed him after the first federal election in 1901, when Turner was elected unopposed as the member for Balaclava. (There are some reports that Turner was not necessarily Barton's first choice.<sup>10</sup> Barton may have sounded out former NSW treasurer, and chair of the 1897 federation convention's finance committee, William McMillan, who apparently preferred to be deputy leader of the Free Trade Party than join the protectionist Barton ministry.)

Speaking to the press, Barton explained 'the Treasurer will superintend all matters relating to customs and finance, commonwealth loans, the taking over of state loans and cognate matters'.<sup>11</sup> Using personnel seconded from state treasuries, Turner set to work before his department was formally established. George Allen, with whom Turner had worked at the Victorian Treasury, was appointed Secretary of the Treasury in July 1901 with four other staff. By January 1902, Treasury had taken on another four staff and all bookkeeping functions were then performed in-house. By 1903 staff had reached almost twenty, including four future secretaries.<sup>12</sup> Turner established the office of Auditor-General. He described Treasury's work as 'being chiefly ledger keeping and the inspection of accounts'.<sup>13</sup> In this they were quite rigorous; in the 1901-02 Budget, government expenditure was budgeted to the pound as £3,777,207.

Turner opened his first Budget speech (8 October 1901) by referring to the greater difficulty of preparing a federal compared with a state budget, particularly in gathering information on a consistent basis. He stressed the need to avoid 'extravagant expenditure', despite the abundant revenues, arguing that this might starve the states of funds so that 'they will feel inclined to curse rather than bless federation'. Much of the speech involved assurances that the proposed expenditure by the federal government was comparable to that of the states on the functions which they transferred. His second budget speech (23 Sept 1902) contained a lengthy discussion of the expenditures and revenues of the post office. The revenues and expenditures in the states before and after federation remained a large part of his third budget speech (28 July 1903), although Turner foreshadowed moves away from this 'bookkeeping'

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10 This claim is made by Barton's recent biographer in Bolton (2000, p 218). A letter dated 16 September 1900 from Barton to Deakin (National Library of Australia, *Deakin Papers*, 1540/14/1) shows that Barton had spoken to McMillan (and another free trader, Edward Pulsford MLC) about a ministerial position but Barton described the talks as 'unpromising'.

11 Reported in *Sydney Morning Herald* (31 December 1900, p 7).

12 Together with Allen, they provided almost fifty years of leadership; Treasury (2001). Allen served as secretary, and James Collins as his deputy, for the whole of Turner's time as treasurer.

13 *Hansard*, 23 January 1902.

procedure to treating the federal government as having 'one pocket and one purse'. The budget speeches were continually interrupted by questions, often quite detailed, and it is a tribute to Turner's mastery of his work that he was able to respond to them so well.<sup>14</sup>

Turner soon gained a reputation for parsimony in his stewardship of the national finances. According to one story, this extended to drafting his first budget on shaving paper as an economy measure.<sup>15</sup> Turner's hands were somewhat tied by the constitution. Section 87 provided that, for at least the first decade following federation, at least three-quarters of net revenues from customs and excise must be transferred to the states. But Turner passed them more than this share.<sup>16</sup>

The main source of revenue was tariffs, and assisting Customs Minister Kingston shepherd tariff bills through parliament took up a lot of Turner's time. The opposition Free Trade party would oppose any tariff they regarded as protectionist rather than just revenue-raising and the Labor Party's views were split on whether tariffs preserved jobs for Australian workers or just increased the prices of necessities.

In preparing the 1901-02 Budget revenue estimates, in some places Turner used 1899 rather than 1900 data arguing there was an unsustainable surge in import prices in the latter year, and a build-up in stocks by importers fearful of increased tariffs. (So the 'prudent' projections for external trade in recent budgets have a long pedigree.)

Economic conditions were hard during most of Turner's first stint as Treasurer. The rural economy had barely recovered from the drought and global recession of the 1890s, and there was another drought in 1902. However, with Turner as Treasurer, government expenditure was generally kept close to budgeted amounts.

**Table 1: George Turner's budget outcomes (£ million)**

	1901-02	1902-03	1903-04	1904-05
Customs and excise revenue	8.9	9.7	9.1	8.8
Other revenue	2.4	2.4	2.5	2.7
Commonwealth expenditure	3.9	3.9	4.3	4.3
Payments to states	7.4	8.2	7.4	7.1
Balance	0.0	0.0	0.0	0.0

Sources: Barnard (1987, pp 257-8).

14 As Campbell-Jones (1935, p 107) puts it, 'he worried through the dry statistics till he understood them. He could explain every line of the estimates'.

15 This story is told by Campbell-Jones (1935, p 109) who looked back on Turner as 'the most economical minister that Federation has known' (p 108).

16 Turner argued he 'did not object to our hands being tied' as 'when the Federal Treasurer has an immense surplus, there is always a temptation to incur expenditure'. (*Hansard*, 18 October 1904).

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Turner appears content to have been a cautious steward and was not particularly innovative.<sup>17</sup> If he was criticised, it was for being overly cautious.<sup>18</sup> Alfred Deakin described him as having 'to find his principles as he went on, for there was no theoretical basis for them' and regarded him as having a 'determination to compromise his way out of all difficulties'. Nor was he any great orator and writer; Turner himself said his budgets lacked poetry.<sup>19</sup> In his parliamentary speeches, Turner generally stuck to the areas of finance and trade. But both his political peers and the general public seemed to have regarded him as doing a sterling job as treasurer and in the 1903 elections he was again elected unopposed.

Turner had shown no interest in succeeding Barton as prime minister. He turned down the chance to act in the role while Barton attended Edward VII's coronation and suggested he might not seek a second term in parliament.<sup>20</sup> This allowed Deakin to establish himself as the natural successor as Protectionist party leader. When Barton moved to the High Court in September 1903, Deakin retained Turner as treasurer.

Turner's first period as treasurer ended in April 1904 when the Labor Party withdrew support for Deakin and Labor's leader, Chris Watson, formed a government. Turner was sufficiently well-respected that Watson purportedly asked Turner to stay on as

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17 For example, in 1902 Turner ignored Alfred Conroy's suggestion that the budget be delivered before the start of the financial year to which it refers. In 1903 he showed no interest in a suggestion for introducing decimal currency.

18 Barton commented on Turner's death that 'his errors, if any ... were on the side of being over-cautious in expenditure'; *Argus* (14 August 1916, p 6). His contemporary, the then Labor Senator George Pearce went further in his memoirs (1951, p 56), arguing that Turner 'was perhaps the most careful custodian that office has ever had'. However, Pearce argued Turner starved federal departments and passed on too much revenue to the states. When federal spending had later to be raised, this caused tensions with the states which had assumed following treasurers would continue Turner's generosity to them.

19 The unlikely exemplar 'whose budgets are always poetic' and delivered in 'graceful diction' (*Hansard*, 23 September 1902) was Philip Fysh, who had served as Tasmanian Treasurer in the 1870s and 1890s and was a cabinet colleague of Turner. In his 1903 Budget Speech, Turner apologised to members that 'no great mass of figures can be very interesting, and for that reason I, in turn, sympathise with honourable members who have to listen' (*Hansard*, 28 July 1903). But according to one press article, Turner was unusual among the treasurers in writing his own speeches (*Punch*, 16 September 1909).

20 In May 1902 Turner told friends that poor health meant he planned to stand down at the end of his term, and he confirmed this when it was put to him by a journalist; *Sydney Morning Herald*, 5 May 1902.

treasurer.<sup>21</sup> Turner declined, possibly due to his poor health, and Watson assumed the post himself.<sup>22</sup>

## Turner's second term as Treasurer

When Watson's government fell in August 1904, George Reid led a Free Trade-Protectionist coalition. With Deakin declining to participate, Turner was offered the role of the senior Protectionist member of the government.<sup>23</sup> He refused the offer. By this time, his health, poor for many years, had become a serious issue. In June 1904 he has been unconscious for several days after two operations. As Turner himself put it, 'I broke down my health in trying to fight against the bad times' (*Hansard*, 29 June 1905).

But despite his illness, Turner was persuaded to return as treasurer.<sup>24</sup> He brought down his fourth and final federal budget in October 1904. In the accompanying speech, there was again a lot of discussion about how the individual states were benefiting from federation. There was also a lot of discussion of domestic sugar production, and the extent to which it displaced imported, and hence dutiable, sugar.

## His times after being Treasurer

Deakin gave a speech on 24 June 1905, which was widely interpreted as a 'notice to quit' to Reid, whose government was soon replaced by a Protectionist one led by Deakin with Labor support (essentially a return to the arrangements of 1901-1903).

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21 This was described as a rumour in the contemporary press; *The Age* (25 April 1904, p 5). By the time obituaries were being written for Turner, *The Age* (25 April 1916, p 7), it was reported as fact and is stated as such by Serle (1990). Rickard (2006) is more cautious only saying 'it is said ...' The question is discussed further in Hawkins (2007).

22 Watson's tenure as Treasurer will be described in an essay in the next *Economic Roundup*.

23 There are conflicting accounts of how much power was on offer. Reid in his memoirs (1917, p 237) claims 'it was arranged that Sir George and I should be 'equal in all things' 'and this was also reported at the time; *Sydney Morning Herald*, 19 August 1908, p 5. But Turner himself said he 'refused to take the position of *second-in-command* because I felt I should break down' (*Hansard*, 29 June 1905). The truth may be somewhere in between. The government was officially referred to as the Reid-McLean ministry (of the many other coalition ministries in Australia's history, only the Bruce-Page administration was named after two leaders), but Reid was clearly superior to McLean in it.

24 There are again conflicting accounts (all given in *Hansard*, 29 June 1905) of the relevant conversations. Reid asserted that Turner, despite being 'stricken down with illness', was 'forced into this Ministry' by Deakin. Deakin denied this, claiming that at the time he was so surprised that he had asked Reid 'however did you contrive to convince a man in such a state of health to assume the responsibilities of office?' Turner himself said that while Deakin had not 'forced' him into the post, he 'pressed' him to take it up. See La Nauze (1965, pp 399-401) for a further account.

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Turner was hurt that Deakin had not consulted him about the speech,<sup>25</sup> and this, combined with his ongoing poor health, led him to hand over the treasurer's job to John Forrest. Turner moved to the backbenches and retired at the 1906 election.

Turner resumed his legal practice and chaired the State Savings Bank of Victoria. With the burdens of office removed, his health improved somewhat and he enjoyed bowls and gardening. He died suddenly on 13 August 1916 of heart disease, aged 65.

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<sup>25</sup> Deakin's biographer La Nauze (1965, p 399) refers to 'the sorrowful reproaches of the weak and ailing Turner'.



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