

Caucus Accepts Premiers' Plan

26 VOTES TO 13

All But Two S.A. Members Oppose Decision

DETAILS OF CUTS IN FEDERAL SERVICE SALARIES

Old Age Pensions to be 17/6

Canberra, June 12.

By 26 votes to 13, the Federal Labor caucus decided this afternoon to adopt, without amendment, the Premiers' Conference plan. The decision, made at the end of a two-day's sitting, followed an amazingly frank speech by the Prime Minister (Mr. Scullin), in which he disguised nothing of the seriousness of the Commonwealth financial position.

South Australian members, who voted against the acceptance of the plan were Messrs. Makin, Yates, Lacey, and Senators Hoare and Kneebone. Senators Daly and O'Halloran supported it.

Details of the proposed Commonwealth reductions put before caucus by Mr. Scullin include a 25 per cent. cut on public service salaries over £1,000 a year. Salaries of less than £1,000 will be reduced on a graduated scale, so as to bring

about a total cut of 20 per cent. Every salary in the service will suffer some reduction. Invalid and old age pensions will be cut by 12½ per cent., bringing them back to the 1925 level of 17/6.

Maternity allowances will be confined to necessitous cases, and reduced from £3 to £4.

BIG DRIVE FOR PATRIOTISM

Mr. Hill on Premiers' Plan

EFFECTS IN S.A.

Strongly optimistic over the success of the conversion loan, the Premier (Mr. Hill), who returned from the Premiers' Conference yesterday, said that was now the pivotal point of the whole situation.

If the gigantic task of converting £550,000,000 was accomplished, Governments and private individuals would be relieved of an intolerable load.

"Of course," said Mr. Hill, "it will be some time before we shall reap the full benefit. Everything depends on the people, and if Governments keep in step, public confidence will be restored, leading to freer money circulation and business stimulus."

Effects in This State

Last night the Premier said he was glad to hear from Canberra that the Federal Labor Party caucus had agreed to the plan, which meant that it would now be adopted as the policy of the Scullin Government. It was most reassuring to know that the proposals, so far as that party was concerned, would go through in their entirety. He would make a full statement to Parliament on Tuesday, and, at the first opportunity, would confer with the leader of the Opposition (Mr. Butler) and the leader of the Liberal Party in the Legislative Council (Sir David Gordon), both of whom were absent from the State.

Mr. Hill added that he regarded as important the unanimous passing by the Premiers of the motion, which he submitted just before the Conference concluded. "That representatives of each Government present at this Conference bind themselves to give effect promptly to the whole of the resolutions agreed to."

Summarising the effects of the new financial situation upon South Australia, the Premier said:—

"It is extremely unlikely that increased land and income taxation will be imposed.

"In the 20 per cent. cut in salaries, and wages, the reductions made since the end of last June will be considered.

"Unionists working under Federal awards will not suffer further reductions unless by order of the court.

"Reduction of bank rates and adjustment of interest on private mortgages will follow the general interest cut of 22½ per cent."

No Increased Taxes

Although the question of increased taxation was not quite settled, said the Premier, it was recognised at the Conference that the limit had been reached in South Australia. The way the people of this State had stood up to the call for sacrifice had impressed every member. The taxation a head was the highest in the Commonwealth, and it was not likely that further burdens would be imposed. The Premiers were not slow to appreciate that position. The example set by South Australia was to be followed by the rest of the Commonwealth. The plan meant sacrifice. Some had borne all that could be expected of them, but a number had escaped altogether.

Salaries and Wages Cuts

Discussing further cuts in salaries and wages, Mr. Hill pointed out that there had been a fall in wages of 13 per cent., following the lower cost of living, and a further 10 per cent. cut in wages of men covered by awards of the Federal Arbitration Court. This reduction of 23 per cent. in the aggregate was adopted as the basis upon which the complete plan was evolved. Public servants had been reduced by amounts varying from 9½ per cent. to 16 per cent. These reductions would be taken into future calculations.

"Though a 20 per cent. cut may look alarming in cold print it will not be nearly so bad for this State as it would first appear," remarked the Premier. "We have already made sacrifices. Through South Australia having faced her obligations, financial assistance was forthcoming from the Federal Government. Of course, the increase in the Federal income tax, and higher primage duties and sales tax will have to be met by our taxpayers."

Interest Reduction

Speaking of interest reduction, Mr. Hill said that the plan definitely showed that Australia could not overcome her difficulties merely by Governments making cuts in their controllable expenditure. The nation as a whole had to be behind the Governments in their economy drive. The devising of a method for the easing of the huge interest burden had been a very difficult task.

National Conscience

The immediate task before the Governments and the people was to make the conversion loan a success. To that end all must bend all their energies. It was gratifying to note that already many large bondholders had indicated their willingness to convert.

"The national conscience must be awakened," stressed Mr. Hill, "and the community as a whole must realise its duty first to Australia, and then to itself in respect of its investments. Australia is facing default, which must be prevented at all hazards. A most significant feature of the Conference was the fact that Mr. Scullin, Mr. Lyons, and Sir Robert Gibson (chairman of the Commonwealth Bank) had been appointed to direct the conversion appeal. That should be sufficient to ensure its success."

Bills to be Introduced

Now that the plan had been completed, explained Mr. Hill, the next step in the Commonwealth and all the States would be to secure legislative approval. The first Bill would be that dealing with the conversion loan which would be introduced into the Federal Parliament. Then the various States would pass ratifying Bills.

From four to six measures would probably be presented to the State Parliament. One would provide for the ratification of the agreements reached at the conference; another for the reduction of interest on private mortgages, and others would give the State Savings Bank, trustee companies, and other trustees the right to convert existing securities into the conversion loan. Several important revenue Bills would be included among the measures. Another Bill would enforce the collection of taxes at their source.

Big Forward Move

"Naturally," said the Premier, in conclusion, "I am pleased at the outcome of the conference, held at the instigation of my Government. The plan is the foundation for a big forward move of a national character, and I do earnestly ask all Governments and every section of the community to get into line. This is an appeal to courage and patriotism."