

1. QUEENSLAND

Moreton Bay colony (later Queensland) started as a penal outpost in 1824, opened for free settlement in 1842 and held a European population of around 25,000 in 1859 when it became an independent colony. European occupation of Aboriginal lands spread more rapidly than the systems of law and justice. The key agency of government control, the native police force, was described in the late nineteenth century as ‘a mere machine for murder’¹ as Aboriginal families and tribes were ‘dispersed’ from fertile areas. The original Aboriginal population in Queensland, estimated between 100,000 and 200,000 persons, fell to around 25,000 by the end of the nineteenth century due to assault, starvation and disease.

1.1 Controlling work and wages

Queensland legislators of 1896 knew they were occupiers on Aboriginal land stating, ‘we have come here and taken their land’, and ‘we have taken the entire colony away from the blackfellows’. Of the ‘more than £500,000² per annum of territorial revenue from a country which really belongs to them’ the government spent just 2 per cent for rations, blankets, grants to missions and costs of maintaining the native police.³

Under the *Aboriginals Protection and Restriction of the Sale of Opium Act (1897)* ‘for the better protection and care of the Aboriginal and half-caste inhabitants of the colony’, the government assumed extraordinary discretionary powers over the lives of Aboriginal people. Only half-castes over the age of sixteen and living with, or as whites, were officially exempted, although the government said it would not to interfere with workers employed by ‘trustworthy’ people. Leading police officers in each district were nominated as protectors. They could banish any person or family to a reserve or contract them to a year’s work, without due process or right of appeal. Deprived of the right to control their own circumstances people were entirely at the mercy of government.

The 2000 Aboriginal men, women and children in the workforce could now only be employed on twelve-month work ‘agreements’, negotiated by protectors and listing name, nature of service, work period, accommodation and ‘wages or other remuneration’; cash was not obligatory. Protectors could revoke agreements,

send people to different work or have them deported to a reserve. Regulations in 1899 required employers to provide ‘suitable shelter, blankets, rations (including tobacco), clothing and maintenance during sickness’, but there was no mandatory provision for protectors to enforce these requirements. To stop workers being defrauded by station owners claiming the whole of the wage had been expended over time in goods from station stores, protectors could demand workers’ wages be paid directly to themselves and supervise withdrawals.

In the year to mid-1900 the government contracted 1200 workers but in the absence of mandatory cash wages virtual slavery continued.⁴ An Amendment Act in 1901 formalised the protectors’ right to demand direct control of wages and gave them power to manage Aboriginal property including retaining or selling it. Protectors were instructed to ‘keep proper records and accounts of all moneys and other property’ and were deemed to be public accountants under *The Audit Act (1874)*. This surveillance and control network operated into the 1970s.

A further Amendment Act in 1934 extended government powers over every adult of Aboriginal extraction and all half-caste children to the age of 21 years. The *Aboriginals Protection and Preservation Act (1939)* reverted to the narrower category of Aboriginal/European heritage and established the sub-department of Native Affairs with the chief protector as its director. The government now controlled almost 2500 contracted workers plus an additional 2800 in the pastoral industry.

The *Aboriginal Affairs Act (1965)* ostensibly freed Aboriginal people from state controls, but all reserve residents were deemed in need of official ‘assistance’, as was anyone deemed by a magistrate to need it. Controls were maintained over all personal finances and property, and over the wages, terms and conditions of 5000 workers in the pastoral industry and 2500 on reserves. In 1968 rationing on these communities was replaced by cash economies but wages were set at less than 45 per cent the basic wage – the minimum for survival for white families.⁵

Deportations to reserves ceased only after 1971, when residence required a ‘certificate of entitlement’ revocable by department managers, a strategy to control activists and occupancy. The government now abolished the ‘assisted’ status but maintained the right to under pay its workers. It wasn’t until 1972 that people could apply to manage their personal finances

although thousands of accounts remained under government control.

The *Community Services (Aboriginal) Act (1984)* granted community councils qualified local government powers after a further three-year training period. When councils took control from 1986 most revenue-producing enterprises remained department property leaving councils predominantly dependent on rentals, alcohol profits, federal pensions and CDEP⁶ funding to cover municipal functions and public works. Council budgets require ministerial approval and allocations were based on what the department would have otherwise outlaid to run the local government functions. No provision was made to address the massive infrastructure backlog (assessed nationally in 1991 at \$2.5 billion.)⁷

1.1.1 Child workers

From 1865 any child of an Aboriginal mother could be institutionalised on the grounds of ‘neglect’ under the *Industrial School and Reformatories Act*, although this was applied predominately to lighter skinned children. Like white children, they were given rudimentary training in domestic or farm skills and apprenticed to work from the age of 12, the State retaining control of their earnings. Whereas white children were free from the age of 21, Aboriginal children were controlled for life. Legislation to apprentice ‘neglected’ children remained in place into the late twentieth century.

After 1903 child and female wages were paid direct to the protector. The missions refused to send women and children to work on remote stations but the government strove to fill the insatiable demand for domestic servants: even children ‘rescued’ from rural camps were separated into dormitories for instruction and when ‘of sufficient age’ sent to employment. The government knew regulations were not enforced. *Annual Reports* confirm women and children were commonly worked illegally at mustering and horse-work on remote stations (1903), they were made to do men’s work, were often ill-clothed and paid well below their value (1913).

The government knew the girls suffered sexual assault. *Annual Reports* detail numerous pregnancies among domestic workers.⁸ Of 15 girls confined in 1910 two died in childbirth and six of the thirteen babies died soon after birth; an appalling indication of the conditions endured by these contracted servants. Of 11 confinements in 1911 there were only six live births, three of whom soon died. In general the

babies were institutionalised either at the settlements or in a Home (if paler skinned), with costs taken from the mother's wages (1917). Otherwise mother and child were recontracted at a lower rate (1914). In 1916 the chief protector admitted sexual assaults and pregnancies were a 'grave danger' in an otherwise 'excellent' system.

Even in the late 1950s there was still a 'fair amount' of child labour in the pastoral industry and the chief protector conceded many needed medical attention for broken limbs. He suggested suggested graziers not put 'undersized and weedy' children to hard labour saying: 'We try to look on these people as human beings'.⁹ Domestic service remained a core strategy of Aboriginal policy into the 1970s despite knowledge of the threat to women and children.

1.1.2 Rural workers

The earliest departmental *Annual Reports* noted pastoral stations in outlying areas depended almost entirely on Aboriginal labour which was described as 'more reliable than the general class of white stockmen', 'in a great many instances, better', and 'As stock-riders and bushmen in many cases superior to the general station hands.' But regulations in 1901 set minimum wages at five shillings (\$24) a month, less than one-eighth the white rate.

The wage portion workers received as 'pocket money' during their contract was initially between 50 per cent and 80 per cent 'according to intelligence' (*Annual Report* 1908), and remaining wages were banked separately 'in the name of each native' in the government savings bank 'with the local Protector as trustee'. Swindles continued, particularly in the far west where it was reported pastoralists still held 'a deep-rooted objection to paying the Aboriginals anything for their services, unless it is coming back again through the station store' (1911). Rural workers suffered deplorable work and living conditions, and the chief protector warned that many employers thought 'anything is good enough for a "nigger"' (1913).

In 1914, when male wages were also compulsorily banked, wages in many areas were only 2/6 (\$8.78) a week or just double the 1901 minimum, a sum the chief protector said was 'absurd and unfair' and causing 'great injustice' and hardship for their families.¹⁰ He set a 'graduated minimum wages scale' based on 'fair wages' of around 15/- (\$52.60) a week.

Regulations in 1919 set minimum standards for work, food, quarters and hours (a maximum 48 per week) and pegged Aboriginal pastoral wages at around 66 per cent the white rate, including for children under 18 years, mothers with children (discounted 15 per cent), and child domestics from 12 years who could be legally employed with the chief protector John Bleakley's permission. But the new regulations were ineffective in the absence of regular police patrols and Bleakley admitted children and elderly people continued to be exploited as cheap labour: 'Under existing conditions efficient care and protection are absolutely impossible' (1919).

In 1921 shelter for many Aboriginal workers was said to be 'worse than they would provide for their pet horse, motor-car or prize cattle'. An investigation in 1923¹¹ revealed the department had never inspected the activities of the 81 country protectors, nor the circumstances of the 8000 rural Aborigines and their relief needs. The government did not fund regular employment inspections.

The 1919 regulations had increased the direct pay portion to between 50-80 per cent. To safeguard the remainder, employers were now told to keep a 'pocket money' book with each payment endorsed by workers and witnessed by a third party and protectors could inspect the books six-monthly. But the pocket money books were never checked by head office leaving the system so open to abuse that an investigation in 1932¹² said it could 'quite reasonably be assumed that in many cases the native is not getting the amount of pocket money provided for in the agreement' even when books were itemised and endorsed.

During the 1929-32 Depression protectors described trained Aboriginal stockmen as 'indispensable' compared with the 'often useless' untrained white labour offering in many districts, yet it reduced rates for its 4500 pastoral workers to 40 per cent the award. In 1934 the United Graziers' Association (UGA) reported that on Cape York and the Gulf 'it is not possible to obtain suitable white men [who] would not take the jobs they were offered', yet the government contracted workers at only 53 per cent the award. In 1936, when 90 per cent of stations in some areas were worked by Aboriginal stockmen, the rate was only 48 per cent. And the government rejected calls for special inspectors to check work and conditions. In the early 1940s several police said their role as protectors was a sham because they rarely checked employment conditions. 'It is a well known

fact that Aboriginals employed on agreement, work long hours, and with a lot of employers there are no Sundays ... very often their day's work is nearer 16 than 8 hours. The white man would not endure such hardships and long hours.'

Regulations in 1945 forced wives of pastoral workers to work unpaid for 12 hours each week. The government knew Aboriginal labour was crucial to the pastoral industry, the director stating in 1948 that demand constantly exceeded supply and workers 'continue to prove a valuable asset'. Yet the government sold their labour cheaply: by 1949 the rate was only 31 per cent, an effective loss of almost half the wage entitlement,¹³ causing one protector to warn: 'The wages, more especially to a married Aboriginal, is just a bare existence.'

From this pittance the government knew workers continued to be cheated of their pocket money portion. The Coen protector, one of the biggest labour contractors, described the scheme in the 1940s as 'just a farce, and is playing into the hands of the white people in general ... the employers have not any interest in the natives whatever, and consequently the cash would not get to the natives, their finger prints would be taken in a cash book and the amount credited against the native, which they would not get.' In the late 1940s auditors said the policy of leaving pocket money supervision 'in the hands of the local protectors' left Aboriginal wages at risk. They recommended the books be retained after each work period so visiting audit inspectors could check them for fraud; the department said it would be too costly to provide replacement books.¹⁴ Nothing was done.

In 1956 protectors again reported many employers thought the books were impractical and didn't bother to keep them. Even where books were kept 'the natives invariably state that they thumbprint the books without receiving the money. The employers in such cases state that the natives' account was overdrawn, and this cannot be disputed, as the employer (if he is dishonest) protects himself with false entries in his store account.' The system was 'absolutely beyond control', not least because many workers were unschooled and had no way of knowing what they were 'signing' for. They were 'entirely at the mercy of his employer' who readily concocted the figures and police were too busy to investigate. The director admitted 'that in many instances pocket money is not paid and the Aboriginal thereby deprived of portion of his earnings'. That

‘portion’, since the early 1940s, could be as much as 75 per cent of the wage.¹⁵

In the mid-1950s the department’s rural officer reported most graziers were ‘more concerned with obtaining Aboriginal labour as cheaply as possible than with paying wages in terms of the real worth’, and that fewer white stockmen took work in remote areas and ‘white men of markedly less ability and industry [are] receiving higher wages and better living conditions than Aboriginals who are better workmen.’¹⁶ But when after the UGA threatened mass sackings in 1957 the government shelved a proposed increase in Aboriginal wages. The rise was implemented in 1961, resuming the 66 per cent parity, but the government conceded a reduction in hourly rates leaving many workers with less income than before.

The longstanding ‘slow worker’ category, where people ‘agreed’ with a protector that their skills were limited and their pay discounted up to 40 per cent, was another avenue of exploitation. Against six decades of contrary evidence the UGA alleged in 1964 ‘practically all aboriginals’ came under this category. With department support the UGA defeated a proposal that an industrial magistrate be empowered to assess Aboriginal ability. In his defence the director falsely claimed rates for the 5500 pastoral workers were ‘determined by the Industrial Court’ and were not ‘an arbitrary decision by a Government or a Department.’ But this of course was untrue. Aboriginal pastoral wages had been excepted from the industrial courts since 1919, and were, as auditors had observed in 1943, largely ‘at the discretion of the Director.’ Not until 1968, under a federal ruling, were Aboriginal pastoral workers accorded equal wages. The contract employment regime ceased in 1972.

The government knew Aboriginal workers were essential to the pastoral industry. Yet it failed to adhere even to its policy of the 66 per cent parity with white pastoral workers. Across a workforce of between 4500 to 5500 people in the period 1920-1968, the loss of wage entitlement is probably over \$500 million.

In the last few years of the seventy-year contract labour regime auditors were still saying: ‘The Department appears to exercise no direct supervision over the keeping of these books or of the payment of pocket money by employers.’¹⁷ This flawed system had been operating since 1901. The amount of pocket money known to be open to endemic fraud, calculating at a median rate within the allowable quantum (ie 38 per cent in the quantum 25-50 percent

regulation pocket money due), is over \$600 million in the period 1920-68.

1.1.3 Community workers

Inmates exiled on government settlements were also contracted out to work, the bulk of their wage sent direct to the settlement and recorded in each name on a card index which workers never saw. Credit was expended through 'orders' on community stores. From at least 1907 the government took a 'maintenance charge' from their wage of up to 20 per cent (1908) which was 'paid into revenue' at the Home department (1911), making the settlements 'actually self-supporting' except for staff salaries. The balance of workers' earnings was deposited in a settlement trust account at the Queensland National Bank (1908), operated by head office to receive earnings, maintenance 'contributions' and store profits

By 1941 42 per cent of the 18,000 controlled Aboriginal people were interned on settlements and missions which were built and maintained by Aboriginal labour apart from a few white staff. Government policy since at least 1920 was to fund a limited wage for a set workforce but divide the amount among all key workers, a policy which continued for decades despite the 1923 Report warning this was 'clearly misleading' as to actual wage rates. Work included road construction, power plants, pipe laying, building, heavy machinery, cattle work, farming, butchering and baking, dormitory monitors, teaching and nursing.

The government opposed Commonwealth rationing to residents of missions and settlements during the war asserting Aboriginal needs were much less than for whites.¹⁸ Despite severe food shortages settlement workers were instructed to produce 'surplus' foods for army and factory personnel during the second world war as well as for charitable institutions and hospitals, a practice continued until 1948.¹⁹ Meanwhile the strongest workers were deployed on the manpower program, replacing white farmers in the peanut, cotton, cane, maize and arrowroot industries (1943), a federal initiative which brought their full award wages under department control. Regulations in 1945 required 'every Aboriginal' on a settlement to work up to 32 hours a week without pay.

When it introduced 'wage' economies in 1968 the government paid community workers less than 20 per cent of the massively discounted wage and withheld the remainder as 'value' for amenities provided. Cherbourg builders were paid \$7-

\$14 compared to the state award of \$40. In 1972 200 Palm Islanders petitioned the government saying they couldn't afford to feed their families on 58 per cent the basic wage, and couldn't afford the subsidised rent on new Commonwealth homes despite desperate overcrowding.²⁰ Health surveys warned 'massive loads resulting from substandard living conditions' was the primary cause of gastroenteritis and pneumonia leading to infant deaths 34 times the rate in white children.²¹

Under the 1972 regulations award wages were mandatory except on government reserves where the wage was now labelled a 'training allowance', although many skilled tradesmen had worked decades in their jobs. The government calculated savings of almost \$6 million (\$29 million) compared to the state's minimum wage rate in 1974 alone. After passage of the federal *Racial Discrimination Act* (RDA) in 1975 under payment on the basis of race, sex or creed was illegal. The Queensland government simply ignored the federal law. In 1978 the government calculated a \$6.85 (\$21 million) profit compared to award rates.²² To meet increases in wages workers were sacked, reducing the workforce from 2500 in 1976 to 1463 in 1979, prompting the director to warn further retrenchments would bring essential services below 'a reasonable standard.' The state's *Audit Act* was amended so he could cash personal social security cheques to meet rents owing.²³

Facing a union-backed claim in the industrial relations commission in 1979, the government's legal advisers said 'the award is relevant and binding ... the claim must succeed', and, 'In the net result there is a liability to pay the award rate of wages irrespective of how or where that liability is enforced.'²⁴ The government settled, threatened to sack anyone who applied for award wages, and continued its illegal under payment. In 1980 wages were 52 per cent the award when Cabinet agreed to 'move towards' award levels but again refused to fund wage increases.²⁵

From at least August 1982 Cabinet discussed the fact its under payment of Aboriginal employees breached both state industrial law and the federal RDA, but declared it would neither implement legal rates nor provide funding for wage increases. In 1983, '84 and '86 Cabinet again discussed the fact 'that payment for labour below Award rates is in breach of State industrial law and infringes certain laws of the Commonwealth.' It confirmed the freeze on funding for wage increases and maintained its policy, stripping millions of dollars from community workers.

Early in 1986 community wages were 72 per cent award rates and the government faced writs on behalf of Aboriginal community workers from the ACTU, FEDFA, and the AWU.²⁶ Cabinet decided it would be cheaper to implement award rates than lose costly court actions,²⁷ but again refused to provide funding. After mid 1986, as councils took over local government functions, they were not funded sufficiently to pay award rates without further retrenchments.

Calculating workforce numbers against award wage deficits in each year from 1975 to 1986 reveals an illegal profit to the government of over \$66 million (around \$186 million).

1.2 Trust funds

Government files reveal continuing negligence and misuse of trust funds comprising Aboriginal monies. Trust funds include the Aboriginal Protection of Property Account (APP) established in 1902 to disburse unclaimed wages and estates, the Aboriginal Provident Fund (APF) which operated between 1919-1966 as an unemployment relief fund from levies on wages, the Queensland Aboriginal Account (QAA) started in 1933 to centralise all Aboriginal savings accounts, and the Aboriginal Welfare Fund (AWF) started in 1943 'for the benefit of Aboriginals generally.'

1.2.1 Protectors

Police protectors were the key tier of government agents, handling the earnings and savings of thousands of workers and families. From as early as 1904 the government introduced thumbprints to counteract frauds by employers and protectors. Between 1905-07 the amount of personal savings under protectors' control more than doubled to £3978 (almost \$355,000). Workers were shown no record of dealings on their accounts. Very few police accounts were audited annually yet frauds were exposed almost every year. In 1920 the government was criticised in parliament²⁸ for failing to stem this 'opening for graft'. Workers were routinely charged for tobacco and goods they never received and were not only 'fleeced by their employers' but were at the mercy of protectors who could easily hand over two shillings on a receipt for five pounds. It was asserted Aboriginal workers in some areas never got their banked wages and the few who did had 'no money to speak of' after multiple levies.

The government consequently re-introduced thumbprints 'as a further safeguard' for the £172,640 (\$8.5 million) in rural accounts and police were ordered to have all transactions on Aboriginal accounts witnessed by a disinterested third party. In the absence of systemic checks fraud remained remarkably easy to execute. In 1922 the sergeant and constable at Burketown simply made fictitious withdrawals to steal over \$8700, on one occasion taking almost \$5000 from 32 accounts by thumbprinting and witnessing the docketts themselves. Between them they had witnessed each other's signature during the whole of their period at Burketown.²⁹

Public service inspectors in 1923³⁰ said protectors' calculations on Aboriginal monies were typically unreliable and they demanded the department pay 'much greater attention' to police handling of wages collections and supervision of withdrawals. They recommended Aborigines be given the right to appeal questionable dealings on their monies; the government ignored the recommendation. Frauds continued: at Longreach in 1927 the protector colluded with the local storekeeper to charge 'exorbitant prices' for goods, sold second-hand goods and clothes to Aborigines for large amounts, and held a batch of blank withdrawal forms already witnessed yet unsigned.³¹

A further Report in 1932 warned supervision of Aboriginal accounts was 'totally inadequate' leaving workers at great risk. There was no verification of wages earned or of deductions by either employers or protectors because the officer in charge in Brisbane exercised 'very little intelligence' over an unwieldy card system run under 89 different headings.³² Pilfering on the 4550 accounts was found to be common simply by doctoring the receipts, and continuing over long periods. So long as people were denied the right to check transactions on their accounts the government was warned 'the opportunity for fraud existed to a greater extent than with any other Governmental accounts.'³³

In response, the chief protector admitted there was no process to 'ensure the necessary control' over protectors, currently managing almost £240,000 (\$13.9 million). He admitted 'dishonesty and laxity' were inevitable in a system which relied on the keeping of ledger account cards by police 'many of whom are not trained in clerical work' and resented the excessive overtime involved in managing Aboriginal employment and accounts. He admitted endemic fraud was exacerbated by 'the long

times between inspections’, and that ‘the way [was] too open to dishonesty’ because Aborigines could not check their accounts. He conceded a worker ‘compelled to work under departmental control’ should not ‘suffer loss and deprivation through the neglect of officials who are supposed to protect him’. But he did not expand the rural audit regime nor allow people to sight their accounts. Instead the government transferred the bulk of rural savings accounts into a new account (the Queensland Aboriginals Account – QAA) under head office control in Brisbane, leaving only a working balance in each protectorate for daily withdrawals. A system of identification numbers was established to more accurately verify account holders, many of whom shared allotted English christian names. Although the minister claimed these measures ‘will go a long way to minimise fraud by members of the Police Force who are protectors’³⁴ in fact no changes were made at local level.

From 1935 thumbprinting was mandatory for dealings on Aboriginal accounts with duplicates held at head office for checking against monthly remittances. But this was easily rorted. Prints were ‘the only valuable evidence that expenditure is correctly chargeable against individual accounts’ and auditors warned in 1940 they were commonly ‘useless for verification’ being ‘so carelessly taken’. They said that local protectors ‘obviously... do not exercise any check over the legibility’ of storekeepers’ dockets, and it was ‘hardly likely’ that people deliberately cheating on Aboriginal accounts would provide a clear print for verification. Auditors reported head office checked only one-third of the dockets to match thumbprint endorsements with those on the identification cards. And even that procedure was badly in arrears.

In an attempt to reduce fraud by protectors authentication of thumbprints was handed to the Criminal Investigation Branch (CIB) in 1941. Even so Audit Reports are replete with continued criticisms of improper dealings on savings accounts. They warned that acknowledging and witnessing the prints remained ‘a point of difficulty because of the attitude’ of ‘some white men.’ The protector at Gregory Downs drew two cheques in 1941, both witnessed but neither carrying thumbprints.³⁵ At Mossman in 1942 the protector ‘made it a practice’ to get thumbprints on vouchers for goods not yet provided or not supplied at all. He claimed witness signatures were obtained at a later date.³⁶ In 1943 auditors warned protectors were ‘evidently in the habit’ of getting thumbprints or signatures ‘before he is either paid or receives the goods that he has to pay for’. Thumbprints were often so carelessly taken as to be unverifiable

even if facilities were available. The government maintained the system even while admitting 'some protectors are not carrying out their duties as instructed'.

Despite these constant warnings, for the entire duration of financial management hundreds of workers based on the northern missions were never recorded on the CIB thumbprint database so the department had no way of verifying transactions on their accounts. And transactions on accounts of workers controlled through the Brisbane office or from the settlements, and for almost 3000 child endowment accounts opened since 1942 were never verified because there was no duplicate card system at head office.

Protectors were instructed from the 1940s to issue cheques in workers' names for all withdrawals over £2 (\$80.80) and anyone requiring clothing or other goods was to be given vouchers on local traders. Yet the government was told in 1949 neither the cheques nor the vouchers prevented frauds by unscrupulous traders and employers: 'in 90 per cent of the cases the native who is not educated has no knowledge of the amount he should receive' and if the payee was dishonest 'there is a better opportunity to do so.' Regularly the auditors condemned 'continuing problems' with proper witnessing of Aboriginal thumbprints and signatures, a procedure of high importance 'owing to the more or less illiterate condition of natives subject to the Act.' In 1952 the Aboriginal tracker at Croydon wrote to the chief protector protesting the sergeant forced him to sign blank cheques and failed to supply him and his family with sufficient food: 'My children are crying they are hungry all the time and my wife and I are begging off friends.' Subsequent investigations exposed fraud on at least five savings accounts. The protector escaped trial because of ill-health.³⁷

Audits continued to reveal withdrawal sheets filed without verification of thumbprints and 'in many instances' department officers failed to follow up discrepancies. In 1964 auditors again called for closer supervision of reconciliations of rural accounts and head office ledgers because 'some protectors' were 'inclined to be lax'. Failure to collect outstanding wages was a constant complaint against protectors, the director admitting in 1958 the department had been 'held culpable for failing to ultimately collect wages owing to men under agreements'. 'The position is', he said, 'that we have accepted the responsibility of protecting these people by controlling their employment and collecting their wages'. He

said excuses such as time constraints or staff shortages were 'futile'.³⁸

In the early 1960s auditors warned the 'fair margin for errors in postings' would remain undetected so long as the government denied account holders a passbook so they could check balances and entries. They said chances were 'very remote' of a worker drawing attention to an erroneous or fraudulent posting. Even in 1965 the wage collection was officially described as 'too open to abuse' because wages were only paid on demand by the protector rather than as departmental procedure. 'Should there be wages due in these cases', auditors warned, 'the Department has no knowledge of any particulars, and would be unable to take any action.'

Thumbprints were checked by the CIB since 1941 but the government had no database to verify signatures and therefore no certainty, public service inspectors warned in 1965, 'that witnesses do, in fact, witness all payments.'³⁹ Protectors would have been well aware of this anomaly, given the frequency they were asked to provide second clearer thumbprints. Alerted to this 'potential loss by fraud' the department introduced only sample signature checks. Passbooks and child endowment books were distributed to account holders from February 1966 but only for their information, the department continuing to run 'all accounting systems' as before. The inspectors had anticipated this 'should improve security to some extent' but warned it would be several years before access to the books afforded 'sufficient protection' to the 'semi-literate' account holders. Meanwhile – even in the late 1960s – the department continued to accept the validity of signatures 'purportedly witnessed'⁴⁰ on withdrawal forms.

In 1967 auditors again criticised processing of wages ledgers at head office as 'unsatisfactory', a 'breakdown in internal control procedures' allowing a \$4000 (\$30,000) fraud by the Mt Garnet protector to continue undetected. Officers were 'aware of the defects in the system', auditors said, and procedures relating to withdrawals from the savings accounts should be 're-examined'. The accounts section was severely understaffed, none were over the age of 21 or had any experience checking protectors' withdrawals, therefore no proper checks were made of withdrawals, acquittances and the allocation of interest. In each of these areas, they warned, 'there is room for fraud.'

In 1970 elementary requirements were still not being observed to safeguard the 10,450 savings accounts. Auditors reported 'the witnessing procedure is weak',

with district officers (formerly protectors) still failing to have cash payments independently witnessed, and payments often witnessed and then cancelled or amended. Few signatures had been checked over the previous six-month period despite provision in Internal Control to check all signatures on withdrawal sheets, and 'other necessary reviews are being deferred'. Auditors warned urgent action was necessary to apply 'vital checks' promptly after transactions were completed so that forgeries 'as had happened in the past', could be avoided or deterred.

Only after 1971 could account holders apply to gain control over their own savings, totalling \$1.24 million (\$7.54 million) at June 1972. In 1974 auditors again condemned head office, noting 'established checking procedures have been allowed to lapse' over private savings of almost \$800,000 (\$3.86 million). In June 1986 the government still controlled savings of \$1.2 million (\$1.8 million).

1.2.2 Aboriginal Protection of Property Account

The Aboriginal Protection of Property Account (APP) was opened in 1902 to receive and distribute unclaimed wages and deceased estates of maritime workers said to have died or deserted during a voyage. Regulations in 1904 extended this requirement to mainland workers, declaring that the APP could be used 'in such manner as the Minister may direct, for the benefit of aboriginals generally'. £100 (\$8740) was promptly loaned to the Murray Islanders for a pearling lugger.

Transactions recorded in the department's *Annual Reports* show that Aboriginal benefit and government benefit soon blurred. In 1908, none of the £134 (\$11,250) from 'wages and estates' of deserting or deceased workers was paid to relatives but over £140 was paid to clothe people sent to employment. In 1911 only £13 was distributed to relatives against incoming wages and estates of £180, while £128 (\$10,340), almost half the loans to Torres Strait boats, was simply written off as bad debts, and £100 was paid to Cape Bedford mission for machinery.

Of £444 (\$31,169) paid into the APP in 1914 from deceased estates, none was distributed to relatives but outgoings included £280 for a boiler at the Barambah sawmill, a £140 cutter for the Hull River settlement and £60 for fencing at Cape Bedford, as well as £200 for a new boat loan for Murray Islanders. From 1917 the government began transferring 'inoperative' and 'unclaimed' private accounts into

the APP: £445 (\$25,410) in 1917, £2640 (\$141,293) in 1918, £1323 (\$62,260) in 1919, £459 (\$19,085) for 1920, and £2300 (\$109,434) in 1921. Given workers were arbitrarily contracted around the state and denied documentary evidence of government dealings on their accounts, nor would 'deserters' sensibly make a claim on their savings, the appropriation of these monies is highly problematic.

From 1917 APP holdings were used increasingly for settlement development, mainly sawmills, water services and 'improvements' – £2550 (\$145,600) in 1917, £880 (1918), £1373 (1919), £1623 (1920), £9650 (1921) and £310 (1922). A further £1035 went to Purga mission in 1920 while under temporary government management. In 1921 the government paid £500 (\$23,790) from the APP as an operational grant to Yarrabah mission, the main detention centre in the north. Meanwhile transfers to legitimate claimants were scant: of the £979 (\$55,900) from estates and deserters' wages in 1917 only £98 was paid to relatives, only £264 from £1440 (1918), £648 from £3111 (1919), £745 from £1497 (1920), £487 from £1602 (1921). By the end of 1922 the APP held £4044 (almost \$200,000) including outstanding loans of £656 for Torres Strait boats.

The Public Service inspectors in 1923 described as 'unsound' the diversion of APP funds for an annual grant to Yarrabah mission for 'upkeep'. Their counsel was ignored: Yarrabah received its £500 grant from the APP in each year from 1925 to 1932, excepting 1924 and 1930 when it got double the amount. In the eight years to 1930 almost £9000 (\$438,000) was diverted from the APP for development projects, including £2276 (\$109,500) to build the *Melbidir*, a government vessel used only irregularly on Aboriginal department business. A further £7750 (\$377,000) was paid as grants to missions plus an additional £800 loan to Yarrabah, as well as advances between other departmental accounts. Such transactions, and the massive subsidising of the missions, the government knew to be outside proper usage.

Estates absorbed into the APP in the same period totalled £13,247 (\$644,600) plus an additional £16,856 (\$820,213) simply transferred as 'unclaimed'. Only £4872, or less than 40 per cent of the estates, was distributed to relatives and most of that in the years 1923 and 1924; in 1927 only £19 was distributed. Rather than expend APP holdings across the population generally, as mandated, the government ignored widespread destitution in 1926 to invest an 'idle' £6000 in Treasury Inscribed Stock

to generate interest income. The cash balance at 1929 was £5720 (\$269,185).

During the 1929-32 depression 50 per cent of APP income was simply transferred 'to subsidise the Vote' of the Home department: £8173 in 1931, a 'contribution' of £6473 in 1932 and £3231 (plus £733 to the Standing account) in 1933. Other payments were £4726 for 'industrial development of settlements and missions' in 1934 and £2204 in 1935, and loans of £1300 and £1000 to Aboriginal Industries in the Torres Strait in 1935 and 1936.⁴¹ Estates of £10,750 were moved into the APP of which only £3208 or 30 per cent was paid to relatives. 'Unclaimed' accounts brought in £18,369 between 1931-35, compared to £10,316 in the five years 1925-29 and a massive £10,834 in 1930 alone when budget cuts started to bite. In 1931 the £800 loan to Yarrabah, for which there was 'not the slightest hope' of repayment, was simply written off.

In 1939 the chief protector said the APP administered 90 per cent of deceased estates and 'exhaustive inquiries' were made for next-of-kin, funds remaining available for several years for unexpected claimants. 'In no case', he declared, was the APP 'appropriated for other than the general benefit of Aborigines.' Within a week he committed APP funds for a boat for Palm Island. In 1941 the audit inspector reported that £70,105 (\$3.37 million) had been paid out of the APP since 1914 'for purposes other than refunds of estates.'⁴²

By 1941 the APP had a contingent liability of over £74,000 (\$3.6 million) representing almost 4000 'unclaimed' balances, but held only £1110 in cash plus £2765 in loans to meet it. Auditors objected that many claimants listed as 'missing' or with inoperative accounts probably had no knowledge of their funds, and many deceased persons' estates had not been distributed despite records of entitled relatives. The Public Service inquiry in 1941 also condemned the department for failing 'to make proper inquiries' regarding distribution of APP holdings to the relatives of dead or mission persons. Indeed they warned the APP was now so depleted it was in danger of insolvency if claims were made on it by relatives. With the APP balance at under £1580, only now did the department cease its 'approved procedure' of the last twelve years of paying 50 per cent of unclaimed estates to the department's operational account.

From mid-1943 APP transfers and 'unclaimed' monies (now only after a two-year claim period) were lodged in the Aboriginal Welfare Fund (AWF), established 'for the general benefit of Aborigines'. Regulations in 1945 authorised transfer

of estates to the APP⁴³ if unclaimed after five years. In 1946 when auditors suggested transferring to the AWF many of the 1043 undistributed estates of more than 20 years standing holding over £21,000 (\$899,220) the director demurred, citing the trenchant criticisms of the 1941 investigation. In 1950 £5000 from a balance of £7656 in the APP was committed to investment, rising to £8000 by 1954. Transfers of unclaimed estates to the AWF occurred sporadically with £3006 moved across in 1962. A decade later APP holdings stood at \$145,336 and balances prior to 1962 totalling £59,299 were transferred in 1973. Other substantial APP transfers to the AWF were \$88,572 in 1976 and \$13,810 in 1984.

1.2.3 Aboriginal Provident Fund

In 1919 the government started the Aboriginal Provident Fund (APF) as a ‘fund for relief of indigent natives’; any worker not already contributing 20 per cent to settlement maintenance funds was now taxed 5 per cent if single or 2½ per cent if married, calculated by the protectors and remitted quarterly to head office. By 1921 the APF held £5896 (\$280,532). 1922 was a year of drought so severe gross earnings slumped £23,000 (\$1.1 million) yet in the first six months only £129 (\$6349) or just 1.5 per cent was distributed in response to ‘calls for relief’ out of holdings of over £8245. This failure to distribute APF holdings to people in dire need prompted criticism from public service inspectors in 1923, who condemned payment of £117 from the APF to deport 70 people to Cape Bedford mission. Finding ‘fully 50 per cent’ of protectors’ APF calculations were ‘wrongly made’ the inspectors urged people be given the right to appeal against dubious handling of their accounts. This the government ignored. It also ignored the inspectors’ conviction that APF relief expenditure should only be made relative to contributions in each police protector’s district.

In 1923 no APF funds were allocated to relief. Instead the government diverted an ‘idle’ £8000 (\$384,960) to investment. In 1924 it expended just 10 per cent of the takings on relief and nil in 1925. In 1926 a further £6000 was diverted to investment and no relief allocated despite reports by the chief protector of ‘distress caused among camp blacks’ by a slump in the pastoral industry. In 1927 takings were £1735 and relief outlays were less than 20 per cent of incoming interest of £786. No relief was allocated from the APF in 1928 despite takings of £2665 plus £796 interest but a further £1000 was sidelined in Inscribed Stock. In 1929 relief of £397 was

paid as against interest of £1220 and takings of £1620. In the years 1922 to 1929 the APF increased by £15,936 (\$775,450) in direct levies and £2802 (\$136,345) in interest, money desperately needed by workers mired in poverty. Despite its mandate that the APF relieve this hardship the government had released just £871, or less than 5 per cent of its windfall. By end 1929 cash reserves were £7330.

During the depression the APF 'proved its value' providing an unstated amount of 'assistance' to the missions in 1930 as well as a £12,000 (\$590,640) loan to start a trading business (Aboriginal Industries) in the Torres Strait; neither item of benefit to 'workers and their dependents' suffering mass retrenchments and fractional wages as low as 40 per cent the white rate. Because over £6,100 (\$300,242) had been transferred from the APF to the 'general contingencies vote', the loan was only possible through a transfer of £8000 stock holdings to the APP, said to be 'amply in credit to take this amount over.'⁴⁴

During 1931 a further £8174 (\$448,753) was taken from the APF 'to subsidise Vote', triggering a cash crisis. Bleakley admitted 'working funds are now very small' but his main concern was the APF's ability to meet 'further withdrawals' by the department.⁴⁵ By late 1931 APF cash holdings were 'almost depleted' and a further £5000 in stock was transferred to settlement trust accounts. In 1932 a further £7,977 was taken to 'relieve consolidated revenue' and £1949 in 1933. By 1934 Bleakley had distorted the APF mandate to include 'the industrial development of government settlements and missions' which absorbed £4190; the Torres Strait debt stood at £6500 and investments at £2060.

In the decade 1925-35 £72,032 (\$3.55 million) was 'appropriated for departmental purposes' from the APP and APF, and a further £18,960 (\$933,200) from personal savings. Additional taxes on savings – 5 per cent on all settlements savings balances over £20 and 2.5 per cent on all non-settlement accounts – both ratified by Cabinet in mid-1933 and neither revoked, were still reaping income for the government, as was seized bank interest from savings accounts, averaging £15,000 (\$867,900) annually.⁴⁶ The 1939 Act had repealed existing regulations and new regulations were not gazetted until 1945. In the interim consecutive auditors warned the government all transactions on Aboriginal funds were illegal: 'no authority exists

for, among other things, the percentage deductions from wages for the Aboriginal Provident Fund, transfers of moneys of deceased natives, where there are no beneficiaries, to the Aboriginal Protection of Property Account, transfers from Trust Funds to Standing Account, and for the order in which the estates of deceased natives should be distributed ... the scale of wages and the settlement maintenance charges were not even covered by the regulations under the repealed Acts.'

Early in 1941 Bleakley conceded that many regulations 'which have governed departmental procedure in the past' had never been formally gazetted, and admitted there was 'some doubt as to the legal force of the Regulations made under the earlier Acts now rescinded, under which the department is at present working'. He said over £13,000 (\$625,560) had been appropriated from savings and trust monies in the previous year to offset government expenditure on general maintenance. Although this practice had 'the cognizance and approval' of Treasury, auditors since 1939 deemed it 'wrong in principle' being 'without the authority of Parliament.' He asked for additional revenue of £10,300; Cabinet denied the increase. In a memorandum to his minister Bleakley insisted 'relief on the one hand and maintenance on the other are definitely charges against the Consolidated Revenue.'⁴⁷

The 1941 investigators confirmed his stand. They noted that the 'practice of using natives' funds for the purpose of supplementing the Vote', introduced in 1930/31, was still continued 'almost to the same extent' as during the financial emergency. They said APF deductions for general relief or to support relatives on settlements 'cannot be regarded as ever having been justified' since relief and maintenance 'are definitely charges against consolidated revenue.' The annual amount involved, they said, was about £18,000 (\$866,160). They recommended the APF be closed down.

After 1943 APF levies went to the Welfare Fund. Where the 1919 regulations specifically excepted from the levy workers already paying maintenance on settlements and missions, the 1945 regulations levied these inmates at double the rural APF rate of 2.5 per cent for single and 5 per cent for married workers. While this suggests a ceiling of 10 per cent for APF deductions many families lost more than this: if both husband and wife worked while some or all their children were retained in dormitories their tax was 15 per cent and in many cases, because of poor record collating and separated working partners each paid the full 10 per

cent. The superintendent at Yarrabah also protested some working families who only visited the mission for rare holidays were taxed the full 10 per cent.⁴⁸

Although the 1945 regulations stated no-one would contribute 'to more than one welfare fund' the struggling missions, which did not benefit from the AWF, could not afford to forgo maintenance charges. In 1946 auditors complained the department was breaching its regulations in allowing the Yarrabah and Doomadgee missions to retain the APF deductions since the payments were clearly not going to 'the general benefit of Aboriginals.' They were not swayed by the director's argument that the government subsidy to these missions met only about one-quarter the ration needs. The Yarrabah superintendent warned workers 'strongly objected' to the APF levy since they 'were already liable to Income Tax',⁴⁹ and had only complied on the grounds it would directly benefit their own mission.

Several times in the 1950s mission authorities sought access to AWF funds for development programs but were rebuffed on the grounds that the generality of the AWF remit precluded specific advantage to particular institutions. This is plainly illogical given AWF expenditure on particular settlement projects. So long as missions were denied relief from the AWF, the APF levy on inmates' wages was of benefit only to the State in its Aboriginal operations. In 1955 when four missions again lobbied to retain their APF deductions the amount at stake was almost £3000 (\$62,340).⁵⁰ The government decided against allowing missions 'the benefit of monies contributed by their employed Aboriginals' through APF payments.

In 1957 APF levies to the AWF were around £14,200 and Cabinet approved a further tax, of two shillings a week toward the Cairns Aerial Ambulance. Protectors were directed to take this 'voluntary' contribution from the pocket money allowance. APF deductions to the AWF continued until 1966 yielding around \$35,000 (\$271,600) annually.

1.2.4 Queensland Aboriginals Account

As early as 1931 the department planned to exploit the £298,700 (\$16.4 million) 'scattered throughout the State' in 4055 savings bank accounts by investing £150,000 in stock and keeping the interest excess over bank rates. The minister said the interest could be paid to the APF 'and used to reduce expenditure'. He anticipated 'a good

portion and probably the greater portion' of savings bank holdings would come to the government anyway through lack of claims on deceased estates.⁵¹ In 1932 the public service inspectors said all the rural funds should be combined in one account in Brisbane, including 'if necessary' the three settlement trust accounts of £17,376. They suggested £250,000 (\$14.46 million) of the £291,487 could be invested through Treasury in Inscribed Stock, enabling the Queensland government to 'retain the use of the money', and reap an interest bonus of £3124. Bleakley was quite clear as to the priorities: 'the main matter at issue is the interest on the investment' of Aboriginal savings which could relieve state finances of approximately £15,000 annually, he said in 1933.⁵² He admitted individuals would be 'deprived of the direct benefit' of that interest. In preparation for the policy change the new Queensland Aboriginals Account (QAA) was set up at Treasury as a 'common fund' in the name of the chief protector.

Disregarding the multiple levies already imposed, Bleakley argued the many people with 'considerable savings'⁵³ should be expected to contribute towards administration costs as well as the burden of supporting unfinancial Aboriginals. Dismissing tightly limited access he said the aggregate dimension of savings proved they 'were in excess of ordinary requirements' of account holders and were 'now more or less idle.' Ignoring the conspicuous entrenched poverty of workers deprived of their savings, the government now invested £200,000 – or 78 per cent of private savings – in Inscribed Stock. Although Bleakley claimed the interest was not used for the government's 'administration or maintenance charges', it was in fact paid into the department's standing account which he elsewhere described as 'the Aboriginal department's Working Account.' When pressed, he admitted it was 'impossible to state for what particular purpose' the interest was used.⁵⁴

Bleakley admitted in 1935 that Aboriginal account holders 'have not either individually or collectively consented' to the interest seizure. He said 'a very large proportion' of account holders were 'illiterate and unable to comprehend the system' of investments and he acted on their behalf 'with a keen sense of fair treatment to which an ignorant native is entitled'.⁵⁵ He claimed a 'precedent' in that inmates on the settlements had for years 'voluntarily forfeited bank interest', a policy he claimed accorded with the 'outstanding tribal custom' that the old, weak and indigent 'shall be a charge on the able-bodied members of the tribe'. This claim fits badly with Bleakley's actual intent – to generate an interest bonus for consolidated revenue. In the 1935/36

year savings bank interest of £7500 (\$428,250) was used to fund capital works 'in order to relieve the expenditure from Revenue' plus £10,803 'for ordinary services'. The government decided to increase investment holdings from private savings leaving only the £20,000 deemed sufficient 'to meet all possible contingencies', effectively less than \$200 (today) for each of the 5785 account holders.⁵⁶

By 1938 the savings accounts had generated almost £50,000 (\$2.67 million) in interest since 1932/33, but only in the first year was interest paid to account holders. The government now decided £17,000 (\$155 per account holder) would constitute a 'satisfactory working balance' in QAA to facilitate a loan of £5500 to Aboriginal Industries after the collapse of the marine produce market in the Torres Strait. The 88 per cent of savings frozen in investments and loans⁵⁷ gives the lie to Bleakley's assertion in 1939 that 'every worker's savings are definitely his own property ... always available even to the last penny at the demand of the owner'. His claim that not one penny of the interest was used for administrative purposes is untenable given the interest was paid to the standing account and used for 'other than strictly trading items' for settlement stores, a strategy which auditors again warned in 1941 was 'wrong in principle as they are expended without the authority of parliament.'

The 1941 investigation said all accounts with monthly balances over £50 (\$2200) should be credited with bank interest annually, an amount the department calculated at £6882 (\$331,000) across 90 per cent of the accounts. Yet it was not until 1943 that the government credited savings accounts with the 2 per cent bank interest, transferring the investment bonus into the AWF. In the 1940s £238,000 (\$9.6 million), or 74 per cent of private savings was committed to investment.

On many occasions the department retained control of savings of exempted persons or simply failed to locate relevant files, particularly where the bank balance was large. Auditors in 1943 condemned the practice as having 'no authority under the Act' where exemptions were unconditional. In late 1954, asserting rural savings balances were again 'far in excess of normal requirements' the government stripped out an additional £40,000 (\$831,200) for investment in something 'more lucrative'.⁵⁸ This brought investments of these savings alone to £463,000 (\$9.4 million) paying a bonus of £9260 (\$188,000) to the AWF.

In 1955 the government sought better use of the 'surplus' private savings balance of

£467,000, amending the 1945 regulations so bulk private savings could be offered to a wider market.⁵⁹ This enabled the department ‘legally to make the money available’ for a planned loan of £50,000 (\$935,000) for expansion of the Mt Lofty hospital.⁶⁰ The interest profit would, as before, go to the AWF. The 1958 *Annual Report* reveals only £87,459 (\$1.6 million), or 13 per cent of total rural savings of £663,218 (\$12.2 million) was available to account holders. Just on 80 per cent of total savings were tied up in investments of £745,900, of which hospital investments comprised £320,000 (\$5.9 million). The department never canvassed the possibility of allowing account holders to benefit from this massive savings stockpile.

In 1960 only £219,424 (\$3.83 million) or 30 per cent of trust monies was available, while £705,130 (\$12.3 million) was invested to profit the government – £220,300 in Inscribed Stock, £60,000 with the Southern Electricity Authority and £424,830 with various hospital boards. Early in 1961 even the ‘cash balance’ of savings and trust funds was invested on the short term money market to attract interest while still being available on daily call. The annual cost to the government of running hospitals on the settlements and Thursday Island was £157,000 compared to £560,227 (\$9.5 million) of Aboriginal savings committed to regional hospital expansion projects in the same period. When news of a loan to the Redcliffe hospital board leaked in 1962 MLA Colin Bennett said it was ‘hard to conceive’ funds would be diverted to investment given entrenched Aboriginal poverty.⁶¹ The *Annual Report* reveals investments of £838,980 (\$14.3 million) leaving savings of only \$1.2 million – just over 9 per cent – available for account holders.

The 1965 *Aborigines Affairs Act* omitted the provision for the director to invest trust moneys in loans on the Treasurer’s behalf but retained the government’s controls over wages and savings by declaring ‘assisted’, and thereby subject to financial controls, all residents of government reserves and anyone else deemed in need of ‘assistance’. At that time investments stood at \$1.53 million (\$12.2 million) bringing ‘surplus’ interest of \$38,200 (\$305,000) to the AWF. Early in 1967 the director said there would be no further investments although funds were still committed to term deposits with various banks. In 1970 the government still controlled 10,450 accounts including 2,160 child endowment and 567 pensioner accounts. Of the \$1.8 million (\$12.3 million) funds pool, over \$1.45 million (\$9.9 million) was ‘invested to produce higher interest rate’, producing \$20,986 (\$143,544) for the AWF. The minister opposed suggestions the government relinquish its

control over the accounts arguing it might face costs of around \$4 million for ‘the less frugal section of the community’ whose supervised savings were currently spent mainly on ‘maintenance and support of the bread-winner and his family’.⁶²

Audit Reports show controlled savings ranged from \$1.2 million (\$5.04 million) in 1974/75 to \$2.3 million (\$5.3 million) in 1980/81 and \$1.15 million (\$1.8 million) in 1985/86. Investments during the same period fell from \$647,825 (\$2.7 million) in 1974/75 (most spread over 12 hospital boards) to \$1.1 million (\$97,420) in 1980/81 and \$37,000 (\$57,720) in 1985/86. The bonus to the AWF of ‘surplus interest – dividends’ was \$23,195 (\$97,420) in 1975, \$81,818 (\$189,000) in 1981 (following zero input in 1980), rising to \$195,607 (\$332,532) in 1985, suggesting liquidation of investments.

It is clear from these figures that the savings of the most vulnerable former wards, those deemed in need of government ‘assistance’, continued to be exploited for government profit into the 1980s. Interest profit to the government between 1966 and 1983 via the AWF totalled \$486,162 (\$2.3 million), rising to \$719,331 (\$1.14 million) in the five years to 1988, and a further \$29,404 (\$35,848) in 1989 and 1990. If, as seems likely, the five year spurt to 1988 also included matured principle, the source of the original investment would need to be identified.

1.2.5 Aboriginal Welfare Fund

The Welfare Fund was established in 1943 ‘for the benefit of Aboriginals generally’ and absorbed income from APF levies, investment interest profit, proceeds from store sales and enterprises on reserves ‘other than mission reserves’, fines fees and penalties imposed on settlement residents, and unclaimed moneys of deceased or missing Aboriginals. As a balancing fund run by Treasury, outlays were governed by revenue. There have never been authorised regulations specifying legitimate expenditure from the Welfare Fund.

From the first years costs previously carried by consolidated revenue were listed against the Welfare Fund. Figures for Palm Island show 85 per cent of the wage bill in 1947 was now charged against the Welfare Fund while government wages allocations were not fully spent, prompting the director to argue the Fund should only pay wages for trading enterprises and not for general settlement operations. He said it was ‘impossible’ for the Welfare Fund

to meet from its ordinary receipts the excessive expenditure charged against it. In 1948 the under secretary complained that the government was charging the Welfare Fund for 'a considerable amount' of 'legitimate Vote expenditure' including 'the cost of removal of Aborigines, indigent, sick, and refractory'.

In 1950/51 salaries and wages debited against the Welfare Fund for Aborigines 'employed mainly in native administration' ('teachers, clerks, trainee nurses, artisans, &c') on the three settlements totalled £19,044 (\$488,288), of which £1728 (\$44,305) was for white staff on the two cattle properties. Almost half the £5034 (\$129,072) improperly charged against the Welfare Fund for removal costs and workers' fares was not repaid from consolidated revenue. In 1954 the director again protested wages and rations for 'native assistants' were improperly loaded onto the Welfare Fund: 'as the natives concerned are Departmental employees, the cost should obviously be transferred to Vote.'

In 1959 heavy drawings against the Fund following severe budget cuts cut the Fund's balance 56 per cent to only £27,800 (\$486,000). The director objected the Welfare Fund was carrying 'considerably more than it is reasonably capable of doing' including 'legitimate charges against the Vote', and the Woorabinda superintendent agreed: 'the Welfare Fund is, as applied many years ago, carrying a major portion' of wages expenditure which was not a legitimate charge against it.⁶³

Increases in government salaries forced further budget cuts in 1960 and the Welfare Fund again had to cover expenditure 'that under happier conditions would have been paid from Vote' such as 'native wages on government settlements' which the director again insisted were a legitimate charge against the government. The department's financial position 'is so serious', said the accountant, that provision for a new launch, tractor, truck and land rover for Palm Island would have to be charged against the Welfare Fund, 'the first time we have provided against Welfare Fund to purchase vehicles.' The director warned the Fund could no longer subsidise state revenue: 'The result of the foregoing was a financial benefit to Contingencies Vote and a drain on Welfare Fund to such extent that the latter is unable to meet similar commitments in future.'⁶⁴

Regulations in 1969 not only broadened the Welfare Fund revenue net to include child endowment, but decreed wages, administration and running expenses of community

and training farms, retail stores and curio shops were to be charged against the Welfare Fund 'except those wages, administration and running expenses met from other funds' such as consolidated revenue. Since parameters for the latter were nowhere defined this left a clear responsibility for the Welfare Fund to cover any and all underprovisions. Wages charged against the Welfare Fund increased from \$25,534 in 1970 to \$161,063 in 1973, \$345,041 in 1976 and \$766,314 in 1981, an increase well in excess of the average \$80 community wage rise of the same period. The department's accountant warned 'cash resources of the Aborigines Welfare Fund are again being seriously depleted.'⁶⁵ (His emphasis).

The director protested it was 'abundantly manifest' that the communities 'are subsidising' state expenditure by covering charges and costs 'which ultimately become levied against the Aboriginal Welfare Fund'. These practices drained \$500,000 (\$1 million) from the Welfare Fund 'and this situation cannot be allowed to extend and must be contained.' He said Welfare Fund resources should not be spent on other than 'specifically approved development programmes' such as retail stores, butcher shops, trade training, cattle farming, pastoral activities and other primary industry projects. He said the 'intention of the Act' for this self-maintaining Fund could be deduced from the 1972 regulations: 'to generate schemes whereby Aborigines may be benefited through income generating projects.' He urged that Welfare Fund projects should be assessed 'in light of the overall profitability or otherwise' of the Fund in general, profitability which was, during the last half of 1983, again 'seriously eroded.'

In late 1983, the executive officer warned the director the cash liquidity of the Welfare Fund was 'alarming', due to a \$1.25 million (\$2.4 million) blow out of expenditure over receipts. In a 'strictly confidential' letter the director told the department's Yarrabah manager the financial position of the Fund 'is occasioning grave concern'.⁶⁶ The Welfare Fund balance for the year fell nearly 50 per cent to only \$1.9 million (\$3.6 million). Estimated Welfare Fund income dropped sharply from the mid-1980s as beer canteens were transferred to council control. In 1986/87 the deficit was almost \$2.75 million in store sales alone, and cattle sales generated only half anticipated profits. Meanwhile unidentified expenditure against the Fund jumped from \$75,612 in 1985 to \$239,006 (\$372,850) in 1986 and \$519,608 (\$696,275) in 1988.

The two largest Welfare Fund enterprises were cattle and housing. Both drained

millions from the Fund and generated constant criticisms from auditors regarding negligent or nonexistent accountability. In 1946 and 1947 the government purchased two properties – an Aboriginal Training Farm (bought through a loan from private savings) and Foleyvale, both to be worked as commercial propositions primarily using Aboriginal labour. Neither farm was the property of the Welfare Fund but ‘for convenience’ the government used the Fund for payments and receipts. Capital development costs were also loaded against the Welfare Fund despite the director’s protests it was ‘neither competent nor eligible’ to meet them.⁶⁷

By 1952 the Welfare Fund had carried losses at the government’s properties for six of Foleyvale’s seven years and every year for the ATF; by 1958 Foleyvale’s losses over 12 years had bled £17,231 (\$316,706) from the Fund plus an additional £21,000 (\$385,980) for white staff salaries. According to the department’s inspector ‘a considerable amount of expenditure’ had been outlaid on loss-making agricultural pursuits.

In 1970 the auditor noted the cattle projects had developed ‘from a mere training scheme into a large business’ and the director boasted the department was one of Queensland’s biggest cattle barons with almost 21,000 head of stock worth \$2 million (\$12.9 million) on 10 of the 16 Aboriginal reserves, and annual sales of over \$250,000 (\$1.6 million a year). This was pure conjecture. This ‘multi-million dollar business’ had produced no financial statements in 25 years of operations – no stock count, no register of purchases or sales, no estimate of natural increase and wastage, no profit and loss account – nothing. In 1979 auditors said there was still no way of assessing ‘the efficiency of these cattle projects’ because the larger holdings had not been mustered; cattle losses in the previous five years totalled \$588,084 (\$2.17 million).

In every year bar one between 1974 and the last detailed records in 1991, the department ran a loss-making venture which impacted heavily against Welfare Fund holdings and thereby the capacity of the Welfare Fund to honour its mandatory commitments to benefit ‘Aborigines generally’. Despite constant auditors’ warnings the department failed to compile accurate records as to the dimension of the asset or to apply standard business practices in stock control or accountability, presiding over annual losses averaging \$688,939 in the eight years to 1991.

The department’s incompetent handling of an ultimately huge welfare housing

enterprise was similarly costly to the Welfare Fund. From the late 1950s deposits for houses were provided periodically from Loan funds and also from the Welfare Fund, including £5000 (\$91,900) in 1957 and £10,000 (\$180,600) in 1959/60, and £6250 (\$106,625) in 1962. Rent was to be deducted directly from wages and credited against the original debt. Once this was liquidated the only charges against rents would be for repairs and maintenance, and 'the buildings would remain the property of the government.'

Although generation of rental income to Fund from housing programs rose steadily from \$7,227 (\$56,000) in 1967 to \$81,323 (\$556,250) in 1970 by 1972 more than half the \$16,384 (\$99,615) housing debt to the Welfare Fund was listed as outstanding for which little or no follow up action had been taken for several years 'despite comments in Audit Reports by Inspectors.' Between 1973 and 1976 the government charged costs of repairs and maintenance of welfare housing against the Welfare Fund, a total of \$39,139 (\$189,040),⁶⁸ but the irregular sums, and the further hiatus until 1981, suggest this was not formal policy. State housing receipts into the Welfare Fund climbed from \$104,091 in 1973 to \$160,426 by 1979.

The Commonwealth Assistance to Aborigines Fund (CAAF) was established at Treasury in 1968 to receive new Commonwealth funding for Aboriginal housing, health and education, collecting initial payments of \$800,000, \$325,000 and \$325,000 respectively. CAAF funds were provided as a supplement to improve Aboriginal lives and state governments were warned to maintain existing expenditure levels. In 1974 Queensland was criticised for slow building starts and persistent carry overs of unspent housing allocations, and was warned balances still on hand might be deducted from the quarterly instalments.⁶⁹ Unspent balances were retained at Treasury.

Outstanding debts increased 30 per cent in 1976 to \$263,931 (\$976,545) and a further 43 per cent in 1977. Alarmed at the 'deteriorating position' auditors demanded to know what action would be taken to reduce the 'excessive' rental losses, describing the rental card system as defective. By April 1978 outstanding rents totalled \$395,674 (\$1.2 million): many payments had not been recorded, rental cards had not been balanced since mid 1977 and auditors identified 'a severe breakdown in internal control procedures' which could 'easily lead to loss of revenue'. Indeed 40 tenants owed more than \$1000.

After 1980 CAAF housing funds were managed through the Welfare Fund, including rental debts. The first CAAF payment of \$6.3 million (\$16 million) almost doubled the Welfare Fund balance. From 1981 costs of housing repairs and maintenance – including wages – were debited against the Welfare Fund, merging charges incurred on state welfare housing previously paid from consolidated revenue. By 1982 the Fund was carrying a \$651,838 (\$1.36 million) debt in unpaid rents.

Government policy to retrench community workforces rather than fund wage increases intensified chronic housing shortages and pushed overcrowding past critical levels, exacerbating pressure on substandard amenities and structures. Minimal manpower also compounded delays in desperately-needed repairs and maintenance of what were, in fact, Welfare Fund assets. Unemployment, illegally low wages and contingent poverty further impacted on the Welfare Fund by jeopardising people's capacity to pay rent and electricity. Indebtedness for the former jumped 20 per cent to \$610,583 (\$1.04 million) in 1985, while the electricity debt jumped a massive 65 per cent to \$86,349 (\$147,000) – deficits which directly jeopardised Welfare Fund viability.

From 1980/85 almost \$36.8 million (\$93.5 million) in CAAF housing grants was receipted into the Welfare Fund but only \$33.15 million spent on housing projects; effectively a \$3.65 million (\$6.1 million) profit to Treasury which invested surplus holdings on the short term money market, returning at that time around 14.7 per cent. Meanwhile charges against the Welfare Fund for repairs and maintenance on state housing rose from \$490,425 (\$1 million) in 1982 to \$1.45 million in 1984 and \$2.46 million (\$3.8 million) in 1986. Income lost through rental debts increased 81 per cent in the 1985/86 alone.

By 1990 outstanding housing and rental debts, electricity and hostel charges were \$2.55 million (\$2.96 million), almost 13 per cent up on the previous year, a debt burden auditors warned did not accord with requirements for accountable officers under Public Finance Standards. Procedural controls to recover debts were 'generally unsatisfactory': almost \$1 million was 'aged' debt and half that owing more than 6 months, yet there was little evidence of any decision to recover it. Cairns and Townsville, the two areas of most desperate need, were put on a basis of emergency maintenance only, a policy flagged for the whole state to prevent a 'severe depletion' of the Welfare Fund balance.⁷⁰ Audit reports listed rental housing at 2583 in 1989,

2615 in 1990 and 2569 in July 1991, when the CAAF rental housing program was transferred to the consolidated fund. Rent receipts and maintenance expenditure were transferred to the department of Housing in December 1992.

In 1993 government dealings on the Welfare Fund were frozen after concerted Aboriginal lobbying. With accumulated interest the current balance of \$9.3 million is held at Treasury 'for the benefit of Aborigines generally'. The government is keen to wind up the fund and distribute the residue. Aboriginal people doubt the residue represents the potential value of the Fund.

1.3 Controlling Commonwealth benefits

1.3.1 Maternity Allowances

The Commonwealth government paid a maternity allowance after 1912 including to mothers 'with a preponderance of white blood' as an initiative to improve the lives and health of Australian children. The initial amount was £5 (\$360). From 1934 this increased five shillings for every additional child to a maximum extra £5. Since at least 1928 it was department policy to take 80 per cent of the allowance from mothers living in settlement dormitories and 50 per cent from those in settlement camps, a policy which continued despite warnings in 1943 that no ministerial authority could be found authorising the seizure.⁷¹ Mothers receiving limited provisions for their new babies were told it was a gift from the government.

From July 1942 all Aboriginal mothers exempted from state control could also claim the allowance which was increased in 1943 to £15 (\$636) and up to £17/10/- for mothers with three or more children. Only 'lighter-skinned' mothers under state control were eligible, their allowance retained as before by the department which persistently lobbied that the exclusion of controlled 'full-blood' mothers from the allowance be dropped. In 1953 federal Treasury claimed 'lack of finance' for this anomaly; from 1959 all Aboriginal mothers were due the payment, although the allowance was repealed universally between 1978-1996.

1.3.2 Child endowment

Child endowment was paid by the Commonwealth from June 1941 and Aboriginal mothers not leading nomadic lifestyles were eligible. Initially 5 shillings (\$12) per week (\$624 per annum), it was due until a child reached 16 years. All endowment was paid direct to the department for distribution. By 1942 the Queensland government had successfully applied to have its settlements defined as 'institutions' so it could receive the bulk quarterly payments on behalf of settlement mothers. Immediately the government anticipated the endowment would reduce state expenditure on maintenance costs. Settlement superintendents were directed to use the endowment for fruit, milk and better clothing, but also for books and equipment for indoor and out door games, which allegedly remained 'the property of the endowed child'.⁷² No child or adult was ever informed of such possession.

In the first four months to November 1942 over £1148 (over \$50,000) was deposited in the department's suspense account; by September 1944 this income had risen almost 500 per cent. Flush with funds, settlements were informed 'the whole or any part of' the endowment did not have to be expended in any given period.⁷³ The government authorised deductions from endowment accounts to pay child outpatients' fees for local hospitals although access to Queensland's public hospitals was free for other citizens since 1944. From mid 1947 the government retained all endowment due for settlement children under 5 years claiming it provided 'complete maintenance' plus 'luxury food and clothing over and above the ordinary ration'; all supplies for baby welfare centres were reimbursed from child endowment.

The government also profited by cutting grants to missions by the same amount as incoming endowment revenue. Whereas the Presbyterian mission committee had anticipated using the £926 (\$40,000) quarterly payment to improve housing, education, dormitories and schools, they were forced to apply endowment to maintain the ill and elderly as their subsidy was cut to 'the smallest fraction of one penny per head per day.'⁷⁴ In 1952 the director admitted the missions 'desperate position' forced them to use endowment for general relief.

In the mid-1940s chronic malnutrition, lack of bedding and a total absence of washing facilities were blamed for infant mortality rates fifteen times the Queensland average on the three government settlements. The senior Health department official said

child diets were grossly deficient in milk, vegetables and fruit. Infants routinely contracted septic sores during hospital treatment where cots and mattresses were filthy and crawling with cockroaches.⁷⁵ Yet by 1949 the government held over £7000 (\$239,600) in institutional child endowment, spending some on radios and refrigerators for the dormitories. In 1951 Cabinet approved £2000 (\$51,280) from the endowment of Cherbourg mothers to build a child welfare clinic.⁷⁶

Very few rural births were registered until endowment provided an economic advantage to do so; protectors were also directed not to commit children under 16 to employment ‘because child endowment payment contributes to a considerable degree to their maintenance.’ Individual accounts were opened for mothers not on reserves and were controlled through head office or by rural protectors. Contrary to ‘the expressed policy of the Commonwealth government’ the Queensland government withheld bank interest due on private endowment accounts.⁷⁷ As with savings accounts, knowledge of endowment balances and access to withdrawals were dependent on the discretion of protectors. By 1950 rural endowment accounts totalled almost £18,500 (almost \$564,000), with many individual balances over £100 (\$3350). At no time did the department implement any checks of the thumbprinting or signing of withdrawals from Brisbane-based child endowment accounts.

On government settlements, where mothers could access only a fraction of the payment, the government held £20,000 (almost \$420,000) for Palm Island mothers alone by 1953 – as the director said, the superintendent had ‘that much money, you don’t know what to do with it.’ He was concerned of reprisals if the Commonwealth ‘finds out we are holding that money’. Despite admitting endowment ‘was not to be utilised to relieve consolidated revenue’ they allocated £2500 (\$52,000) apiece to build domestic science and manual training centres.⁷⁸

In 1954 a further £8000 (\$166,240) from Palm Island child endowment funds was used to build a hostel at Aitkenvale near Townsville (as against only £1500 from loan funds). Another £3100 (\$57,970) was diverted in 1957 to complete the project.⁷⁹ When budget cuts in 1959 reduced Baby Welfare funds by one-third settlement superintendents were simply instructed to meet the deficit from their child endowment holdings.⁸⁰ In the two years 1962-64 the total endowment held by the government jumped three-fold to £16,278 (\$170,215).

APF levies into the Welfare Fund ceased after 1966, but these were amply replaced after 1968 by the quarterly endowment payments, netting \$80,354 (over \$587,000) for the years to 1967 and 1968. This money in part funded development on the government communities. Meanwhile a contemporary medical survey revealed malnutrition as the key factor in deaths of 50 per cent of children under three and 85 per cent of children under four on the communities. Premature baby deaths were more than four times the rate for white babies. Half of all newborn infant deaths and 47 per cent of deaths under sixteen years were from gastroenteritis or pneumonia, or both.⁸¹ After 1971 when the Commonwealth began direct payments to mothers endowment into the AWF dropped dramatically. Of the total \$275,000 (\$1.67 million) absorbed into the Welfare Fund between 1968-77 only \$180,000 or 65 per cent is recorded as distributed for endowment. No payments were listed in the AWF between 1980 and 1983; the last was in 1983/84.

1.3.3 Pensions

Despite years of intense lobbying from the Queensland government, the Commonwealth refused to pay aged, widows and invalid pensions to Aborigines controlled by the state. In the mid-1950s rural protectors were directed to identify aged persons 'now existing on the bare necessities to maintain life', apply for their exemption from the Act, claim the pension and then 'safeguard their interests' by retaining control of their accounts.⁸² When a change of federal policy was signalled in 1959 the director immediately sought advice on how the impending pensions could be 'diverted to revenue'.⁸³ The government simply reduced indigent relief by £2 per person in rural areas to save £71,136 (\$1.3 million).

As with child endowment, the government planned to further cut grants to missions to reflect the new income. Rejecting this as politically imprudent given the missions' dire circumstances and 'continuous appeal for funds', it was decided to recoup the amount by 'adjusting' subsidy levels to bring an additional £59,132 (\$1.07 million) into government coffers. Only one-third of the pensions was paid to settlement inmates as 'pocket money', the government retaining 57/- (\$51.50) for the state as maintenance which was 'paid to consolidated revenue', a profit they calculated at around £35,568 (\$642,360).⁸⁴ The director was furious to learn Commonwealth officers visited the northern missions to make separate arrangements for pension distribution. A 1960

letter disparaging ‘malcontents’ from Cherbourg who had written to the prime minister protesting confiscation of most of their pension, revealed that ‘somewhere about £30,000’ (\$524,400) of aged, invalid and widows’ pensions ‘goes direct to Revenue’.⁸⁵

Amounts of £38,773 (\$659,140) in 1962/63 and £42,323 (\$719,490) in 1963/64 were diverted from pension entitlements. In 1964 auditors warned there was no provision in the Acts or regulations for ‘contributions’ from Aboriginal pensioners to consolidated revenue rather than to ‘the special welfare funds’ but the government argued inmates of Eventide Homes were also relieved of their pensions.

Audit Report figures show pension income to consolidated revenue of almost \$100,000 (\$776,000) for 1965/66 and \$114,145 (\$855,000) in 1966/67. In 1968 a group of women pensioners complained to the visiting justice at Yarrabah that they could not survive on the allowance, despite receiving rations. One woman living with her son-in-law received only \$9 per fortnight of her pension, another caring for three grandchildren received only \$16.70, another living on her own received \$11. The pension at that time was \$28.⁸⁶

* *This chapter relies heavily on primary research by Zoe Craven, Susan Greer, Victoria Haskins. Unless otherwise noted, primary records were identified by Susan Greer.*

