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1901-11-15

House of Representatives.

Mr. Speaker took the chair at 10.30 p.m., and read prayers.

PETITION

Mr. JOSEPH COOK presented a petition from the residents of Lithgow, praying that the duty on galvanized iron, provided for in the Tariff, might be retained.

Petition received and read.

QUESTIONS

BUBONIC PLAGUE

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Mr SYDNEY SMITH

- I desire to ask the Prime Minister whether his attention has been directed to a paragraph which appears in to-day's Argus with respect to a reported outbreak of bubonic plague in New South Wales. Following that up, I would ask further whether the Prime Minister has seen a cablegram which appeared in the Melbourne papers of Wednesday last, stating -

A sensation has been caused in Europe by the discovery at Marseilles, in the holds of the Messageries Maritimes steamer Saghalien, during the discharging of her cargo, of 480 rats that had died of bubonic plague. The authorities of all European ports are now discussing the problem of rat destruction, since it is clear that rats are the chief means of disseminating plague infection.

In view of the importance of the cablegram and the report from New South Wales, I desire to know whether the Ministry have yet considered the advisableness of taking over the Quarantine departments from the various States, as provided for under the Constitution ?

Mr. BARTON.- I had read the cablegram referred to by the honorable member in reference to the discovery of plague-infested rats on a Messageries Maritimes steamer at Marseilles, but I had not seen the telegram from Sydney with regard to the suspected case of plague. It will be remembered that on the occasion of the outbreak of plague in that city, very drastic measures were taken by the authorities which resulted in the visitation being effectively dealt with. I have no reason to suppose that the disease has not been grappled with with equally good results in the other States. The Government do not propose to take over the departments of Quarantine and Light-houses during the present session, owing to the pressure of very important business, and to the fact that it may be necessary to legislate on or about the time of taking over these departments. I will make further inquiry into the matter, but at present my impression is that outbreaks such as have been referred to can be effectively dealt with by the health authorities of the various States.

FEDERAL CAPITAL SITE

Mr SYDNEY SMITH

- I desire to ask the Prime Minister whether he has noticed that strong comments have been made in the State Legislature upon the serious inconvenience to which honorable members of that Parliament are being subjected through having to meet in the Exhibition-building. Fears are apparently entertained that, owing to the State Parliament having to meet in a wooden and iron building, there will be an increase in the death-rate of members. I am sure that honorable members of this House have no desire to put the members of the State Legislature to any inconvenience. I would therefore ask the Prime Minister whether he will take early steps to enable us to arrive at a decision with regard to the site of the federal capital.

Minister for External Affairs

Mr BARTON

- Every attention is being given to the question of the federal capital site, by the Minister for Home Affairs and myself. As to the apprehended mortality, owing to members of the State Legislature having to meet under a galvanized-iron roof, the honorable member must be aware that if an increased death-rate could be expected from that cause, his sympathies would very soon have to be excited and increased on behalf of the people scattered throughout all the country districts of Australia.

TARIFF

In Committee of Ways and Means (Consideration resumed from 14th November, vide page 7330).

Item 5- TOBACCO, viz.-a

Manufactured, including the weight of tags, labels, and other attachments, per lb., 3s. 6d.

Unmanufactured, per lb., 3s. 6d.

Unmanufactured, but entered to be locally manufactured into tobacco, cigars, or cigarettes - to be paid at the time of removal to the factory, per lb., 1s. 6d.

Cigars, including the weight of bands and other attachments, per lb., 5s. 6d., and 15 per cent. ad valorem.

Cigarettes, including the weight of the outer portion of each cigarette, per lb., 6s. 6d.

Snuff, per lb., 6s. 6d.

Special Exemption -

Tobacco destroyed for manufacture of sheepwash or other purposes under departmental by-laws.

Upon which Mr. O'Malley had moved, by way of amendment -

That the following words be inserted before the word "tobacco," line 1 : - "Until made a Commonwealth Government monopoly."

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Mr PIESSE

- I desire to direct the attention of the Government to the effect of their proposals upon the finances of Tasmania. The Tasmanian revenue from tobacco last year was £67,000. It is now proposed to practically increase the taxation by one-sixth, and if the increase were to produce the natural result, Tasmania ought to derive a revenue from tobacco of over £70,000. The amount would be £78,000 if the full 1s. 6d.

increase were added, but that is not likely to happen, and we may assume that the revenue would be increased to £75,000. The Treasurer estimates, however, that the amount which will be received in Tasmania under his proposal, will be £53,000. Consequently there appears to be a likelihood of the consumers of tobacco in Tasmania being required to contribute some £20,000 for some purpose other than that of adding to the revenue. As I have previously stated, I am prepared to consider fairly and reasonably any proposals for making proper provision with regard to existing industries, but I cannot help thinking that there is something unreasonable about a proposal of this kind. Even without taking into account the extra taxation proposed, there will be a decrease of revenue, but, with the increased rate of duty, £20,000 more will be taken from the consumers of tobacco in Tasmania, apparently for purposes other than that of swelling the revenue. I submit this matter for the consideration of Ministers. I do not know whether it will be well for us to reduce the duty on imported tobacco, or whether we should increase the excise duty on manufactured tobacco and cigars. I think that under the present proposal we should be throwing away too much revenue, and I hope to see some modification of the duties.

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Treasurer

Sir GEORGE TURNER

- I have listened yesterday and this morning with a great deal of interest to the remarks of honorable members in connexion with this item, which is one of the most important which we have to deal with in the whole of the Tariff. "We have considered this matter from several points of view. We have viewed it from the point of revenue, and we expect to raise a very large sum - £1,000,000 - from import and excise duties on narcotics. Then we have had to consider the question from the points of view of the importers, the manufacturers, the workers, the growers, and last, but not least, of the consumers within our Commonwealth. I am quite in accord with honorable members who believe that from this class of commodity we ought to raise as much as we possibly can towards our revenue, and the only 'difficulty' is to ascertain which is the best way, having in view the diverse interests to be considered. Now, I am perfectly satisfied that 'to cut down the import duty without doing anything else would not be the best way, in the interests either of the revenue, of the persons interested in the industry, or of the consumers. I think that the duty we have fixed is a fair one. It is not so large as that which has been levied in some of the States, but it is larger than the rate of duty which has prevailed in several of them. If we are to do anything at all in connexion with this matter, I think the wiser plan will be to deal with it either by an increase in the excise duty or an increase in the duty on the imported leaf, or, perhaps, by a combination of both. That is a matter which will require very serious consideration. We are proposing to put a duty on manufactured tobacco of 3s. 6d. per lb., on imported leaf of 1s. 6d. per lb., and to impose an excise duty of 1s. Until lately, in New South Wales, the duty was 3s. on the imported manufactured tobacco, and 1s. on imported leaf, whilst the excise duty was 1s. 3d. The last mentioned duty has lately been brought down to '9d. in

order to place it on an equality with the duty prevailing in Victoria. The duty previously levied on imported manufactured tobacco in Victoria was 3s., whilst imported leaf was subject to a duty of 1s., and the excise duty was 9d. In Queensland they had the very high rates of 4s. on manufactured tobacco, 2s. on imported leaf, and 1s. excise. In South Australia the import duty on manufactured tobacco was 2s. 9d., and on leaf 1s. 7½d. but there was no excise. In Tasmania there was an import duty of 3s. all round upon manufactured and leaf tobacco, and no excise. Tasmania was the only State that did not give a preference of some sort or other to the raw material. In Western Australia the import duty on manufactured tobacco was 3s., as against 1s. 10½d on imported leaf, and there was no excise. Under these duties the manufacturer had an advantage in New South Wales of 9d. per lb. I am assuming now that only imported leaf was used. In Victoria there was an advantage of 1s. 3d., in Queensland 1s., in South Australia 1s. 1½d., and in Western Australia 1s. 1½d. There was no advantage given to the local manufacturer in Tasmania, and so far as my knowledge goes there is no manufacturer in that particular State. Then, as far as the grower was concerned, he had an advantage in New South Wales and Victoria of 1s., Queensland 2s., in South- Australia 1s. 7½d., and in Western Australia 1s. 10½d. A charge has been made against the Government that they are largely increasing the protection to the manufacturers for the purpose of giving them an advantage. I quite confess that in dealing with this matter we have to bear in mind that the manufacturer of tobacco mixes the colonial grown leaf when he can get it, probably in the proportion of one-half. In considering the advantage which he enjoys we must not overlook that very important point. I fail to see that our proposals constitute any attempt to increase the protection afforded to the local manufacturer. As a matter of fact, we are imposing a duty of 6d. per lb. extra upon the leaf, and a similar additional amount upon the manufactured tobacco. If anything, that will result in a little disadvantage to the local manufacturer. So far as 'the preference is concerned, I may point out that whilst in New South Wales we are increasing it by 3d. per lb., and therefore giving the manufacturer in that State a better protection than he has previously enjoyed, in all the other States save Queensland, we are reducing the protection which has hitherto been afforded. We are reducing it in Victoria from 1s. 3d. to 1s. per lb., and in South Australia and Western Australia from 1s. 1½d. to 1s. per lb. Honorable members will see, therefore, that any charge against the Government of attempting to increase the protection which has been bestowed upon local manufacturers by the various States fails, except in regard to New South Wales. That this is a very important industry will, I think, be acknowledged by all the members of the committee. The output of locally manufactured tobacco for 1899 appears to have been about 4,000,000 lbs. - more than the actual amount of imported manufactured tobacco. There are 40 tobacco establishments throughout the Commonwealth, a few of which are large, but many of which are very small. That is where my difficulty arises in dealing with this matter, because the action -which we may be prompted to take in regard to large manufactories may possibly prove very injurious to the smaller ones. We employ some 2,300 persons in this industry, and the value of the plant, machinery, buildings, land, &c, amounts to something over £250,000.

Mr V L SOLOMON

- That is including cigars and cigarettes.

Sir GEORGE TURNER

- My impression was that these figures applied to the tobacco industry only : but even if they apply to cigars and cigarettes, those lines can be considered later on. If we impose too high a duty on the leaf, the result will be a loss of revenue, because there will be a larger quantity of the local article grown. While, of course, we are all anxious to encourage the growth of that article, -we must endeavour to deal fairly as between the grower and the revenue which we hope to collect from this particular item. Then we have to be careful in dealing with any increase of the excise, because if we make that too high the local grower may not be able to compete with the imported leaf. Looking at this matter fairly, I think we must recognise that, whilst the manufacturers make large profits, the importers make "very large profits. I believe that if we could get a comparison of the balance-sheets of those who are importing and of those who are manufacturing tobacco, we should find that the profits made by the importers are largely in excess of those made by the manufacturers.

Mr V L SOLOMON

- Has the right honorable gentleman obtained those balancesheets 1

Sir GEORGE TURNER

- I have not been able to get possession of any particular balance-sheet. I should be very glad, however, to secure both those of the importers and those of the manufacturers. We must all realize that at the present time a great fight is proceeding between the importers and the manufacturers for the possession of the Australian markets. There can be no question with regard to that ; and the proposal made by the honorable member for North Sydney, if carried, would operate altogether in favour of the importers, because it would allow them to obtain their manufactured tobacco 6d. per lb. cheaper than we propose, while the excise would not be interfered with. The result would be, that they would be able to sell their tobacco at less than they could if they had to pay the increased amount in connexion with it.

Mr Thomson

- It depends upon what duty is fixed on the imported leaf.

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Sir GEORGE TURNER

- If they imported only the manufactured article, I fail to see how the question of the duty upon the manufactured leaf affects the matter at all. I can understand the duty upon the leaf having a great influence upon the home manufacturer. However, my honorable friend has had great experience, and probably maybe able to show later on that I am in error. At present, however, I think that any reduction in the amount of the import duty upon the manufactured article would result, not only in loss to the revenue, but in an undue preference being given to the importers. One honorable member, upon the other side of the House, told us last night that the object underlying this proposal is not only to reduce the import duty by 6d. per lb., but to increase the excise by a similar amount. I think the honorable member for Robertson made that statement. I know that it is a free-trade principle to have no difference between the import duty upon the manufactured article and the import duty upon the leaf and the excise, so as to avoid any preference being given to the local manufacturer. True, the honorable member for North Sydney has not attempted to go so far up to the present. But there are others who might wish to go further, and that honorable member might very reluctantly be compelled to vote with them upon a question of this kind. It is not to the advantage of the community at large that those who are manufacturing tobacco at the present time should be turned into importers, because whilst there may be a fight between the importers and the local manufacturers, it is clear that if we had only two or three large importers they might take advantage of the position and form a ring, and if there were no competition with imported tobacco by an article which was locally manufactured the consumer would have to pay a higher price for the imported article than he has to pay at the present time, or, indeed, for what I am told is a fairly good local article.

Mr JOSEPH COOK

- The question is whether the local manufacturers could make tobacco without the advantage of a protection of from 100 to 150 per cent.

Sir GEORGE TURNER

- They are entitled to a fair margin of protection, but in these and other matters I am not one who would give to the manufacturer an undue margin. I think it should be fair. We should allow fair competition between the local and the imported articles. The Government have no desire to give any more protection to the local manufacturer than is sufficient to enable him to carry on his business at a fair profit to himself. We cannot expect manufacturers to pay reasonable rates of wages - as they ought to be compelled to do - unless we allow them a reasonable margin of profit for themselves. At the same time, we ought to be careful that we do not enable persons to take large sums from us and send them away to other countries. It has been stated that the conditions of United Australia will affect this question. No doubt they will. The manufacturers in the various States will, unless they form a ring, fight against each other. They are doing so at the present time. The Sydney manufacturer is doing his best to increase his market in Victoria, whilst the Victorians are doing all they can to increase their output in New South Wales and the other States. The difference caused by the fact that there is now a larger market available, and it is possible to manufacture a larger quantity of tobacco at a somewhat reduced cost, ought fairly to be taken into consideration in dealing with this question.. We did take that into consideration, because we have made somewhat large reductions in Victoria, and smaller reductions in some of the other States. I was anxious to find out whether the statements made in this committee concerning the enormous profits, which are alleged to be made by manufacturers were accurate. I regret that I have been unable to satisfy myself upon that question. I have had certain information supplied to me, but that information is not such as

satisfies me, nor is it of the character which ought to have been supplied to me when I asked to be informed upon this subject. I desired to ascertain from the manufacturers exactly what they are doing. Whether they are afraid to disclose the facts, I am not in a position to say. I have no knowledge of what the paid-up capital of the large manufacturing companies is, but apparently they do not divide amongst their shareholders very large dividends. They pay good dividends, but not such as would represent the enormous profits which have been mentioned. Of course, it may be that they are utilizing their surplus profits for the purpose of increasing their plant and buildings. In one venture in which I was interested the same course was pursued, but that venture was in no way connected with the tobacco industry. We simply had a small paid-up capital, and the rest of the property we bought out of our profits.

Mr McColl

- Has the right honorable gentleman received any balance-sheets ?

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Sir GEORGE TURNER

- I have asked for them, but have not been supplied with them. I have not received the information which, I think, I am entitled to receive. If I had had my way concerning the Tariff, I should have appointed the Minister for Trade and Customs with myself and, perhaps, some other Minister as a board, and should have examined importers and manufacturers alike. Then we should have been able to come down to the House with some definite information. But, unfortunately, there was a desire that the Tariff should be brought into operation at the earliest possible moment, so that we might get the benefits arising from Inter-State freetrade. Therefore, when we get further information upon the various items included in the Tariff, which -may lead us to alter the duties which we have framed, we are going to do what is right and proper, even though we may be accused of backing down. We desire to obtain the fullest information from all sources in order that we may sift it thoroughly, and bring the results obtained before the committee, so that they may deal with the various matters upon fair lines. In this connexion we must take care to protect the interests of the growers in a fair way, and also the interests of the manufacturers, because this is a well-established industry in our States. We must take care also that we compel fair competition, not only between the manufacturers, but between the manufacturers and the importers. I may here point out that New South Wales is regarded as a free-trade State, and yet whilst some of the other States have been giving a protection of 1s. 1d. or 1s. 3d. per lb. to the local manufacturers, New South Wales has gone so far as to give a preference of 9d. per lb to the home manufacturers. The free-trade Government which was in power in that State did not remit this duty any more than they remitted the duty upon sugar. In Great Britain there was until recently a preference of 6d. per lb. given to the home manufacturers, but owing to financial reasons it has been reduced to 5d. per lb. There, the consumption of home-made tobacco amounts to 83, 000, 000 lbs. annually, whilst the imported tobacco represents 3,000,000 lbs. It is quite evident, therefore, that in England the home manufacturers have practically control of the market. We know from the reports which have appeared in the press that attempts are now being made by the Americans to secure possession of the tobacco market in Great Britain. That fact should make us very careful not to take any steps which might enable the great American trust to attempt the same thing in our market, if they considered it large enough to justify them in losing a considerable amount of money for a year or two for the purpose of killing off our local manufacturers and eventually obtaining control of the situation. If we carry out the suggestion of the honorable member for North Sydney and reduce the import duty from 3s. 6d. to 3s. per lb., we shall, I think, lose revenue. If we were to get the same amount of revenue that we should receive under our proposal, it necessarily follows that we must have reduced production locally - revenue must be collected on a considerably larger import if we are to get the same amount of revenue.

Mr Thomson

- Has the right honorable gentleman increased his estimate of the total produced under the old Tariff?

Sir GEORGE TURNER

- A little; by some £100,000 odd, I think. So far as my information goes, the manufacture of tobacco in America is mostly conducted by black labour, and I think none of us are any more anxious to encourage that class of labour than we are to encourage the presence of coloured people within our boundaries. It is said that there are only about 2,000 people engaged in the industry in the Commonwealth, and that it would not matter if they were deprived of employment. But if we were to follow that practice in regard to

other industries we should gradually extinguish the number of people who now find employment in the various States. We must not forget that many other industries are dependent on the tobacco industry, and that many persons are engaged in those industries. If we encourage the growing of the leaf, considerable labour will be employed in both growing and curing, and people will be enabled to make a good living out of very small areas of land. That, I take it, is something we are all anxious to accomplish.

Mr JOSEPH COOK

- It is singular that the less the margin, the more tobacco is grown.

Sir GEORGE TURNER

- I do not know that. More tobacco is grown in Queensland.

Mr McDonald

- And nearly all by Chinamen.

Sir GEORGE TURNER

- We are not dealing with the question of the Chinese. It is probable that by virtue of the various Acts passed that class of labour will soon cease. If we give sufficient margin of protection there is no reason why tobacco should not be grown by white men, as it is to a considerable extent in the State of Victoria, according to the honorable member for Moira, who has some practical knowledge.

Mr Henry Willis

- There has been a decrease in the tobacco grown in Victoria.

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Sir GEORGE TURNER

- I am quite aware of what has happened in Victoria, and if honorable members will only restrain their impetuosity I shall endeavour to deal with these matters in the order in which I have noted them. If it is fair to allow a margin of 6d. in Great Britain, I think we may admit that it would not be wise as proposed to allow a margin of only 6d. in Australia. The difference in the price of coal, the charges for interest and in other directions, entitle our manufacturers here to further consideration than is apparently given in Great Britain.

Mr Watson

- They have an advantage in the fact that the locally-grown leaf bears no excise.

Sir GEORGE TURNER

- I have already mentioned that point, but the honorable member must know that the locally-grown leaf at present is not extensively used. It is largely used in Queensland, and to some extent in New South Wales, but in Victoria there is practically none used. Not very long ago some of the smaller factories in Victoria had to cease operations, and that is where, as I pointed out before, the great danger lies in dealing too drastically with this particular industry. It is true that the growing of the tobacco leaf has fallen off considerably, both in New South Wales and Victoria. In New South Wales they still use homegrown leaf, and I can only account for that by the fact that it is leaf which has been stored, because the production is not great at the present time. But I am told by experts that at a place called Texas, in Queensland, a large amount of leaf can be produced, and one of the benefits that Queensland will derive is that she will be able to send some of that leaf to New South Wales and to Victoria. But it will be a long time before a sufficient supply is grown within the Commonwealth to seriously interfere with the imported leaf from America, for the purpose of manufacturing certain classes of tobacco, and for mixing with other leaf. The growers have had great difficulty in disposing of their leaf here.

Mr Thomson

- The quality has been so poor.

Sir GEORGE TURNER

- The leaf has not been so good as we hoped it would be, but I think it has been of sufficiently good quality to allow of its being used in considerable proportions with the better imported leaf. But the day will come when, with the advice which experts can give us, with regard to the different soils and the best mode of curing - that seems the difficulty - we will grow leaf fairly well in many parts of the Commonwealth. Hitherto, unfortunately, we have not been able to cure the leaf in such a manner as to enable it to compete with the imported article. It has been mentioned in Victoria that we have little of the home-grown leaf. Some five or six years ago the Government of which I was the head, in order to get extra revenue, increased the excise from 6d. to 9d., and since that step was taken the production of leaf

has fallen off very largely. That warns me not to fix too high an excise, because that experience may be repeated. I am informed by a petition which has been presented by an honorable member to the Minister for Trade and Customs that a large proportion of the excise then adopted had to be paid by the growers, whose prices were so reduced that they were not able to grow at a satisfactory profit.

Mr Thomson

- A shilling is a tremendous margin.

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Sir GEORGE TURNER

- A shilling is the margin in Queensland, and I think the honorable member will agree that we ought to give a reasonable amount of assistance to an industry which may fairly be looked on as natural to the country. Of course, the growers have more than 1s. - they really have 1s. 6d. - but the excise was raised to 9d., and the import duty on leaf was, I think, 1s. Undoubtedly, in making the change, we went altogether too far. I think honorable members will be prepared to assist growers throughout the Commonwealth by providing some means of granting a small bonus to help them to make the industry profitable, and producing more leaf, which I believe would in time be the result. I admit that this means a loss of revenue, but when that loss occurs we can increase the excise, and, to a considerable proportion, recoup ourselves, besides finding employment for a number of persons in growing, curing, and manufacturing tobacco. As to the point of view of the consumer, we are told that the difference is an absolute loss to the Treasury. No doubt, if we imported everything we should be able to get a larger amount of revenue, but that is certainly not the policy we are adopting, and I believe it is not the policy which the majority of honorable members intend to adopt in connexion with this Tariff. At the same time, the consumer gets a considerable advantage from the fact that tobacco is manufactured in these States. Prices which have been furnished to me seem to show that the consumer enjoys a difference of something like 1s. 8½d. per lb. in the purchase of colonial tobacco. I am no judge in regard to these figures, and simply supply them to honorable members, who can correct me if I inadvertently give information which is not actually correct. I am told by one firm that since the proposed Federal Tariff the lowest price at which colonial tobacco is sold is 2s. 3d. per lb., while the best brings 4s. 4d. per lb. Assuming the manufacturers sell about equal quantities of the two qualities, the average net selling price will be 3s. 3½d. per lb.

Mr Watson

- Is that the manufacturers' price ?

Sir GEORGE TURNER

- Yes. The average price at which the imported American tobacco is sold is 5s. per lb.

Mr Watson

- That is the retail price.

Sir GEORGE TURNER

- Then I assume that the former price I gave is also retail. I do not think the writers of the letter, from which I give the figures, would attempt to mislead me in this direction, and I assume that the figures are based on either the wholesale or the retail prices.

Mr JOSEPH COOK

- Where does the information come from ?

Sir GEORGE TURNER

- From Messrs. Cameron. As I say, the American tobacco is sold at 5s. per lb., showing a saving of 1s. 8½d. to the consumer, and looking at the 4,000,000 lbs. weight that is produced here, and probably sold throughout the Commonwealth, it means that the consumer saves something like £300,000 a year.

Mr Thomson

- He does not save that, because if there were no duty he would get the tobacco at still lower prices.

Sir GEORGE TURNER

- I quite confess that if we had no duty on imported and manufactured tobacco, the consumer might probably get his supply at a less price; but the honorable member knows as well as I do that that is an utter impossibility. Tobacco is one of the articles in connexion with which we have to make up as much revenue as we possibly can. While some loss to the Treasury does take place, in consequence of encouragement to this industry - because if we imported all we should get a larger revenue - there is no doubt that the consumer does get a large benefit, and the money thus saved is probably spent on other

dutiable articles. Although the Treasury necessarily loses in one direction, the people have an extra amount of money, by the expenditure of which the loss is made up to a considerable extent. I confess frankly that I believe the margin proposed by the Government is too large. The information which has been furnished to us during the discussion, and the result of the inquiries made by myself, lead me to that conclusion.

Mr A McLEAN

- Does the right honorable gentleman refer to the margin to the manufacturer or to the margin to the grower ?

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Sir GEORGE TURNER

- To the manufacturer ; and my trouble is to protect the grower, while not giving the manufacturer undue preference. I want to protect the manufacturer to a fair extent, and to give every reasonable inducement to persons to enter into the industry of tobacco-growing. The honorable member for Gippsland knows that every possible help was given in the State of Victoria in order to overcome the difficulties of the industry; and the time will undoubtedly come when all difficulties will be surmounted. I am not yet satisfied in my own mind whether the wiser course would be to make an increase in the excise or an increase in the duty on imported leaf, or an increase in both. But, in my opinion, the manufacturers at the present time have at least 3d. too much protection. In New South Wales the protection was 9d., and the manufacturers appeared to do very well. The Tariff Inquiry Board of Victoria looked into the matter, and came to the conclusion that the manufacturers in New South Wales could do with a lesser protection, because they were enabled to use a greater proportion of imported leaf, and by that means gain further advantage. That was the explanation the commissioners made in their report, which has been referred to by several honorable members. I would ask the committee very earnestly not to carry the amendment which has been suggested by the honorable member for North Sydney, and which, I hope, will not be proposed. The amendment must mean a loss of revenue, but we may devise a fair means of reducing the protection by 3d., by dividing it, if necessary, between the excise and the import duty. I would ask honorable members who have any practical experience to give me the benefit of their advice ; and, I may say, I shall be glad to get details, either from honorable members or from those engaged in the industry, or from the experts in Australia. While reducing the protection, I want to do it in such a way as will not be injurious to the growers, and will leave the manufacturers a fair margin of profit. That is all I desire to say in regard to the main question. I have been frank with the committee, because I think that is the duty of Ministers. If we are satisfied by the arguments which are used, and by further information which we may get, we shall be perfectly prepared to take the committee into our confidence and tell them what we propose to do. The Minister for Trade and Customs and myself, together with our colleagues, will give full consideration to the best means of carrying out our desire to reduce the protection to the manufacturer to the extent of 3d. One or two other matters have been mentioned in the debate. The honorable member for Tasmania, Mr. O'Malley, urged that the Government should accept a suggestion to make the tobacco industry a State monopoly. No doubt a good deal is to be said in favour of such a step, but surely it cannot be assumed for a moment that this committee, dealing with financial matters, are to enter on a discussion which must occupy a week or two before any attempt could be made to enter on an undertaking so immense. While State monopoly in this direction may be practicable in some of the countries of Europe, I am afraid that if we entered upon it here, we should soon find that any profit would be interfered with by a reduction of prices or in some other manner, and the consumption is comparatively small. In Australia we have not been very fortunate in our State undertakings, and while I have an absolutely open mind - though I am inclined somewhat in favour of the suggestion - I ask the honorable member not to press the proposal at the present time. If we are to deal with this matter properly, it must be fully discussed, and the mere fact of putting such an amendment in the Tariff would not bind anybody. I ask the honorable member in all earnestness not to attempt to put honorable members in a false position by dividing the committee. Should the honorable member do so, he may compel a number of us, who possibly are anxious to give a fair and full consideration to the subject, to vote against the proposal as being highly inopportune. We have a heavy enough task before us in dealing with the incidence of taxation, and I hope there will not be introduced any debatable matter of this kind. Some honorable members have referred to the very great injustice that is being done to the importers of tobacco by making a charge for tags and other

attachments. This has been done to secure uniformity. At the present time tobacco comes in with the tags and attachments, and we have to ascertain their weight. Some of the importers do not mind, and say-" Weigh in tags and all," but others object to pay for the weight of the tags, and want a deduction made. We therefore propose to adopt a uniform practice, and if the manufacturers choose to send in their tobacco with these tags attached, they will have to pay for them as well as the tobacco. However, there will be no very great harm done, for the total proportion of the tags in relation to the tobacco does not amount to more than \ per cent., which is a mere bagatelle. If the manufacturers do not wish to pay on that small amount, we are not going to the trouble of differentiating between them. We say - " Either pay this small amount, which is infinitesimal, or else content yourselves with putting on paper labels for the purpose of showing the brand of the tobacco." I think that this matter is one that need not take up the time of the committee, which can be spent to far better advantage.

Mr Thomson

- Does the Treasurer say that the duty on these tags does not amount to more than \ per cent ?

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Sir GEORGE TURNER

- Yes ; and if that is correct it would be ridiculous to attempt to discuss the matter with a view to making any alteration. The only other matter to which I desire to refer is the extent to which sailors will suffer under the new Tariff. We are all sympathetic with the sailors, but in this particular instance the imposition which the sailors are called upon to bear cannot be laid at the door of the Tariff. It is quite right that the Tariff should bear the blame for any faults that attach to it, but many tilings have been most unfairly laid at its door, and it certainly ought not to be discredited, owing to burdens which have been imposed by people outside, or which have been occasioned by an Act of this Parliament. This particular charge is to be made upon sailors, in consequence of what this Parliament did in passing the Customs Act. Provision was made in that Act for taxing ships' stores, and the tobacco used by sailors forms part of the ships' stores.

Mr Thomson

- The Minister for Trade and Customs always said that we could alter that - that any alteration in the Tariff Bill would override the Customs regulations.

Sir GEORGE TURNER

- As far as that * matter is concerned, it is not a consequence of the Tariff, and whilst we may be sympathetic with the sailors, I do not think there is any real justification for attempting to make any alteration. If we do, we shall have to go further. If the sailors are to have their tobacco free, they ought to get their rum and other things free. As far as I know, when vessels were trading within any particular State prior to federation, the sailors engaged upon them had to pay for their tobacco and other dutiable articles, and when the Commonwealth was established, any ship trading between, say, Sydney and Melbourne, was placed in the same position as a ship trading from Sydney to Newcastle. The object the Minister for Trade and Customs had in view in proposing this particular duty was to equalize matters, and to bring them into keeping with the new conditions, and if we impose these duties in regard to our InterState ships, we must in fairness extend them to ships engaged in oversea traffic. However, this matter cannot be laid at the door of the Tariff, and it is one in which I think the committee should not make any alteration. The honorable member for Tasmania, Mr. Piesse, referred to the fact that the revenue expected in Tasmania from narcotics was something smaller - considerably smaller for that State - than the amount collected at the present time. My honorable friend will realize, as we have realized, that in many cases Tasmania will suffer, and largely, for the loss of the InterState duties. I have pointed out before that the abolition of our Inter-State duties will result in a larger trade in home-made articles, and we shall all have to suffer more or less in connexion with that particular matter. Such a change is unavoidable. Of course, it is hard on the State of Tasmania, but in all the States this is one of the prices we have to pay, and one of the sacrifices we have to make for federation, and the larger benefits we hope finally to derive under it. I have spoken very fully upon this matter, because I realize that it is an important one, and I do trust that the committee will not attempt to carry any such amendment as the honorable member for North Sydney has intimated his desire to propose. I hope it will not be proposed, but if it is, we shall have to resist it, because if it is carried it will mean a depletion of the revenue to a considerable amount.

Mr Thomson

- The Treasurer's estimate of the revenue is less than the amount received under the 3s. duty.

Sir GEORGE TURNER

- The imports may be less, of course, in consequence of the greater Inter-State trade. We expect to receive from the import duty on manufactured tobacco £566,000 at 3s. 6d., and if that duty is reduced to 3s. that will be equivalent to a reduction of one-seventh. We have allowed for the fact that the excise duty will take the place of the import duty on tobacco to some extent, no matter whether the import duty is fixed at 3s. or 3s. 6d. Either we shall have to import the same quantity and get a lesser revenue at 3s., or import a larger quantity at the lower rate of taxation, and in that case a serious injury will be done to the local manufacturer. The loss to the revenue would be considerable unless we imported more than we expect. But if we imported more it would be at the loss of the manufacturers here. I think we shall get a larger revenue by leaving the duty at 3s. 6d. than if we reduce it to 3s. If we reduce the import duty on manufactured tobacco we shall give an undue preference to the importer as against the local manufacturer, because that would leave a margin of only 6d., as between the duty that would have to be paid by the local manufacturer and the import duty, which I consider too small - for the smaller factories, at any rate. If we reduce the import duty, we should also cut down the excise duty in order to retain the same margin between the import and the excise duties.

Mr Sawers

- What does the Minister estimate as likely to be lost to the revenue if the duty were reduced in the way suggested 1

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Sir GEORGE TURNER

- That will depend upon the amount imported. If the same amount were imported there would be a loss of one-seventh of £566,000, but if a larger amount were imported of course the loss would be smaller; at all events there would be a considerable falling off of revenue if the reduction were made.

Mr Henry Willis

- Will the Minister put an extra duty of 6d. on the imported leaf?

Sir GEORGE TURNER

- I am not prepared at present to say what we shall do. We shall certainly make a reduction in the amount of the protection, either by increasing the excise duty or the duty on the imported leaf, but we are not likely to impose a duty of 6d. more on the unmanufactured leaf, because that would be playing directly into the hands of the importers. I think an extra duty of 3d. altogether would be a fair thing, but whether that should be added to the excise duty, or divided between the import duty on the unmanufactured leaf and the excise duty I am not prepared to say at the moment. I have not had an opportunity of inquiring into this matter, and I will not pledge myself to do one thing or the other, but we think that 1s. margin is too much, and that the manufacturers ought to be satisfied and able to work profitably on a margin of 9d. When we come to deal with the excise, we shall have an opportunity of considering that matter, and I again invite honorable members to give me any information they may have. Further than that I am not prepared to go at the present. I would ask the honorable member for North Sydney not to persist in his amendment, for the reasons I have urged. I think he will admit that I am trying to meet his views fairly in saying that I will make a reduction to the extent I have named in the protection given to our manufacturers. I think that we shall derive £40,000 or £50,000 more from the additional 3d. duty now suggested by us, and, as far as the financial information enables me to judge, I do not think we shall seriously injure the larger manufacturers. The smaller manufacturers, although they will not have perhaps as much protection as I should like, will still be able to carry on. I should be very sorry to close up any of these factories, but there is a great difficulty in dealing fairly as between the smaller and the larger manufactories.

Mr WATSON

- I think the Treasurer has taken the right course in agreeing to make some alterations in the proposals as far as their protective incidence is concerned. It has been shown in one State at least, under the excise and import duties existing there, that tobacco manufacturers have made a very considerable success of their business. I think it will be agreed that it is not necessary to extend any further concessions than have been enjoyed in that particular State in the past. The 9d. margin that has been enjoyed by the

manufacturer in New South Wales is somewhat misleading, because we know that in that State they use, on an average, at least one-half of local leaf in the manufacture of tobacco, leaving cigars out. This leaf bears no excise, and consequently increases the margin which the manufacturers have to work upon. I should like the Treasurer to give us some figures as to the effect upon the various States' revenues of the change in the duty. Four out of the six States have imposed a duty of 3s. per lb. upon imported manufactured tobacco for some years past, and the information I have shows that the revenue under a 3s. duty has been steadily declining, although the population has increased in each of the States.

Sir Malcolm McEacharn

- That is as far as imported manufactured tobacco is concerned.

Mr WATSON

- Yes. It is important for us to know what the effect of the 3s. duty has been, so that we may properly consider the probable consequences of raising the duty to 3s. 6d. per lb. In view of the decrease that has taken place in the importation of manufactured tobacco and the increase in the importation of unmanufactured leaf, the question is whether, if we increase the duty on manufactured tobacco to 3s. 6d., we shall not lead to a still further reduction in the revenue.

Sir George Turner

- But we are increasing the duty on imported leaf at the same time.

Mr WATSON

- Yes ; but we shall get a lower result in the way of duty from the manufactured leaf.

Sir George Turner

- We do not get a lower result, taking things all round.

Sir Malcolm McEacharn

- The difference in the importations of manufactured tobacco in Victoria between 1899 and 1900 was £24,000, but there was a falling off of only £200 in New South Wales.

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Mr WATSON

- In any case it seems difficult to come to a decision as to the revenue-reducing probabilities of the 3s. 6d. duty unless we have figures before us showing what has been going on in the past. I am rather inclined to think that the effect of increasing the duty to 3s. 6d. will be to reduce the revenue. So far as Tasmania, South Australia, and Western Australia, and to a limited extent Victoria are concerned, it is clear that under federation the greater part of the colonial leaf used will be furnished by Queensland and New South Wales, Climatic conditions in these two latter States will make for the growth of tobacco, as long as there is any margin of profit.

Sir George Turner

- If we reduce the import duty on the manufactured tobacco we shall also have to reduce the duty on imported leaf and the excise duty.

Mr WATSON

- I am quite with the Treasurer in his desire to maintain a fair margin between the imported and the colonial manufactured article.

Sir George Turner

- If we reduced the import duty on the manufactured tobacco we should have to reduce the duties all round, and consequently there would be a loss of revenue.

Mr WATSON

- Of course there is the possibility, and I am willing to go into that aspect of the matter more fully.

Sir George Turner

- The reduction of the duty on the imported leaf will involve a loss of protection to the grower.

Mr WATSON

- So far as leaf is concerned, I do not think it necessary to provide for the enormous protection that exists in some of the States - or that existed in New South Wales some years ago. I believe that tobacco leaf has been selling in New South Wales lately at something like 3½d to 4d. per lb., and if we cannot grow tobacco in competition with imported leaf that bears a duty of 1s., it is clear that the industry is not suitable to the country. This consideration is altogether outside the question whether it is reasonable to expect the community generally to pay so much more for their tobacco, or to expect the Treasurer to stand the loss

of revenue to the extent that is asked for by those interested. If the colonial leaf is safeguarded to the extent of 6d. per lb., it will have all the protection necessary. At present the duty proposed is about six times the price of the imported leaf. The tobacco growing industry in New South Wales is in the hands of Chinese at the present time, and they do not produce a leaf which can 21 sr compare with the American leaf. In Queensland, where climatic conditions are more favorable, they may do better than in New South Wales, but it is useless to expect that the high protective duties will cause the smokers of Australia to patronize the colonial leaf unless it is mixed with the higher quality article imported from America. It has been argued that if the excise duty were raised to the same rate as the import duties, we should derive much more revenue, but I do not think that follows, because the locally manufactured tobacco is sold at much lower prices than the imported article. I have received from the honorable member for Cowper a statement which gives two price lists - one before the duty, and the other since - from one of the principal houses in Sydney. That shows that whilst American tobacco before the imposition of the federal duty sold at from is. 9d. to 5s. 6d. per lb., the colonial tobacco containing approximately half imported leaf and half of" colonial, sold at from 3s. 4d. to 4s.. 1d. per lb. Since then, in consequence of the increased duty upon the imported leaf, there has been an all-round increase of 6d. per lb. upon imported tobacco, and an advance in the price of colonial tobacco of from 2d. to 6d. per lb.

Sir George Turner

- That increase has been added to a large quantity of stock which did not pay the extra duty.

Mr WATSON

- Undoubtedly. Opportunity has been, taken by the manufacturers . to obtain the extra duty upon stocks which, had accumulated. So far as the recent reduction of the excise duty in New South. Wales is concerned, I wish to point out. that that reduction did not benefit the consumers. The whole of the money represented by that remission of duty found its way into the pockets of." the local manufacturer. But I wish* to call attention to the fact that owing to the locally manufactured tobacco being sold at the cheaper rate, the American article will not be consumed to such a large extent if the customs duty upon it is increased. It seems to me that the people who now buy tobacco at 3s. 4d. per lb. are not likely to pay an increased price of 5s. 6d. to the same extent as they do. now.

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Mr JOSEPH COOK

- What about lowering the other price '(

Mr WATSON

- I am willing if it can be demonstrated that we shall get more revenue from it to keep the duty at 3s. 6d. per pound, and at the same time to increase the excise so as to leave only a fair margin between the two. But I am very doubtful whether 3s. 6d. per lb. will produce more revenue than has been derived in the past. I should be very glad if we could obtain the results of the operation of the duties which have prevailed in the various States during the past few years.

Sir George Turner

- There has been a decline in the revenue derived from the imported manufactured tobacco, an increase in the amount collected from the imported leaf, and an increase in the excise receipts.

Mr WATSON

- It seems to me that those who have become accustomed to smoking American tobacco are not likely to change their tobacco for a year or eighteen months at least, even though they have to pay an increased price for it. No person is more conservative than is the tobacco smoker. He secures a certain brand which is to his taste, and does not care to relinquish it. Even the smokers of the worst colonial tobacco will not smoke the best American brands because they have secured a brand to which their taste has become inured. I have very great sympathy with the amendment submitted by the honorable member for Tasmania, Mr. O'Malley. The effect of State monopoly of the tobacco industry in France has been to give to the people an article which is just as cheap as can be bought in other parts of the world.

Mr Glynn

- It is much cheaper. Nearly every busman in Paris has a good cigar in his mouth.

Mr WATSON

- In any case the revenue there has not suffered, and all round the experiment has been a great success. At the same time, I quite coincide with the Treasurer's statement that this is such an important proposal

that it requires careful consideration before we commit ourselves to it. Therefore whilst sympathizing with the amendment, and inclined to vote for it, I would suggest to the honorable member the propriety of withdrawing it at the present stage with a view to allowing honorable members, free from all fiscal or other considerations, to discuss it upon its merits on some future occasion. I think we should be acting most unwisely if we allowed the great margin of protection to the manufacturer which was originally proposed by the Government to continue. A number of manufacturers have done excellently under the arrangement which has existed in New South Wales, and any better arrangement can only be made by neglecting an opportunity for raising revenue from an item which may be fairly regarded as one which should contribute to the Treasury in times of stress and difficulty.

Mr. BATCHELOR(South Australia).I do not object to assisting the honorable member for Tasmania in passing a sort of academic resolution affirming the desirability of the State enjoying a monopoly of the manufacture of tobacco, but I do not feel disposed to vote off-hand for such a system to come into operation immediately. I am, however, prepared to aid him in obtaining a suitable day for the discussion of his proposal. The Treasurer has dealt at considerable length with the question of the duties upon tobacco, and with the Government proposals. The greater portion of the time which he occupied was devoted to showing that the Ministry were perfectly justified in bringing before this committee the Tariff in the form in which it appears. The remainder of his speech was devoted to telling the committee that the Government abandoned that Tariff, and proposed to reduce the margin of difference which at present exists in favour of the local manufacturer by 3d. per lb. He showed that in all the States, except New South Wales, the difference in favour of the local manufacturer has been greater than that proposed under the Commonwealth Tariff. Yet, notwithstanding that fact, he now declares that even the disadvantage which the manufacturers of New South Wales, South Australia, and Western Australia would be under, as compared with their previous positions, is to be still further increased by 3d. per lb. I admit that one State enjoyed only a margin of 9d. per lb. - a State which professes to be a free-trade country.

Mr JOSEPH COOK

- That is a most effective argument.

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Mr BATCHELOR

- I was certainly amused at the honorable member for Parramatta adopting the role of fiscal pedagogue last night, and lecturing this committee upon the iniquity of giving the home manufacturers another 3d. per lb. protection, when he himself showed that already in New South Wales very large fortunes were being made by tobacco manufacturers. The honorable member was a Minister in a Government which professed free-trade principles, but which carefully saved the skins of the tobacco manufacturers of Sydney.

Mr JOSEPH COOK

- Rubbish.

Mr BATCHELOR

- I admit that it was rubbish ; but if the honorable member will talk rubbish I am not responsible for it. I would point out that the manufacturers of South Australia, West Australia and Victoria have hitherto had from 1 1/2d. up to 3d. per lb. greater advantage than it was proposed to confer upon them under the printed Tariff. Now, however, they are to be put to a still greater disadvantage. I am pretty confident that the result of the Government proposals, if adopted, will be that in the smaller States the tobacco-making industry will cease, or else all round an inferior local article will be produced. Up to the present, with the difference which has existed, the various States have been able to turn out a high-class twist tobacco which has been slowly but surely beating the imported article out of the market. The result of adopting the Government proposal, however, will be, that instead of getting a high-class light or dark twist tobacco, we shall get nothing but plug tobacco, which consists, it is said, of the "short ends," and sometimes the sweepings of the floor. The result will certainly not be to the advantage of the users of colonial tobacco. We shall get an inferior article. I am surprised that the Government have given way at once to the suggestion which emanated from the other side of the House, that the difference in favour of the local manufacturer was too high. The only reason which the Treasurer gave for the alteration was that he had unsuccessfully endeavoured to obtain information as to what profits had been made by the manufacturers. That, however, is not a sufficient reason for inducing this committee to handicap the

industry in the way proposed. Had the Treasurer urged that there was no protection for the workmen engaged in the industry, he would have been putting the case very much more strongly from my point of view.

Mr Mahon

- The honorable member is giving the employer a chance to get something out of the public, but not the employe.

Mr BATCHELOR

- I cannot give the employe a chance to get something out of the public without giving the employer a similar opportunity.

Mr Mahon

- The honorable member wishes to give it to the employer and not to the employe.

Mr BATCHELOR

- Nothing of the sort. I am giving it to the industry. The honorable member is talking nonsense when he says that I am giving it to the employer. The protection in favour of local industries is a protection to the workman as well as to the manufacturer. In order to make the thing complete, I admit that it is necessary we should have some tribunal which will prevent those who have the opportunity from securing the whole advantage, and which will compel them to divide it with the operatives. I claim that it is possible to place this industry under such conditions that it can afford to pay good wages to the men engaged in it. One of the objects of protection is to pay good wages to the workmen. I feel certain that part of the difference which the Government proposes, and perhaps the greater part, will come out of the pockets of the men who do the work, and the other part out of the pockets of the public in the shape of an inferior local article. I do not think there is much cause for complaint against tobacco manufacturers, as compared with other manufacturers, in connexion with the treatment of their employes. No doubt large fortunes have been made in the tobacco industry, and the way to prevent that is to have some control of the wages in the various States.

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Mr THOMSON

- It was stated by the Treasurer that some honorable members on this side of the House desire to obliterate the margin which previously existed in favour of the Australian tobacco manufacturer as against the importer. I explained, when I announced that I would move an amendment, that my intention was not in any way to attempt to injure what I recognised to be a large and considerable industry. It is not a question with me as to how we would treat this matter if we were beginning de novo. Conditions exist which we have to recognise, and my sole object, and the object of a great many honorable members on this side of the House, is, while giving due consideration to the industry to see that the revenue is properly protected. At the moment, the aspect we try to regard this matter from is that of the Treasurer. In arriving at a universal rate, our desire is a reasonable adjustment of the rates previously existing in the different States, to give every fair opportunity to the manufacturer, while securing a fair revenue for the Commonwealth. For many reasons I have come to the conclusion that the margin of 9d., which has proved sufficient in New South Wales, is the most liberal margin that could be reasonably anticipated by the industry, or given by the Minister, and I am glad to see that the Treasurer has come to the same conclusion. I understand that the Ministry have determined that 9d. is a sufficient margin, and the only question that now arises is as to the mode of arriving at that difference. The honorable member for South Australia, Mr. Batchelor, stated that there would be a destruction of the smaller industries under my proposal, and the Treasurer said that the States which had an excise duty of 1s. 1d. would be placed at a disadvantage if the Commonwealth excise were reduced to 9d. But if an industry in one portion of the Commonwealth has been able to succeed with a difference of 9d., we cannot under federation protect the smaller industries in the other States from the competition of those who have been able to do very well with that margin. Under these circumstances no injury is done to the smaller industries by the proposal. If we impose a duty of 1s. the result will be either that the manufacturers will combine to take the full Shilling - which I do not say for one moment they will - or that those who have found the margin of 9d. sufficient will compete on that basis. That being so, I think the Ministry have acted in a proper manner in deciding on the reduction to 9d. The Treasurer said he had already tried to get the benefit of information from those engaged in the industry ; but I think we have sufficient evidence outside. There is no desire on my

part to know the profits of either manufacturers or importers ; all we want to know is whether, under the margin suggested by myself and accepted by the Government, progress has been made. In 1897, the quantity of manufactured tobacco imported into New South Wales was 924,000 lbs.; in 1898 it was 929,000 lbs.; in 1899, 859,000 lbs.; and in 1900 it was 858,000 lbs. That shows a reduction in four years, in spite of the increased population, of 66,000 lbs. in the imports of manufactured tobacco. Then we find that in 1897 the quantity on which excise was paid was 1,872,000 lbs. ; that in 1898 it was 1,992,000 lbs. ; in 1899 it was 2,072,000 lbs.; and in 1900, 2,178,000 lbs. -

Sir George Turner

- Was that actually consumed 1 It might have been held back in view of the change in the duty.

Mr THOMSON

- A steady increase is shown right through, and not in one particular year. Last year was the only year in which tobacco could have been held back, and even that was rather early for a Tariff in 1901.

Sir George Turner

- There was the question of a change of excise.

Mr THOMSON

- There was a difference of only 100,000 odd lbs. between 1899 and 1900, and there was a steady increase in production from 1897 to 1900 amounting to 306,000 lbs. This shows that the local industry was gaining on the imported article under a margin of 9d. per lb. It has been said that by a reduction of the import duty we shall lose revenue, and the Treasurer has asked me not to press my amendment. We have mutually come to the conclusion that a difference of 9d. is sufficient, and there are different ways of arriving at that margin. I admit that a lot of consideration is required as to which method is most advantageous from a revenue stand-point, and the question is - What adjustment will yield the best revenue? I would suggest that the Treasurer should not push this item to a division now, but should take the whole matter into consideration, and obtain information which will enable him to form a conclusion. We could leave the 3s. 6d. as it is, increasing the duty on the imported leaf by 3d. ; or there is another way, of leaving the import duty as it is, and increasing the excise by 3d. I think the Treasurer would find that the New South Wales method would perhaps yield the largest revenue, namely - 3s. on imports, 1s. on the leaf, and 1s. 3d. excise.

Sir George Turner

- We have to look at the Queensland practice of charging 4s., 2s., and 1s., under which rapid progress is made there.

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Mr THOMSON

- All the States must not be regarded as alike, because there are local conditions which have to be taken into consideration.

Sir George Turner

- If I reduce the duty on the manufactured tobacco and on the leaf, must I not lose a large amount of revenue ?

Mr THOMSON

- Not necessarily, because at the same time 3d. is put on the excise.

Sir George Turner

- That is put on under any circumstances.

Mr THOMSON

- The duty at present is 3s., which is only exceeded in the case of Queensland, where it is 4s. ; the duty being 2s. 9d. and 3s. in five States.

Mr Kingston

- In New Zealand the duty is 3s. 6d.

Mr THOMSON

- I am speaking of the effect in the Commonwealth.

Sir George Turner

- I want to try and stem the falling-off by putting an increase on the leaf and the manufactured article.

Mr THOMSON

- In regard to the falling-off in the leaf--

Sir George Turner

- Not the falling-off in the leaf, but the falling-off in the manufactured article. If I get a little more on the manufactured article I save, and if I get a little more on the leaf I gain.

Mr THOMSON

- There are a great many considerations, which show that 3s. and 1s. 3d. will yield the best revenue and prevent the necessity of increasing the cost to the user. The Treasurer, when he has promised to consider the excise, and when the import duty is so bound up with the excise, should consider the whole question, or I must allow my amendment to stand.

Sir George Turner

- The only question I can take into consideration is the leaf and the excise. I could not alter the 3s. 6d. ; I would rather take a vote on that.

Mr THOMSON

- In that case I shall have to go to a vote. It has been indicated that the increase of excise may have something to do with the lower production of the leaf; but if the advantage of 1s. is left to the growers, it is a very large one. Pretty good tobacco is sold for less than 1s. per lb. in the leaf, and it is proposed to leave the whole cost of a pound of tobacco as an advantage to the Australian grower.

Mr Kennedy

- What is the proposal of the honorable member now?

Mr THOMSON

- My proposal is to reduce the 3s. 6d. by 6d., and leave the 9d. margin by subsequently reducing the import duty on leaf, or increasing the excise.

Sir George Turner

- That brings the manufactured article and the leaf down, and increases the excise. That is to the importer's benefit all round.

Mr THOMSON

- I never consider importers and manufacturers as such.

Sir George Turner

- I do not say that the honorable member does so, but he proposes to assist the importers unjustifiably.

Mr THOMSON

- I think that by the proposal the consumer will be assisted to get his tobacco at the old price.

Mr Mauger

- The consumer will not get the tobacco at the old price.

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Mr THOMSON

- The honorable member for Melbourne Ports contends that the imposition of duties does not increase prices, and yet he now says that a non-increase of an import duty will increase the price. If 3s. has been the import duty, and the 3s. is continued, there is no doubt the consumer will get his tobacco at the old price; and, under the circumstances, I favour the old import rate. As to leaf, 1s. is ample margin for the Australian grower, and the reason that leaf has not been produced to the same extent as some years ago is found in the low prices obtained for it. The low price given for locally grown tobacco leaf has not been due to a ring of manufacturers, but to the inferior quality of the article. I know that the Agricultural department in New South Wales tested the London market with some of the Australian grown leaf, and received a very low price for it, as it was described as almost useless. The defect in the quality of the leaf has been due to the choice of the wrong soil or the wrong locality, or to want of knowledge in connexion with the curing. That has been the trouble, but as the Treasurer has already pointed out, we may look forward in the future to a larger production of Australian leaf, owing to the steps that are being taken to select suitable localities for its production, and to properly cure it, in order to make it fit for use by manufacturers. The Treasurer has stated that he fears American trusts, but I do not think that should influence him, because American trusts can work from inside as well as outside. Are there no American trusts interested in tobacco manufacture in these States already? Does the Treasurer not know that the American tobacco trusts propose to attack the English markets from within, and not from without? So that if we give an undue advantage to manufacturers within the Commonwealth, we are not necessarily safeguarding the Australian manufacturers, because the American trusts may avail themselves of the

facilities that are offered here for exploiting the public. The margin of 9d. between the import and the excise duties has been shown to be amply sufficient to maintain the tobacco manufacturing industry in Australia, and if the American trusts have any designs upon our trade, they will probably come here and fight our manufacturers on their own ground. The Treasurer has practically admitted that if we provide for a margin of 9d., there will be no danger from American trusts from outside.

Sir George Turner

- If the margin is forced too low there will be a danger.

Mr THOMSON

- I am not trying to force the Treasurer below a margin of 9d. at present. I would suggest that the whole question might be allowed to stand over.

Sir George Turner

- I think we might pass the import duty on manufactured tobacco. I will hold over the duty on imported leaf. If I find it necessary to alter the import duty on manufactured tobacco, I shall have no hesitation in asking the committee to reconsider it.

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Mr THOMSON

- Some honorable members would like to have the import duty fixed at 3s. per lb., as well as to have the margin between the excise and import duties reduced to 9d. I shall move at a later stage for the reduction of the import duty to 3s.

Mr. L.E. GROOM (Darling Downs).I hope the Treasurer will not alter the relation between the excise and import duties, but still retain such rates as will give ample protection to the local manufacturer. As far as Queensland is concerned, Mr. Neville, the tobacco expert, says -

Our local manufacturers are using every effort to popularise our home-grown tobacco, and taking great pains to get the best results from our leaf.

It will be absurd for us to give protection to the home-grown leaf unless we also protect the manufacturer, so that we may provide a market for the leaf. Queensland has some of the very finest tobacco land in Australia, and particularly in the Texas district, which is in the electorate I represent. A suggestion has been made that the tobacco grown in Queensland is cultivated by means of Chinese labour, and some honorable members have asked why we should encourage this industry, seeing that we should be really offering inducements for the employment of cheap labour. As bearing upon this matter, Mr. Lesina, M.L.A., in Queensland, recently asked the Secretary for Agriculture -

What is the total number of Chinese and other aliens at present engaged in the cultivation of tobacco in the Texas and Inglewood districts ?

What was the total value of the crops in those two districts during 1900 -

By Chinese.

By white farmers.

The Secretary for Agriculture replied -

148.

2. (a) £2,246 ; (b) £8,974.

In other words the proportion of white labour to Chinese is as four to one. It is admitted that Texas is one of the finest districts in Australia for the production of tobacco leaf, and I sincerely hope that the Treasurer will give every encouragement to the growers there and elsewhere in the Commonwealth. I have been in communication with them upon the question of the employment of labour, and the answers I have received point to the fact that if we maintain the duties in the proportions now proposed by the Government, they will undoubtedly lead to the cultivation of tobacco leaf by white labour. These are the representations of the tobacco-growers themselves - of men who understand what they are speaking about. They very pointedly refer to the fact that we are passing immigration restriction legislation which is intended to prevent the introduction of Chinese and other coloured labour, and it is desired that the duties on tobacco shall be so adjusted as to enable the planters to give employment to white labourers, and to bring under cultivation large areas of suitable land in Queensland. As regards the quality of the leaf produced in that State, Mr. Neville, the tobacco expert, says -

At my request, the department had Mr. Brunnich to make a comparative analysis of American and Queensland grown leaf, of similar varieties ; the Queensland-grown leaf compares favorably with the other, and I

believe the slight defects may be largely overcome by proper curing and manipulation.

Therefore there is every reason to believe that we shall be able to hold our own. Tobacco-growing is one of the natural industries of the country, and as it is a primary industry, I can claim the support of honorable members opposite, who have been advocating the encouragement of primary industries. I have a cablegram which was recently sent from London, as follows : -

Sir Andrew Clarke, Agent General for Victoria, recently distributed among the leading importers and manufacturers at Liverpool, samples of Victorian tobacco, and he has now received reports of an encouraging character regarding the quality of the article. One firm remarked that the Victorian tobacco, if properly handled, would be difficult to distinguish from Kentucky strips.

Mr JOSEPH COOK

- "Why is all this protection wanted if the leaf is as good as the imported ?

Mr L E GROOM

- For this reason, that the American leaf is entirely grown by cheap negro labour.

Mr Poynton

- No, it is not.

Mr L E GROOM

- An American expert tells me that it is so.

Mr Conroy

- Does the honorable member want to encourage our people to compete against black labour?

Mr L E GROOM

- I say that honorable members are taking up an utterly inconsistent position when they exclude cheap labour, and at the same time admit the products of cheap labour. If honorable members are not consistent in their policy with reference to the products of cheap labour, their cry of a white Australia is so much political claptrap. The honorable members of the Opposition have expressed their intention to support the sugar duties in order that white labour may be employed in the cane fields, and, in order to be consistent, they should support the tobacco duties, so as to encourage the employment of white labour in the production of tobacco leaf. Texas is away in the mountains, and has one of the coolest and most bracing climates in Australia, and we not only have the assurance of the tobacco-growers that white labour can be successfully employed in tobacco culture, but we know as a matter of fact that white labour is employed. I hope honorable members on the opposite side will endeavour to be consistent, and true to the policy of maintaining a white Australia.

Mr Poynton

- The honorable and learned member did not vote for a white Australia.

Mr L E GROOM

- I did ; and I showed my earnestness by endeavouring to have the Bill passed in such a form as to secure its coming into operation at once. The leader of the Opposition said -

Most of their leaf - the best leaf - is grown by Chinamen ; so that it is a class of industry which we are not supposed to look at with too affectionate an eye - a Chinese industry.

I have shown that this industry can be carried on with white labour, and I am asking honorable members opposite, as consistent supporters of a white Australia, to vote for the encouragement of tobacco growing. It would almost appear as if honorable members on the Opposition desired to have a white Australia with a population entirely restricted to pastoral pursuits. It is desirable, however, that we should have a population employed in every possible class of industry, and we do not want to go back to the early pastoral days. I shall, therefore, ask honorable members opposite to assist the tobacco producers as well as others for whom they have shown some regard. The tobacco duties in Queensland have undoubtedly had the effect of encouraging the people to grow tobacco, and I have been supplied with some figures which show what has occurred in New South Wales and Victoria as compared with Queensland. The statement is as follows : -

In New South Wales there has been an increase of 260 per cent, on importations of unmanufactured tobacco, while there is only an increase of 20 per cent, on the locally grown, showing the increased consumption is almost wholly supplied by imported tobacco ; while the local manufacturers are constantly increasing their output from imports, as shown by the imports of manufactured tobacco having decreased 8 2-3rds per cent. only. Victoria shows a similar condition, but not so bad. There is an increase of 144 per

cent, in imported unmanufactured, and a decrease of 13 per cent, in imported manufactured. Queensland shows a very different state of things. In the six (6) years, imports of unmanufactured tobacco have fallen off 91[^] per cent. , and the use of Queensland grown tobacco increased 338 per cent. ; and while the year 1899 shows 37 per cent, of all tobacco consumed was Queensland-grown, the three (3) preceding years (1896-7-8) show it was 40 per cent. ; and in 1900 the consumption was as follows : - Manufactured imported, 690,634 lbs. ; unmanufactured do., 62,020 lbs. - 752,654 lbs. Queensland-grown tobacco, 615,401 lbs., or 45 per cent, of the whole.

In other words, the effect of making a fair allowance between the excise duty and the import duty upon unmanufactured leaf has been to so extend tobacco-growing operations that the imported leaf has been almost driven out of the market.

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Mr Salmon

- Hear, hear. That is helping the primary producers.

Mr L E GROOM

- Yes ; and this affords a very good illustration of the effect of giving proper encouragement to those engaged in primary production.

Mr Conroy

- Is the honorable member holding a brief for the manufacturers ?

Mr L E GROOM

- No, I am not. Insinuations are continually being made by honorable members opposite as to the influences which are operating on the minds of honorable members on this side in connexion with the support they are giving to the Government proposals, and one is almost led to the belief that those honorable members who make the insinuations are themselves holding briefs for some interested parties. However, I do not wish to make any suggestion of that sort.

Mr JOSEPH COOK

- Does the honorable member suggest that the Tariff only has operated to the advantage of the tobacco growers in Queensland ? Has not the climate been the principal factor?

Mr L E GROOM

- The Tariff has excluded, to a very great extent, the negro grown tobacco of America. Both Queensland and America are adapted for the growing of tobacco, but the conditions of competition are not equal, owing to the cheap labour available in America, and we are only following natural laws when we attempt to make conditions more equal by imposing import duties. If we are to encourage our farmers, we must discourage the importation of tobacco as far as possible. There are large tracts of land suitable for tobacco culture in New South Wales, on the border, close to the Queensland tobacco-growing country, but no steps have been taken to utilize it. I believe that if proper encouragement were given, the whole of this large area to which I refer would be occupied for the cultivation of tobacco.

Mr JOSEPH COOK

- What about the wages that are paid to those engaged in tobacco culture?

Mr L E GROOM

- I am asking honorable members to give to employers such encouragement as will enable them to pay good wages to their labourers. I ask the Treasurer not to alter the relation which exists between the excise and the import duty proposed, because we ought to bear in mind that the American unmanufactured leaf is imported, stemmed, sorted, thoroughly dried, and ready for immediate use by the manufacturer. That gives the imported leaf a great advantage. The whole of the work done in the preparation of that leaf is performed by negro labour, which represents a difference of quite 3d. per lb. If we wished to make a real difference of 1s. per lb. in favour of the home grower, we would have to make the duty 1s. 3d. per lb., in order to allow for the cheap labour of the United States. I do not desire to take up the time of the committee any further, but I urge, on behalf of what is becoming a great industry in Queensland, that we should not alter the relation between the excise and the import duty proposed, and that we should give all the encouragement which is possible to the primary producers.

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Mr A McLEAN

- This is the most important item which has been reached in the discussion of the Tariff. Indeed, it is one

of the most important of all the items. It is important not only from a revenue point of view, but because, so far as this duty is protective in its incidence, it supplies a stimulus to what may become a very important industry. The immediate question under consideration is the amendment of the honorable member for Tasmania, Mr. O'Malley. In this connexion I join with those who have urged him to withdraw it at the present stage. So far as I have had the opportunity of considering it, I am not at all unfavourable to it ; but it is a very large proposal, and one which should be adopted only after the fullest information has been obtained upon the most exhaustive inquiry. My honorable friend would get some information from the report of a Victorian select committee which considered this question, and which recommended it very strongly. But this is not the stage at which we should deal with it. Its consideration now can only result in seriously delaying the proceedings of the committee, when we have other important work in hand. I listened with great pleasure to the exhaustive, comprehensive, and eminently fair and impartial statement of the Treasurer. But I must confess that I was disappointed with his admission that the Government were prepared at this stage to make a serious departure from their original proposals. Upon such an important question as this, it is reasonable to assume that the Government made exhaustive inquiries before submitting their original propositions. To a great many of us those proposals appeared reasonable and fair. They considerably reduced the margin which has hitherto been given to the local manufacturers in all the States except New South Wales. I do not say that that large and important State ought not to receive very great consideration. In order to reduce towards the level of New South Wales, the Government departed from the provisions which obtained in all the other States, and thus their original proposals made an important concession to that State. I hope that this sudden determination to abandon an important part of their own proposals has not been due to the fact that honorable members upon this side of the House, in their endeavour to assist them by not wasting time, have kept quiet. If it is so, and if the Government are to be swayed to the extent of abandoning their proposals in deference to the views of one side only, in fairness to our constituents we shall be compelled to speak upon every item - a course which will result in serious delay. A great deal has been said about the possibility of establishing this industry on a satisfactory footing by means of white labour. I may say that I have seen tobacco leaf successfully grown by white labour. I know of no difficulty whatever in the way of its being successfully produced by European labour, provided it will pay reasonable wages. In Victoria, white labour has successfully cultivated tobacco leaf. In my own immediate vicinity I have seen this fact exemplified. A man, who was not a Briton, but who came from a place which we all admire, namely, Switzerland, commenced cultivating the tobacco leaf, which he manufactured into cigars. He did the work himself, and produced an excellent article. But that industry, like a great many more which were established in different parts of Victoria, was killed by legislation. These small tobacco and cigar factories throughout the country could not afford to bear the cost of a locker, and the result was that they had to close down. That was the first blow that the cultivation of the tobacco leaf received in Victoria. Under conditions that will pay there is not the slightest difficulty in producing the leaf successfully by white labour. Of course we have had a pest to contend with for a few years past, but I am informed that an effective means has been discovered for its extermination, and if so, I can see no reason why the industry should not prosper.

Mr Conroy

- Can tobacco be grown upon poor soil 1

Mr A McLEAN

- I have always seen tobacco cultivated successfully upon very good soil. To grow the leaf successfully it should be grown upon good soil, and it should be very carefully cultivated. If there is one thing more than another that we should endeavour to encourage it is intense cultivation - a system of cultivation that will lead to the establishment of peasant proprietors upon the soil of the country. If we look at the history of the world we shall find that those countries are most prosperous which have the largest proportion of their people settled upon the soil. This peasant proprietorship produces a spirit of independence which it is desirable to foster. Whilst labouring for the advancement of their own private interests, these people are advancing the general good

Of the community. Their children, under these conditions, become useful colonists. I think that upon this point both protectionists and free-traders should meet on common ground. Indeed, the honorable and learned member for Werriwa, on more than one occasion, has expressed a desire to encourage the primary industries. No one will deny that the production of tobacco leaf by the local grower is, in every

sense of the term, a primary industry. If there is one kind of manufacture more than another which we should encourage by State means, it is that which is established for the express purpose of working up our own raw material. That we can do this advantageously in regard to the tobacco industry has been abundantly proved.

Mr Conroy

- Why compel a man to give ls. instead of id. for the locally grown leaf?

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Mr A McLEAN

- It must be a great wrench to the honorable member's principles to support any local industry. When a person openly avows that he honestly entertains the belief that the interests of the workers are best served by depriving them of work - which we certainly do when we send our orders abroad - and that the country is the most prosperous which pays the bulk of its expenditure to foreign nations, it must be very difficult for him to support any measure that is calculated to establish a local industry. -The honorable member for Parramatta laid great stress on the point that the tobacco manufacturers were making unduly large profits. I have no sympathy with either a manufacturer or an importer who is deriving an undue proportion of the profits of the trade in which he is engaged. That may be an excellent argument in favour of enacting legislation which will lead to the equitable distribution of the profits amongst all the persons engaged in this industry - amongst the shareholders, The primary producers, the farmers, who grow the leaf, and the workers who convert it into the finished article of commerce.

Sir William McMillan

- Does not a uniform Tariff imply equality 1

Mr A McLEAN

- I am advocating an equitable distribution of the profits of an industry amongst all engaged in that industry. That, however, cannot be secured by importing our goods from abroad. I cannot, for the life of me, see how our people can be benefited by the orders which we send to other countries. I think every protectionist admits that an interchange of products amongst nations is essential, and should not be dispensed with. I think also that we should give every possible facility for the interchange of those commodities which cannot be produced to advantage locally, and there will always be a large number of these. But that is no argument in favour of refusing to encourage the establishment of industries which can be successfully opened up in our own midst, and which are calculated to give employment to our own people.

Mr JOSEPH COOK

- I want to know why our local growers cannot produce all our tobacco, since they enjoy protection to the extent of 400 per cent?

Mr A McLEAN

- The honorable member cannot get away from the fact that the original proposal meant a reduction of the existing protection in the great majority of the States. Under that existing protection, the local article is sold at ls. 8½d per lb. less than is the imported tobacco. The people in whom I am most interested are the primary producers of the leaf, but I recognise that unless we encourage the manufacturer we cannot possibly hope to encourage the grower of the leaf. Unless our manufacturers work up a large amount of leaf we cannot expect the leaf to be grown. I believe that the margin of ls. 6d. in favour of the local grower, which is proposed by the Government, is fair and reasonable. Under that rate I believe that the production of the local leaf will considerably expand. I ask honorable members seriously to consider the advantage of settling a large number of families upon the soil. They are the best colonists we can have, because we know that in the future the destinies of the nation, under our liberal franchise, must necessarily rest with the great masses of the people. If we have a large number of families settled upon the soil, they will have a fixed and vested interest in the future of this country. Consequently they will not be likely to prejudice national interests. On the contrary, they will do all that they possibly can do to advance its prosperity in every possible direction. There are numerous other ways in which we can encourage the people to settle upon the soil. I chiefly rose to endeavour to enlist the sympathies of honorable members upon both sides of the House on behalf of the primary producer. The primary producer is at the very root of this industry, and if we wish to make it a success we should manufacture largely in the future from the locally grown leaf. Of course, I admit that there are many initial difficulties to

be overcome in connexion with the establishment of this, as of other industries. There will always be mistakes in the initial stages. But when we have soil and climate admirably suited for this industry there is no reason why we should not overcome initial difficulties. I have not the slightest doubt that with further experience and with the advice of experts trained in other lands, we shall eventually produce as good a leaf as is grown in any part of the world. I sincerely hope that honorable members will give attention to this branch of the industry, and that the Government, who, I believe, did not bring down their first proposal without careful consideration or without obtaining all the data that was necessary, will not do anything to prejudice those engaged, more especially the primary producers. The difficulty I see is that if the suggestion thrown out be adopted, The excise duty may be raised.

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Sir George Turner

- I left it open to put a portion on the leaf and a portion on the excise; say 2d. on the leaf and 1d. on the excise, which would leave the grower in as good a position or a little better than before. I want to protect the grower, but I think the manufacturer gets too much protection.

Mr A McLEAN

- The margin originally proposed in favour of the grower will not be in any way lessened or prejudiced?

Sir George Turner

- That is so.

Mr A McLEAN

- Then to that extent we can all agree. I would like to give the manufacturer the whole of the advantage the Government originally proposed, because, as a reduction on what they have already received, it cannot be considered too much. Whatever may be done eventually in that direction, I hope every honorable member will see that the grower of the local leaf is not in any way prejudiced by alterations of the Tariff. I rose merely to say a few words in the interests of the primary producer, to safeguard whom it is necessary to safeguard the manufacturer. I hope honorable members will dismiss from their minds any arguments based on the large profits which are said to be made in the industry, to the value of which these profits bear most eloquent testimony, provided they are equitably distributed. It is in the direction of the proper distribution of profits that honorable members who make complaints on this score, should seek to legislate in the future. It ought to be remembered that imported tobacco produces large profits to manufacturers in other countries. Is there any reason why we should encourage large profits elsewhere, and discourage them in our own country? We ought not to drive a valuable industry away, because we find that it pays handsome dividends to shareholders. I am not at all opposed to this industry being made a Government monopoly, but I think it is only prejudicing the case for the industry to press forward a proposal of the kind without proper information. Even those who feel favourably disposed to a proposition of the kind on its merits will, after proper investigation, be compelled to vote against it, whereas it might have a favourable reception if brought forward at the proper time. The advantages of settling a peasant proprietary on the public lands can be seen in France. In the valley of the Seine, families are settled on three, four, or five acres, and factories are thick as blackberries there to work up the raw materials.

Mr Conroy

- Fifty-two per cent. of the people in France are engaged in agriculture.

Mr A McLEAN

- That is a very high percentage. It was the peasant proprietary that enabled France to pay the enormous indemnity levied by Germany, and who caused Bismarck to say, a few years later, that France was richer after paying that indemnity than Germany was after receiving it. It is those people who always come to the rescue of the Government when France is in want of money; and a similar condition of affairs may be seen in Belgium, or wherever a large proportion of the people are settled on the land. The way to secure progress is to encourage settlement by legislation whenever opportunity offers. The tobacco industry presents one way in which we can profitably settle a very considerable number of families on the soil of the country, and I do not think we shall refuse to avail ourselves of the opportunity.

Mr SYDNEY SMITH

- I have listened with a good deal of interest to the honorable member for Gippsland, who takes a deep interest in agriculture, and with whose remarks I sympathize, more especially when he deprecates the absence of speeches on the Government side of the House, which he fears may result in no good to this

industry. While honorable members on the Government side have blamed the Opposition for taking up a good deal of time in speaking on the various items under discussion, the honorable member admits that good results have followed our advocacy, important concessions having been made, though he fears that these concessions have come about because honorable members behind the Government have abstained from speaking. I give way to no one in my desire to help great industries, as I have shown in many directions during my political career. We all regret the comparative failure of the tobacco industry in the various States, although that failure has not been brought about because important advantages have not been granted, more especially in Victoria. In that State, there has been a protection of 1s. per lb. on the leaf, and, in addition, I find from papers which have been submitted to the Federal Government, that the latter have sanctioned the payment by the State Government of a bonus of 3d. per lb. on exported locally grown leaf.

Mr Kingston

- That is merely continuing a State arrangement made prior to the imposition of uniform duties.

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Mr SYDNEY SMITH

- When the Federal Constitution Bill was under discussion, I took strong objection to the power being given to one State Government to continue a system of bonuses for a certain time, which would, of course, work to the detriment of producers in other States. In Victoria I find that in August last there was paid as a bonus of 3d. per lb. on tobacco grown and exported to such foreign port or ports outside the Australian colonies as were approved by the Minister, the following sums: - H. Hyam, £418 13s. 5d. ; A. McAleice £48 0s. 1d.; A. Byrne, £128 2s. 5d. ; and T. D. Smith, £136 13s. 5d. This bonus of 3d. per lb. has been paid since 1898. The Minister of Trade and Customs, in reply to a question some weeks ago, produced a return showing the amount of bonuses which the Federal Government had sanctioned for payment by the State Government.

Mr Salmon

- These bonuses were all provided for before federation.

Mr SYDNEY SMITH

- The bonuses were sanctioned on the 5th December, 1898, and formed one of the inducements offered in addition to the 1s. per lb. protective duty.

Mr POYNTON

- Have these bonuses been paid since the Tariff was introduced?

Mr Kingston

- They have not been paid since the Tariff was introduced.

Mr SYDNEY SMITH

- With all respect to the Minister for Trade and Customs, I believe that the State Government of Victoria are at the present time sanctioning the payment of these bonuses, and that up to a few weeks ago the Federal Government approved of the expenditure of over £800. I believe the State Government contend that they can continue to pay the bonuses until the amount is exhausted.

Mr A McLEAN

- The Constitution provides for that.

Mr SYDNEY SMITH

- I am not dealing with the constitutional question at present, though I take a different view to some honorable members as to the power of the Federal Government on this point. In the opinion I have formed I am supported by some very eminent lawyers, amongst whom is the honorable and learned member for Bendigo ; but there will be another opportunity of dealing with the matter. I rise particularly to point out the advantages which have been given to the tobacco growers of Victoria, as compared with the tobacco-growers in New South Wales.

Mr Fowler

- Is it the tobacco grower or the exporter who gets this bonus?

Mr SYDNEY SMITH

- It is supposed to be the grower.

Sir George Turner

- The bonus is payable to the grower on export.

Mr SYDNEY SMITH

- I am inclined to think they are not all growers who get the bonus.

Sir George Turner

- Yes; the bonus is given to the grower.

Mr SYDNEY SMITH

- There are only four names mentioned, and £418 seems a large amount to give one grower.

Mr O'Malley

- I - Is that for one season's work?

Mr SYDNEY SMITH

- I presume it is for one season, or, at all events, for arrears.

Mr O'Malley

- I - I should think it is a big merchant who is getting the amount mentioned.

Mr SYDNEY SMITH

- I am not in a position to say; but I do not think all are growers.

Mr Salmon

- The growers were ruined by the excise imposed in 1895, and they were given this bonus in order to afford them a chance of getting a market in the old country.

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Mr SYDNEY SMITH

- During the present year, as will be seen, no less than £800 has been paid to four men to assist them in exporting tobacco to the old country. In New South Wales the price of tobacco leaf is 4d. and 3d., and in some cases as low as 2d., and the price is not much higher in Victoria. I would ask honorable members to inquire into the actual results of the working of this bonus. Several shipments of Victorian tobacco were sent to the old country, and I have here a newspaper paragraph concerning a report by Mr. J. M. Sinclair, the Agricultural Agent of Victoria in London, which reads as follows: -

Mr. Morrissey (Minister of Agriculture) seems to be still of opinion that the sales of tobacco leaf in London should be left to the Agent-General. He says that tobacco stocks are accumulating in London, despite what Mr. Sinclair has done. The stemming or stripping of the leaf has, he maintains, not so far realized anticipations in the matter of price. Mr. Morrissey fears that it is not at present possible to get fair prices for Victorian tobacco in London, and he thinks it would be better almost for the growers to cater for the local market. If the industry cannot make headway, he hopes the Federal Government will take into consideration the necessity of continuing the bonus, just discontinued under the Constitutional Act by the State.

I think it was in September or October last that Mr. Sinclair's report was written. The honorable member for Laanecoorie has handed me a cablegram from London, dated June 11th, which reads as follows: - Sir Andrew Clarke, Agent General for Victoria, recently distributed among the leading importers and manufacturers at Liverpool samples of Victorian tobacco, and he has now received reports of an encouraging character regarding the quality of the article. One firm remarked that the Victorian tobacco, if properly handled, would be difficult to distinguish from Kentucky strips.

I do not know anything about that, but I am guided by the actual results of consignments in commercial quantities - not mere samples - which have been placed upon the open market, with all the advantages of the assistance of the Agent-General's department and the Government tobacco experts. I believe that in many cases the Victorian grown leaf could not be sold in London for more than 3d. per lb.

Mr A McLEAN

- These industries in their earlier stages cannot reach perfection.

Mr SYDNEY SMITH

- The tobacco growing industry, so far from having progressed, seems to have been going back in Victoria. From the returns furnished by the Customs department, the quantity of locally-grown leaf used in tobacco manufacture last year was only 120,263 lbs. That does not represent the amount of leaf produced, but the quantity which was utilised in the manufacture of tobacco. In New South Wales, 996,998 lbs. of locally grown leaf was used for manufacturing purposes. Therefore, in spite of the fact that the Victorian growers had the advantage of a bonus, New South Wales leaf has been utilised to a very much greater extent than Victorian leaf.

Mr Salmon

- I cannot understand how they could have used more locally grown leaf in New South Wales in one year than was grown in two years.

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Mr SYDNEY SMITH

- There might have been an accumulation of stocks. Some confusion has arisen in the mind of the honorable member for Laanecoorie owing to the difference between the quantity of leaf produced and that actually utilised for manufacturing purposes. All these facts tend to show that the Government are acting unwisely and unfairly in proposing to give the amount of protection that will be afforded by the duties as framed by them. Judging from the reports which have been read, the tobacco manufacturers are making very large sums of money under the present system, and the effect of these duties as now proposed will be to immensely increase their profits. If the tobacco manufacturers had been perfectly fair and straightforward, what objection could they have had to handing over their balance-sheets to the Treasurer as he requested? If there had been anything in their statements that the industry would fail unless we came to their rescue, there should have been no concealment with reference to the actual results of their operations, and, in the face of their concealment of the facts, we are justified in assuming that there is no ground for their statements. I believe that they are making large sums of money, and yet it is now proposed to place them in a position of still greater advantage. The Federal Parliament should do nothing of the kind, and although the tendency of the Tariff as it now stands would be in that direction, I hope it will be very considerably altered. On the face of it, if we adopt the proposal submitted by the Government, the money paid by the public will not go into the Treasury, but into the pockets of the men who have already amassed large fortunes. These large manufacturers do not manifest any anxiety to divide their profits amongst their employees. In New South Wales recently the employees in a protected industry appealed to one of the employers to give them some share of the benefits conferred upon the industry by the Tariff, but he put them off, and in the strike which resulted, men were able to hold their own without the help of any board. We have no desire to cripple these manufacturers, but when we impose heavy Customs duties, it is our duty to see that the money paid by the public goes into the Treasury. I know that some honorable members opposite do not wish these duties to be reconsidered, but I hope that the majority of honorable members will support any attempt to bring about a proper adjustment of the taxation proposals of the Government. It has been stated that there is anxiety on the part of the Government to prevent trusts from taking advantage of our fiscal arrangements, but I would ask whether we have not these trusts amongst us already, and whether some of the principal monopolists are not already concerned in the manufacture of tobacco?

Trusts are already operating here in connexion with the manufacture of tobacco from imported leaf, and if we could only investigate the matter we should probably find that a large proportion of the profits now made in the manufacture of tobacco in the Commonwealth are going to shareholders in America or in other places. Are we going to endorse a policy which will have the effect of increasing the profits of American speculators in this unfair manner? I do not for one moment contend that the Government were actuated by any improper motives in bringing forward their proposals, and I hope that in view of the facts which have been brought before them they will recognise the desirability of modifying their policy in the interests of the Commonwealth. I think the Treasurer would do well to postpone the consideration of this item for the present.

Mr Page

- Perhaps the honorable member would like to see the whole Tariff postponed.

Mr SYDNEY SMITH

- I should have liked to see it postponed indefinitely, but as it is now before us it is our duty to do the best we can to make it acceptable to the people. I have received a considerable amount of information upon this tobacco duty question from the points of view of the manufacturer, the importer, and the producer, but I do not wish to unduly delay the Committee. My principal object in speaking was to show that the attempt to protect the tobacco-growing industry has not been effective. I am told - I do not know how far it is true - that a large amount of the tobacco leaf exported from Victoria, upon which the State Government has paid a bonus of 3d. per lb., which is about the value of the article in this State, is now stored in London. This is a matter which should be enquired into before we sanction any more bonuses to exporters. I think

it is unfair to the other States that the producers in Victoria should be able to obtain a bonus equal to the value of the tobacco leaf itself. In New South Wales we have never asked for any bonus upon locally grown leaf.

Sir William McMillan

- Are the bonuses being paid now?

Mr SYDNEY SMITH

- Yes, I believe so. I believe the State Government have made application to be allowed to carry out, under the terms of the Constitution, what they consider was an undertaking arrived at, in reference to amounts guaranteed prior to 1898.

Sir William McMillan

- But only under specific contracts.

Mr SYDNEY SMITH

- I believe they are going further than that. Notwithstanding the fact that large sums of money might have been voted in 1898 for the purposes of paying bonuses to people engaged in various industries, neither the State Government nor the Federal Government have any right to enter into new contracts, even although the new contracts might not involve any appropriations of money beyond the votes already sanctioned by the State Parliament.

Mr A McLEAN

- The State Government cannot grant any new bonuses without the express permission of the Federal Parliament.

Mr SYDNEY SMITH

- I don't know exactly how far that applies. I trust, however, that the Federal Government will stop these bonuses.

Mr A McLEAN

- The Federal Government cannot stop the carrying out of existing contracts, because that is authorized by the Constitution.

Mr SYDNEY SMITH

- It all depends upon what my honorable friend would call a definite contract. Supposing £18,000 had been granted by the State Parliament, in 1898, for the payment of a bonus on contracts entered into before the 1st January of 3d. per lb. on exported tobacco leaf, and only £2,000 had been expended in that way, and some other exporters made application during the present year for the payment of the bonus - would the honorable member consider the payment of the bonus equivalent to entering into a new contract?

Mr A McLEAN

- The contract was not made as between any particular persons and the Government. The sums voted prior to a certain date specified in the Constitution can be constitutionally paid, but no new amounts can be devoted to that purpose.

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Mr SYDNEY SMITH

- There is apparently a distinction in the honorable member's mind between amounts voted in a general way and new contracts. When I spoke about this bonus question in New South Wales, I was told that the bonuses could only be continued where specific contracts had been made with individuals. I can assure my honorable friend that that is the way in which it was criticised and spoken of in my own State. When I pointed out the danger, those opposed to me condemned my action, and said that it referred only to contracts which had been entered into with individuals at the date mentioned.

Mr A McLEAN

- The Parliament of Victoria did not enter into contracts with any individuals. It merely voted a certain amount of money for this particular purpose.

Mr SYDNEY SMITH

- I do not care what the Victorian Government did; what I am concerned about is the intention of the Federal Convention.

Sir William McMillan

- The idea simply was that there should be no breach of public faith in any contract with individuals.

Mr SYDNEY SMITH

- I believe that during the course of the Convention debates, special reference was made to the fact that, if a contract had been entered into by the Victorian Government, an action might lie against that Government for any breach of contract, and to guard against this possible contingency, provision was made by which all contracts entered into prior to a certain date were rendered legal.

Mr V L SOLOMON

- That referred more to the Maffra sugar business than to anything else.

Mr SYDNEY SMITH

- I believe that the honorable member for Wentworth will support my statement as to the view which was taken by a number who are supporting the Bill. That provision, according to the opinions of those who supported the Federal Bill in New South Wales, was to apply only to contracts entered into with individuals. I should, however, be very glad to hear the explanation of the Minister for Trade and Customs, who has rendered me every possible assistance by placing the papers at my disposal.

Mr KINGSTON

- I am sorry the honorable member for Macquarie did not suggest that he wanted a little further information before he rose. He has just admitted that I have endeavoured to -supply him with the fullest possible data upon the subject by placing all the papers at his disposal. The position may be summed up as follows : By force of the Constitution Act the control of bounties passed to the Federal Government immediately on the establishment of the

Commonwealth. They did so under section 86, which says -

On the establishment of the Commonwealth the collection and control of duties of customs and of excise, and the control of the payment of bounties,, shall pass to the Executive Government of the Commonwealth.

It was undoubtedly the intention that the payments which were current at the time of the establishment of the Commonwealth should continue until the imposition of uniform duties of customs. Section 90 establishes the position that the States were to have power to pay bounties out of their own money subject to the approval of the Commonwealth. That section provides -

On the imposition of uniform duties of customs, the power of the Parliament to impose duties of customs and of excise, and to grant bounties on the production or export of goods, shall become exclusive.

On the imposition of uniform duties of customs, all laws of the several States imposing duties of customs or of excise, or offering bounties on the production or export of goods, shall cease to have effect ;

Then we find the following proviso, which was added on account of an intimation to the Convention by my right honorable colleague the Treasurer that Victoria intended to grant further bounties - but any grant of or agreement for any such bounty lawfully made by or under the authority of the Government of any State shall be taken to be good if made before the 30th day of June, 1898, and not otherwise.

That was the date which was intimated by the present Treasurer that would suffice for Victoria to give effect to her intention as regards the granting of new bounties. The simple position to-day is that no payment has been approved in respect of any bounty which, by any possibility, could be said to have been earned after the imposition of uniform duties of Customs. We have so far drawn the line that we will approve of no payment in respect of any subsequent claim for bounty unless, of course, it may happen to be brought within the meaning of the proviso referred to. An official administrative interpretation has not yet been given to the latter part of the clause.

Mr Kennedy

- The amount is fixed by Act of Parliament.

Mr KINGSTON

- That is a matter which will undoubtedly have to be considered.

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Mr SYDNEY SMITH

- Will the right honorable member take the opinion of the Attorney-General upon the point 1

Mr KINGSTON

- We will secure the best opinion which is available upon the interpretation of the proviso.

Mr SYDNEY SMITH

- I think that the Attorney-General gave an opinion upon it.

Mr KINGSTON

- That may be. The simple position is that no official administrative interpretation has as yet been placed upon the latter part of the clause, but all payments that have been sanctioned have been earned prior to the imposition of uniform duties of Customs - in other words prior to the 8th October last. Only within the last 48 hours a somewhat doubtful case arose, and before permitting the payment by the State I satisfied myself that the amount was in respect of something altogether anterior to the 8th October.

Mr SYDNEY SMITH

- Will the Minister refuse to pay any bounties which were not agreed to before that date ?

Mr KINGSTON

- We will refuse to allow any bounties to be paid which were not arranged for before that date, or which do not come within the meaning of the latter part of the clause.

Mr SYDNEY SMITH

- There is a paragraph in one of the morning papers intimating that the State Government intend to continue the payment of a certain bounty, with the approval of the Federal Government.

Mr KINGSTON

- The approval of the Federal Government has not yet been officially declared. Cases may be capable of being brought within the scope of the proviso to which I referred, but none have yet been sanctioned, and none will be sanctioned until after the most deliberate conclusion of the Federal Government upon the subject.

Mr V L SOLOMON

- Surely the Government will give the House an opportunity of considering the question.

Mr KINGSTON

- Upon a matter of this sort we will not hesitate to inform honorable members of what we have done, but we do not contemplate bringing it before the House in order to secure its approval of what is purely an administrative act.

Mr V L SOLOMON

- This is more than a mere administrative act.

Mr KINGSTON

- Probably we shall not agree on this subject, but as regards our action we shall in future, as in the past, be only too happy to give information.

Mr Glynn

- Surely the Government do not intend to grant a bounty without a vote of the House ?

Mr KINGSTON

- We are not paying it out of the federal funds. The State Governments pay it.

Mr Glynn

- The Ministry ought to consult the House upon a matter of policy like that.

Mr KINGSTON

- It is simply a question of the construction of the Constitution. As regards the one point upon which there is any room for doubt, I repeat that the matter has not yet been decided by the Federal Government, but every consideration will be given to it.

Mr SYDNEY SMITH

- Is there not a difference of opinion in the Cabinet upon it ?

Mr KINGSTON

- If there were, I should not inform the honorable member of it. Upon the subject of tobacco generally, I venture to think that, as regards its growth, there is a very considerable future for it in Australia. It is an industry which is well worth encouraging. I think, as regards industries which are native to our soil and climate, we should do all that we can to encourage them. I notice that honorable members on the other side of the House congratulate themselves upon their policy in this, that, and the other respect, and I suppose in regard to the encouragement of the tobacco industry. But I should like to tell them that as far as New South Wales is concerned, fourteen years ago the product of that State was something between 50,000 and 60,000 cwt., whilst today it is not 6,000 cwt.

Mr SYDNEY SMITH

- What is it in Victoria ?

Mr KINGSTON

- I am seeking an example from what is called the mother State, although I certainly do not acknowledge her as the mother State. I acknowledge her as an elder sister, of whom we are very proud ; but our mother is at Home. I think there are some other States that are in a similarly proud position. The phrase " the mother State" is getting dinned into our ears so frequently that we are getting absolutely sick of it.

Mr SYDNEY SMITH

- We never speak of New South Wales as the mother State.

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Mr KINGSTON

- The honorable member's fluency carries him forward so fast that he says a great deal of which he has no recollection. In 1888, New South

Wales produced 55,478 cwt. of tobacco; while in 1899 she produced only 6,641 cwt. In 1888 the total production of Australia was 70,251 cwt. ; whilst to-day it is only 14,557 cwt. The one State which seems to be going on in a fairly satisfactory manner in this respect is Queensland. Coghlan tells us that the soil and climate of Australia appear to be suitable for the growth of the tobacco plant, but sufficient care and skill have not been expended on the preparation of the leaf. I hope, and believe, that we are about to alter this condition of things. I know that in Queensland, where the output of tobacco is considerable - and I hear that its quality is highly approved - great progress has been made. The fact that fourteen years ago we were able to produce 70,000 cwt., whilst to-day we produce only a little more than one-fifth of that quantity, shows that the industry has been neglected, and that we may well direct attention to it at the present moment for the purpose of encouraging it. I trust we shall not only encourage the local manufacturer, but the local grower.

Mr Thomas

- Is not smoking a bad habit?

Mr KINGSTON

- I do not propose to favour the committee with a scientific opinion upon a subject of which I am practically ignorant. I do not indulge in the habit of smoking myself, but at the same time I recognise - and never more than at the present moment - that there is much to be said in its favour, particularly from a Customs point of view. I hope we shall not, as the result of our deliberations, adopt anything which will work injuriously either to the local manufacturer or to the growth of the article. Something has been said about trusts. It has been well put that trusts very often operate to the entire prejudice of the community. Attempts have been made to grapple with them in different ways at different times. I note with interest that in the last Canadian Act dealing with the Tariff, provision has been made by which, when a trust is suspected to exist, there is power on the part of the Executive to appoint a Judge to report as to the matter of fact. If, upon his report, it is shown that the trust's operations are to the detriment of the consumer or the community, the Executive have power to reduce the protective duty in a way which will admit of competition, and which may have the effect of limiting the prejudicial operations of the trust in question. Considerations of matters of this sort are undoubtedly forced upon us in times like these on account of the growth of trusts. Whether or not we shall be able to propose for the acceptance of the House a provision on the lines adopted in Canada, dealing with that which undoubtedly now and then grows into a great evil, I do not know. But I think it is just as well at this moment to call attention to the fact that the great federation of Canada has done something in this direction, and probably honorable members will come to the conclusion that the subject has not been overlooked by the present Government, and that if they can see a way of legislating advantageously in regard to it they will be happy to do so.

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Sir WILLIAM McMILLAN

- A great deal of this debate, which I think has wandered into the general question of free-trade and protection, has exhibited the usual amount of that nonsense - I know of no other word to express it - which is talked in regard to various matters. Tobacco cultivation is one of those industries which depends upon two things. It depends upon a proper soil and climate, and upon careful manipulation with scientific knowledge. One can go into numberless regions in Australia, and plant wheat or maize and watch it grow. It does not require any particular attention. But the growing of tobacco and the treatment of it afterwards,

which is the principal thing, requires most careful attention. It requires extreme patience, care, and manipulation which, unfortunately, in the Australian States is very often refused to the primary products. What is the use of our comparing the different States with one another, if Victoria has been fool enough to try and force the growth of a product which is not congenial to its climate? If by bonuses or other means it has forced this industry into prominence during some years, nature must assert herself and there must be retrogression. The enormously reduced production in Victorian only proves the absolute folly of it, and refutes the arguments of the honorable member for Gippsland and others who have talked in their wild way about helping the primary industries. We might as well say that we should try to grow cane-sugar in the Western district of Victoria, where we now grow potatoes. I am very sorry that so much of the free-trade and protectionist controversy has been imported into this part of the Tariff debate. We are not endeavouring now to put the native grown article into exactly the same position as the imported article, but are simply trying to get a reasonable compromise.

Mr Kingston

- A fair rate of protection.

Sir WILLIAM McMILLAN

- We are trying to get what is fair all round.

Mr Kingston

- The honorable member does not like the word " protection."

Sir WILLIAM McMILLAN

- We do not like "protection," and we would not have anything to do with it if we had our way. We want to see whether we can get a reasonable compromise, fair to the revenue, and fair to the particular conditions of this product. It is idiotic to talk about a duty of 1s. 6d. on an unmanufactured product which is worth only 3d. or 4d. per lb. We recognise the fact that in dealing with the Government, or with honorable members who are restrictionists, we must make some allowance for idiotic ideas. What I mean is that there may be a principle in protection, but there is no principle in a protection of 1s. 6d. on an article sold at about 4d. per lb. I could understand a protection of 6d. or 4d., but when the higher figure is mentioned, the absurdity of it is obvious. I think it would be better for us to come back to the question with which we have to deal. On the question of bonuses, I would call attention to the following section in the Constitution

-

On the imposition of uniform duties of customs, all laws of the several States imposing duties of customs or of excise, or offering bounties on the production or export of goods, shall cease to have effect ; but any grant of or agreement for any such bounty lawfully made by or under the authority of the Government of any State, shall be taken to be good if made before the 30th day of June, 1898, and not otherwise.

The Commonwealth was established on 1st January, 1901, and will the Minister for Trade and Customs say that there were practically any bonuses in existence at the beginning of this year ?

Mr Kingston

- Undoubtedly.

Sir WILLIAM McMILLAN

- What period were they for ?

Mr Kingston

- The bonuses cease on the imposition of uniform duties.

Sir WILLIAM McMILLAN

- But I am speaking of the present time.

Mr Kingston

- The honorable member said the beginning of this year.

Sir WILLIAM McMILLAN

- What I say is that no fresh bonuses could be given by any State after the 30th June, 1898.

Sir George Turner

- Any bonuses given after that date cease on the imposition of the uniform Tariff, but bonuses given before that date are continuous during the currency of the agreement, whatever it may be.

Sir WILLIAM McMILLAN

- At any rate, no fresh bounties can be given now, except by declaration by the Federal Parliament.

Sir George Turner

- No, and the others are running out very quickly.

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Sir WILLIAM McMILLAN

- This is a question so difficult that probably the Cabinet have not been able to decide it. It does not follow, for instance, that because a public declaration be made, or a resolution of Parliament passed, that bounties shall be given, there would be a breach of public faith if the bounties were not given for a certain period. They can be stopped at any moment ; and the Government, although the funds are not paid out of the pocket of the Commonwealth, ought to be very careful, in dealing with this question, that they do not contravene the spirit of the Constitution. Notwithstanding what the Minister for Trade and Customs says about the independence of the Executive, it would only be reasonable if, before any of these bounties were paid, information regarding them were placed on the table of the House. Bonuses are a matter which the Government ought to very carefully consider in view of our federation. The moment we were federated, the Government became trustees for the whole of the Commonwealth, and they know that these bonuses have not been in vogue in the other States. Federation, or, at any rate, the establishing of a uniform Tariff, implies absolute equality throughout the States, and it is the bounden duty of the Government not to allow a single 6d. of bonus to be given unless it is clearly proved that there otherwise would be an infringement of justice in the States. In the present state of our want of knowledge, we cannot say anything more on the subject. I understand the Government have agreed that there shall be a maximum difference of 9d. between the imported article, plus of course the manufacture, and the unmanufactured article, plus the excise. In other words, if the imported duty is reduced to 3s. and the unmanufactured duty be 1s. 6d., and the excise 9d., or 2s. 3d., that would mean 9d. in favour of the locally grown article.

Sir George Turner

- I did not say that.

Sir WILLIAM McMILLAN

- I understand that a compact has been made.

Sir George Turner

- I insisted on having an import duty of 3s. 6d., and then I said that by some means I would reduce the advantage which the manufacturers have from 1s. to 9d., in all probability by adding to the duty on the imported leaf.

Sir WILLIAM McMILLAN

- Our object in the first place is to reduce the import duty to 3s.

Sir George Turner

- I am strongly opposed to that.

Sir WILLIAM McMILLAN

- Then all the right honorable gentleman has conceded is that, if we agree to 3s. 6d., he will so alter the duty on the unmanufactured tobacco, and the excise duty, that the maximum difference will be 9d?

Sir George Turner

- Yes.

Sir WILLIAM McMILLAN

- Then I think it would be better to postpone the whole matter, if it has to be a question of agreement and compromise depending on three different factors.

Sir George Turner

- Whatever I do with regard to the leaf and the excise, depends on the import duty of 3s. 6d. being passed. If that is reduced to 3s., I shall have to reconsider my position, because I must get revenue somehow.

Mr V L SOLOMON

- Cannot we compromise it ?

Sir George Turner

- No.

Sir WILLIAM McMILLAN

- The Government do not seem to have compromised anything or to be willing to do so.

Sir George Turner

- The objection taken was that the amount in favour of the local producer was too high. I considered that matter, and came to the conclusion that it was too high to the extent of 3d. All I said was that I would reduce the protection by that amount, and I may do that by putting the difference on the leaf, or dividing it.

Sir WILLIAM McMILLAN

- I do not understand how the Minister is going to keep his compact unless he reduces the duty on the imported unmanufactured article.

Sir George Turner

- What I said was that I had come to the conclusion that the manufacturers have too large a difference in their favour, and I propose to reduce the 1s. by 3d., leaving them a difference of 9d. I said that I must insist upon having an import duty of 3s. 6d. because I believed that would give us an increase of revenue. I reserve to myself the right of further consideration as to how I shall deal with the 3d. I said I might deal with it by putting the extra amount on the manufactured leaf, or on the excise, or by making a division of 2d. on the leaf and 1d. on the excise. Some provision of that kind might be made, but I never contemplated, or said I proposed, to reduce the duty to 3s.

Sir WILLIAM McMILLAN

- The right honorable gentleman will not alter the 1s. 6d. ?

Sir George Turner

- I may make it 1s. 8d. or 1s. 9d.

Sir WILLIAM McMILLAN

- What will the excise be ?

Sir George Turner

- Either 1s. or 1s. 1d. I may put 3d. on the leaf and nothing on the excise, or 2d. on the leaf and 1d. on the excise. The latter would perhaps leave the growers in a little better position.

Sir WILLIAM McMILLAN

- Even 9d. is an outrageous figure as compared with the value of the article. We have 1s. excise on an article only worth about 4d, and yet the Treasurer desires to increase that to 1s. 1d. That shows the absurdity of the whole position.

Sir George Turner

- Instead of 2s. 6d. against 3s. 6d., I may make it 2s. 9d. against 3s. 6d., the local manufacturers paying the 2s. 9d, and the importer 3s. 6d.

Sir WILLIAM McMILLAN

- That, it seems to me, will do very little good in the long run, and it only makes the factors of the calculation even more absurd as compared with the natural relation they bear. If that is the position taken up by the Treasurer we had better fight the question on the import duty, and see what we can do in order to reduce that to 3s.

Sir George Turner

- If the import duty be reduced, I must reduce the excise in order to get a proper margin; but that would mean the loss of a large amount of revenue.

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Sir WILLIAM McMILLAN

- The Treasurer knows that in all matters of taxation there is a reasonable price, which, if it be exceeded, does not result in encouraging revenue. It is no argument to say that we lose revenue by reducing taxation to the normal price, because when we get beyond that normal price, which is a matter of consideration and experience, a reduction encourages production, and is bound to increase the revenue. I am perfectly satisfied that in connexion with this industry, it would be far better as a matter of finance and production to keep the duty within a reasonable limit.

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Mr WILKINSON

- The question has been asked as to whether rich land is required for tobacco cultivation. I know hundred of acres of the richest land in Australia on the Darling Downs, which has gone out of cultivation simply because the tobacco grown, although some of the best looking in Queensland, was not a good commercial commodity. There is a small district called Texas in Queensland, which is very suitable for The growth of tobacco, just as there are certain districts in the United States of America more suitable

than others for the industry; and I believe that the time will come when the Texas tobacco will make a name for itself. So far as I have followed the debate it seems to me that the desire has been to protect the manufacturer rather than the producer, though, if my researches have resulted in anything, it is in the discovery that there are more people engaged in the production than there are in the manufacture of the leaf. It has been asserted, -with a good deal of emphasis, that the manufactured tobacco of America is the product of negro labour; but it must be remembered that the leaf imported is also the product of that labour. We can grow tobacco in Queensland, and the cultivation requires far more care than does an ordinary crop, owing to insect pests and other causes. But even when the best is done, it is essential that there should be certain constituents in the soil in order to produce tobacco fit for people to smoke. I have been a smoker for over 30 years and I have never yet found a colonial tobacco which I could use. I do not say that good tobacco will never be produced in Australia, but we have not arrived at that point yet. Speaking of Queensland, I can say that the consumption of imported leaf has gone down to 34,000 lbs. The night before the poll was taken in -connexion with the federal elections I addressed a large meeting at Ipswich, and I was asked what I intended to do with regard to the tobacco duties. I stated then that I thought the duty was far too heavy, and that the difference between the duties on the imported tobacco and the locally manufactured article was far too great. The audience, which consisted of fully 1,000 people, loudly cheered my remarks. I know that the smokers of Queensland want good tobacco, and the reason the local leaf has taken such a hold upon the market is that Queensland produces tobacco superior to that grown in the other States. If we are going in for protection we should first endeavour to protect the man who is tilling the soil. It is said that our greatest national asset is our land, but our land is useless unless labour is applied to it. The duties now proposed will have the same result as was brought about in Queensland under the previous Tariff. While the consumption of local leaf has been decreasing, the consumption of the imported leaf has been growing by leaps and bounds in all the States, except Queensland. I have a statement here showing how matters stand in New South Wales and Victoria. In New South Wales the quantity of manufactured tobacco imported in 1897 was 924,707 lbs., whereas in 1900 the imports had fallen to 858,053 lbs., or a decrease of 66,654 lbs. This deficiency was made up, not by using locally grown leaf, but by sending for the leaf grown by the negro labour of America. The imported leaf used in the local manufacture of tobacco increased from 683,928 lbs. in 1897 to 1,181,668 lbs. in 1900, whilst the quantity of local leaf used declined from 1,188,808 lbs. in 1897 to 996,988 lbs. in 1900. The difference in the duties has not been sufficient to stimulate the production of the leaf in the State itself. In Victoria the figures are still more striking. In 1897 the manufactured tobacco imported amounted to 988,113 lbs., and in 1900 the importations had fallen to 745,027 lbs. The deficiency in this case was not made up by the use of locally grown leaf, but by the utilization of imported leaf, because the imports of leaf tobacco increased from 640,433 lbs. in 1897 to 1,328,77 lbs. in 1900, whilst the quantity of locally grown leaf utilised, decreased from 406,315 lbs. in 1897 to 120,253 lbs. in 1900. The duty in this case also failed to stimulate the primary producer, but the result has been to largely enrich a few manufacturers whose employes have not benefited to any great extent. I am sure that the difference between the cost of making a pound of tobacco in America and manufacturing a similar quantity in Australia does not amount to more than three halfpence, and against that freight and insurance charges have to be taken into consideration.

Mr Page

- How much do the freight and insurance charges amount to 1

Mr WILKINSON

- Very little, I admit, but leaving that out of consideration altogether, there would still be a margin of 4Jd. per lb. in favour of the local manufacturer if there were 6d. difference between the duties levied upon the imported and the locally made articles. That I think would be a sufficient margin. The figures quoted by the honorable member for Parramatta in reference to a certain tobacco manufacturer in Victoria were quite correct. The capital employed in the business was £35,000 in cash, but the shares were watered, up to £50,000, and for the last half-year the shareholders received dividends amounting to £40,000. Under these circumstances, I think that we might very well reduce the difference between the duties levied upon the imported tobacco and that locally manufactured, and still permit the manufacturers to make a profit, and pay their employes good wages. The effect which these duties will have upon the revenue is a matter of concern to the Treasurer, and I quite agree with the last speaker, that when taxation is so reduced as

to bring articles within the reach of the great mass of the people, a larger revenue will be derived than if high duties are imposed. I believe that if the import duty on manufactured tobacco were reduced to 3s. per lb. a larger revenue would be derived in Queensland than from the 4s. rate, which has hitherto been levied there. The high duty has placed imported tobacco beyond the reach of men in receipt of a low wage ; but if the price were reduced by 1s., very many people, who have been buying colonial tobacco, would purchase the imported article, and thus swell the revenue. I shall give my vote in the direction of reducing the difference between the duties on the locally manufactured and the imported article.

Progress reported.

ADJOURNMENT

The Christmas Recess - Cable Communication - Cost of Printing Papers

Motion (by Mr. Kingston) proposed -

That the House do now adjourn.

Mr POYNTON

- I wish to direct the attention of the Minister for Home Affairs to the statement which appears in to-day's newspapers in reference to what they term the Christmas adjournment of Parliament. It is stated that honorable members representing South Australia are distinctly opposed to a six weeks' adjournment, and favour a recess extending over only a fortnight, whereas the representatives of Western Australia desire that the House shall be adjourned for six weeks, so as to enable them to get home for Christmas. So far as I know, no honorable members on this side of the House have approached the Government, or suggested that there should be only a fortnight's adjournment. It is suggested that the Government are going to consider this matter on Tuesday next, and I desire to intimate that, so far as I know, honorable members are not opposed to such an adjournment as will enable the representatives from Western Australia to go home at least once during this session.

Mr PIESSE

- I trust 'that before this matter is dealt with we shall have an opportunity of considering whether we cannot transact the public business a little more expeditiously than at present. The prospect of having to sit here for several months longer is not a pleasant one, and I hope it will be possible for the leaders on both sides, to come to some arrangement which will not only meet the convenience of members, but facilitate the passing of the very important legislation before us.

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Mr JOSEPH COOK

- I desire to ask the Minister representing the Postmaster-General what the position is in regard to cable matters. I should like to know whether the Ministry have come to any final decision upon the question of cable communication. From time to time reports are published in the newspapers to the effect that the Government have found out this, that, and the other with regard to the agreement with the Eastern Extension Company, and it appears to me that after twelve months, the Government ought to be able to make up their mind as to what they are going to do. This is a pressing matter, as it seems that the American people are getting ahead of us in the Pacific, and that unless we move very soon, the position will be rendered very difficult for us. I would ask if the Government have arrived at any decision, and if so, what it is. I also wish to know whether it is true that the Postmaster-General of New South Wales has actually made an agreement which cannot be terminated except by mutual consent. If that is true, the position of affairs is most extraordinary, notwithstanding the explanation offered by the Postmaster-General of New South Wales. In my opinion, his statement is no explanation.

Mr MAHON

- I wish to know whether the Government intend to obey the orders of this House ? On October 2 this House passed the following resolution -

That every paper, petition, return, or other document, except Bills, presented to Parliament, and ordered to be printed, should, when printed, bear on the face thereof a statement showing - (a) Cost of preparation ; (6) Number of copies printed; and (c) Approximate cost of printing and publishing the same. I have here a paper, "Correspondence relating to British New Guinea," which has been printed since this resolution was arrived at, but the particulars which the House ordered should appear, are not given. I have also a petition in reference to the kanaka traffic in Queensland which does not convey the information indicated in the resolution. Are we simply wasting our time in passing these resolutions?

Minister for Home Affairs

Sir WILLIAM LYNE

. - In reference to the question raised by the honorable member for South Australia, Mr. Poynton, the Government have not considered the adjournment at Christmas. It would be well, if it were possible, to transact the public business a little more expeditiously than we have been doing during the last few days. If we do not get along a little faster we shall be here not only till next Christmas but till Christmas next year. The suggestion made by the honorable member for Tasmania, Mr. Piesse, is a very good one, and I think that some arrangement might be arrived at which would have the effect of shortening the time spent in the transaction of public business. As far as the adjournment is concerned, I do not think the Cabinet has discussed the matter as to whether it should extend over one week, ten days, a fortnight, or five or six weeks ; therefore there is no foundation for the statements appearing in the press.

Mr Kirwan

- The Government ought to consider honorable members who come from distant States.

Sir WILLIAM LYNE

- That will doubtless be done. If Parliament adjourns for five or six weeks, we shall probably have to commence a session in the middle of next autumn, and that would mean a continuous sitting throughout next year. However, the matter has not been discussed by the Government, but it will probably be dealt with next week. With regard to the question raised by the honorable member for Parramatta, an agreement has been entered into between the State of New South Wales and the Eastern Extension Company, and that is a binding agreement. But the Government have not dealt finally with the question of the Pacific cable. They have merely decided to assist in every possible way in carrying the project to a successful issue. It is impossible to say at present how long the agreement which has been made with the Eastern Extension Company will continue. But it is a binding agreement, and; will have to be dealt with as such. With reference to the question raised by the honorable member for Coolgardie, I understand that the document which he holds in his hand is one not laid upon the table of the House, but was printed as a proof for the Prime Minister.

Mr Mahon

- It was presented to Parliament.

Sir WILLIAM LYNE

- It was sent to the Prime Minister as a proof copy. I have no doubt that if there has been any omission in not placing upon the face of documents the cost of printing, according to the direction of the House, it has been unavoidable. There is no desire on the part of the Government to prevent information being supplied to honorable members in accordance with the direction of the House. I shall bring the subject under the notice of the Prime Minister, and I have not the slightest doubt that, whatever omissions may have occurred in the past, the matter will be attended to in the future.

Question resolved in the affirmative.

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15:52:00

House adjourned 3.52 p.m.