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1901-11-14

House of Representatives

Mr. Speaker took the chair at 2.30 p.m., and read prayers.

QUESTIONS

MILITARY COMMANDANT

Minister for External Affairs

Mr BARTON

. - Some time ago questions were asked me concerning the appointment of a General Officer to command the forces of the Commonwealth, and I now wish to take the House into my confidence as far as possible, by saying that we anticipate to be able, within a few days, to announce to honorable members an appointment at the salary provided for in the Estimates. This is not the stage at which to mention names, or I should willingly do so. The mention of names just now might prejudice the negotiations which are in progress ; but I am happy to announce that there is an early prospect of the Government accepting the responsibility of making an appointment.

UNUSED POSTAGE STAMPS

Mr MAHON

asked the Minister representing the Postmaster-General, upon notice -

Whether postmasters in some of the Australian States are permitted to purchase from the public unused postage stamps ?

Whether this practice exists in Western Australia ; and, if not, will the Postmaster-General consider the advisability of extending this convenience to the public, and rendering the practice of the department uniform in this regard ?

Minister (without portfolio)

Sir PHILIP FYSH

- The questions will be answered as soon as the necessary information, which is now being obtained, is received.

TRANSCONTINENTAL RAILWAY

Mr POYNTON

asked the Prime Minister, upon notice -

If he has had his attention drawn to the following resolution carried by the House of Assembly of South Australia : - " That, pending the construction of an Inter-State railway to Western Australia, it is desirable that the first section of a line of 100 miles from Port Augusta should be constructed as soon as possible, providing the Federal Government agree to adopt the line as the first section by railway from Port Augusta to Western Australia, and approve of the route."

What action, if any, does he propose to take with reference to such resolution ?

Mr BARTON

- The answers to the honorable member's questions are as follow : -

Yes.

The Government will give the matter consideration.

INDUSTRIAL BONUSES

Mr JOSEPH COOK

asked the Prime Minister, upon notice -

Did the Prime Minister, as reported, discuss the question of industrial bonuses with the State Premiers at their recent conference?

If so, will he kindly say if he consulted them in their official or private capacities, and for what purpose ?

Mr BARTON

- In reply to the honorable member's questions, I have to say -

The extent of the discussion was the placing before the State Premiers of the information already given to this House with regard to the bonuses to be proposed by this Government.

The conference was an official one, and the purpose of my statement was to enable the State Governments, before ordering iron supplies, to know that the question of bonuses would be dealt with by the Federal Parliament.

INCREMENTS : POSTAL DEPARTMENT

Mr HUGHES

asked the Minister representing the Postmaster-General, upon notice -

Whether it is the intention of the Postmaster-General to pay the increments referred to in question No. 6 of the 12th instant, i.e., those for the year ended 30th June, 1901 ?

<page>7291</page>

Sir PHILIP FYSH

- The answer to the honorable member's question is -

It is not the intention of the Postmaster-General to pay increments for the year ended 30th. June, 1901, which were not payable at the date on which the department was transferred under the regulations under the Public Service Act of New South Wales.

Mr JOSEPH COOK

asked the Minister representing the Postmaster-General, upon notice -

Is the Postmaster-General aware that a large number of junior officers in the general and other divisions in the New South Wales department have received no increments this year !

Is it intended they shall receive them, and will the increments date back to 1st July last, when they became due ?

Sir PHILIP FYSH

- The answers to the honorable member's questions are as follow : -

The Postmaster-General is aware that the officers referred to have received no increments this year.

Such increments can not be paid until they have been approved by Parliament.

It is intended that they shall receive them, and the increments will date back to 1st July, or the date when they became due.

FEDERAL CAPITAL SITE

Mr JOSEPH COOK

asked the Minister for Home Affairs, upon notice -

Has he received proposals regarding the federal capital site from Mr. Alex. Wilson, of Sydney ?

If so, what steps have been taken in the matter ?

Minister for Home Affairs

Sir WILLIAM LYNE

- The answers to the honorable member's questions are as follow : -

No ; but a letter was received by the Prime Minister from Mr. Wilson.

I do not consider it desirable to adopt the suggestions made.

NEW PUBLIC WORKS

Mr JOSEPH COOK

asked the Treasurer, upon notice -

Is it a fact that the ordinary and necessary expansion of the public services, such as post-offices, telephones,&c., is at a stand-still in the States for want of the requisite funds ?

If so, will he take steps to make funds available either by temporary arrangements with the State Governments or provide loan funds himself for the purpose ?

Treasurer

Sir GEORGE TURNER

- Provision was made in the last Supply Bill for the carrying out of repairs and similar works, but, with regard to new works, it will be impossible for the Commonwealth Government to allow the State Governments to provide money for any of its purposes. I hope, however, to be able shortly to introduce a Bill to enable me to raise a certain amount of money by way of loan. I am endeavouring to finance really urgent cases out of the Treasurer's advance vote, but, as the amount is a small one, I could not undertake any large works. I hope when the Tariff is out of the way to submit proposals for expenditure upon new works, and an early date may be taken for introducing a Loan Bill.

DIFFERENTIAL WHARFAGE RATES

Sir EDWARD BRADDON

asked the Minister for Trade and Customs, upon notice -

Whether the practice, which has been adopted in some States, of levying differential wharfage rates upon

goods from other States, and similar goods passing from port to port within the State, is not wholly inconsistent with the spirit and letter of the Constitution, which declares that trade, commerce, and intercourse among the States shall be absolutely free ?

Minister for Trade and Customs

Mr KINGSTON

- This differentiation upon the imposition of uniform duties of customs, appears to this Government to be unconstitutional.

PROTECTIVE DUTIES

Mr MAHON

asked the Prime Minister, upon notice -

What measures, if any, the Government intend submitting to this House to compel manufacturers whose commodities are enjoying the benefits of protective duties (a) to divide equitably with their employes the profits derivable from such protective duties ; and (b) to employ only male adult labour in the production of such protected commodities.

Mr BARTON

- In reply to the honorable member's question -

I fear that the Federal Government has no power to legislate in the direction indicated excepting, under section 51, sub-section (37), by request of the States. The States, however, have full power to legislate.

THE TARIFF

<page>7292</page>

In Committee of Ways and Means :

Consideration resumed from 13th November (vide page 7234).

Item 2 : Spirits, viz. -

Spirits, and spirituous compounds, n.e.i., when not exceeding the strength of proof, per gallon, 14s.

When exceeding the strength of proof, per proof gallon, 14s.

Amylic Alcohol and Fusel Oil, per gallon, 14s.

Methylated and Collodion, per gallon, 3s.

Perfumed and Bay Rum, per gallon, 25s.

Upon which Mr. V. L. Solomon had moved, by way of amendment -

That after the amount "14s.," line 4, the words " with an allowance for under-proof up to 16.5 "be inserted.

Sir GEORGE TURNER

- With the indulgence of the committee, I wish to make, before we proceed to deal further with the Tariff, a short statement "which may relieve some of the anxieties in the minds of the public. For some time past the Minister for Trade and Customs and myself have been considering the objections which have been raised to some of the items, and we have made certain representations to the Cabinet; though honorable members will realize that the members of the Cabinet have little opportunity for meeting to fully consider these matters. Considerable objection has been raised in commercial circles to what is generally termed the package duty, which is generally ascribed to the Tariff proposals, though, as a matter of fact, the Tariff has nothing whatever to do with it, Parliament having enacted in the Customs Act that the value of goods upon which duty must be paid shall be taken as their value free on board at the port of export. The usual practice used to be to take the value of the goods in the principal markets of the country of export, and add 10 per cent., but the provision in the Customs Act makes it incumbent upon the Customs officials to charge the duty upon the rates levied in connexion with the packing of the goods, and the conveyance of them to our ports. That provision was inserted in the Act because we had ascertained from the various Custom-houses that in some countries there is a practice of charging upon the invoices a lower price for goods than their actual value, and increasing the charges for packing to make up. Experience has shown, however, that in order to prevent that fraud we have, to a certain extent, penalized those who deal honestly with us.

Sir William McMillan

- The Customs authorities ought to act upon the assumption that the people with whom they have to deal are honest.

<page>7293</page>

Sir GEORGE TURNER

- We have found that we are treating importers somewhat harshly, and that the provision in the Customs Act gives rise to anomalies and to friction. Under these circumstances, the Minister for Trade and Customs has determined to discontinue the collection of the extra duty from to-morrow, and we hope to be able to devise some other means whereby, without putting extra burdens upon those who deal fairly and honestly with us, we shall be able to make those who attempt to defraud the Customs pay what they ought to pay. The large majority of merchants deal honestly with us, but in some cases the invoices that we get do not fairly state the prices of the goods, and where that happens, dishonest importers are able to improperly compete with those who are trading fairly. There are also certain duties in the Tariff which have not operated as we expected, and have caused friction. We, of course, desire to work as harmoniously as possible with those who have dealings with the Customs, and it is to the interest of both parties that the best feelings should exist. Three of the duties complained of are duties upon articles in regard to which we have laid down the rule that there shall be a charge upon the cubic measurement. We had a similar rule in regard to some items in the Victorian Tariff, but I do not know that it was in existence in any of the other States, and the trouble which has arisen in the working of the Commonwealth Tariff did not arise in Victoria. This rule applies to item 85 - earthenware, &c. - to item 89 - glassware - and to item 92 - monumental stone, &c. the duty in the first case being 6d. per cubic foot and 15 per cent., ad valorem, in the second case 8d. per cubic foot and 15 per cent., ad valorem, and in the third case 5s. per cubic foot and 15 per cent. ad valorem. We propose to substitute from to-morrow the following duties : - For earthenware and glassware - items 85 and 89 - 20 per cent., without measurement charge ; and for monumental stone - item 92 - 5s. per cubic foot, without the ad valorem duty. There are also articles upon which what are known as composite duties are charged, and while we consider some of these duties right and justifiable, further information leads us to believe that in other cases they operate unfairly towards importers. So far we have not been able to fully consider the objections raised in every case, but we have considered the objections in some cases, and I intend to mention those which may come under the cognisance of honorable members to-day or to-morrow. The first composite duty is that upon cigars, which are charged 5s. 6d. per lb. and 15 per cent. ad valorem. We think that those are charges which we can justify, and we therefore propose to ask the committee to allow them to stand. With regard to the duties on cocoa, chocolate, and confectionery - item 17 - which are 2d. per lb. and 15 per cent. ad valorem,, as the amount imported is comparatively small, and as the duties have created some anomalies, because some of the articles to which they apply are the raw material of certain industries, we intend to reduce the duty to 2d. per lb., and abandon the 15 per cent. ad valorem. In the item of tea, which of course is a very important one, from which a considerable amount of revenue is derived in all the States - and I believe in all countries where they have duties as a means of raising revenue - our proposal was that there should be a duty of 2d. per lb. on ordinary tea and 3d. per lb. upon packet tea, plus, in both cases, 20 per cent. We have had some little experience in the working of these duties, and it does appear that it would be very difficult, from a departmental point of view, to collect them in the manner which we have pursued. It would probably involve the necessity of having all tea tested, and would create a good deal of trouble to those who import tea, and probably a considerable amount of friction. As time wore on, these difficulties might possibly be overcome, but there would always be a considerable amount of trouble in arriving at the true value of the tea sent here, and while treating fairly with those who send proper invoices, we might, in dealing with China and other countries, have invoices upon which we could not rely.

Mr Cameron

- Would not that also apply to cigars ?

Sir GEORGE TURNER

- I do not think so.

Mr Cameron

- I can prove that it will.

Sir GEORGE TURNER

- I do not think that it will apply to cigars to the same extent. As far as we can investigate the matter, it seems much more easy to determine the fair value of cigars than to arrive at the ever varying value of tea. With regard to tea, we propose to abandon the composite duty, and ask the House to impose a duty of 3d. per lb. upon ordinary tea and 4d. per lb. upon packet, tea.

Mr V L SOLOMON

- Why should there be an additional charge upon packet tea 1

Sir GEORGE TURNER

- We can discuss that when we come to the item. I am making this short statement in order to acquaint honorable members with, the intentions of the Government. These are the I only matters with which we have had an opportunity of dealing up to the present time, but on Tuesday next we shall be prepared to mention to the committee all the other matters in regard to which we think we may fairly ask the House to make alterations in the proposals which have been submitted. There are a number of items, such as tea, rice, kerosene, and cotton goods, which are looked upon as practically only revenue duties, and it will be a matter for our consideration whether we shall not ask the committee to deal first with the rest of the Tariff, in order that we may see how it is finally settled, allowing these four large revenue-producing, items to stand over. In the meantime we shall have some experience of the revenue-producing power of the other items,, and that will guide us in asking the House to take a certain course in regard to the purely revenue-producing items I have mentioned. It will be well for honorable members to turn this suggestion over in their minds so that we may be able to readily ascertain the feeling of the committee when we come to the items. These are all the matters which up to the present we have been able to determine, but on Tuesday next we shall make a statement with reference to any other items upon which alterations may seem to be advisable* and mention exactly what changes we are prepared to suggest.

Mr REID

- I regret I did not hear the beginning of the very important announcement made by the Treasurer. In the first place I wish to say that the course which the Government have taken absolutely justified the action of the Opposition in asking Ministers to make some such statement.

The CHAIRMAN

- Order ! The Treasurer asked the concurrence of the committee to permit of his making a general statement, and I presume that it is the wish of honorable members that the leader of the Opposition should be permitted to reply to the statement which has been made.

Honorable Members. - Hear, hear.

<page>7294</page>

Mr REID

- I congratulate the Government on. the fact that, although yesterday nothing had been decided, they have been able to-day, after a month of indecision, to make up their minds, within a few hours upon a number of important matters.. This only shows the healthy stimulus which is capable of being imparted by a vigorous opposition to the movements of His

Majesty's Ministers. Some of the announcements of the Treasurer are naturally hailed with pleasure by the Opposition, because, as honorable members know, we made a very strong attack upon a large number of items in the Tariff. Our complaints in regard to a small number of items have now been removed, but I understand that the statement of the Treasurer is only an instalment of favours to come. This is a preliminary announcement of the reductions in the stock-in-trade of His Majesty's Government. I heartily congratulate Ministers in so far as their revised and reconsidered decisions tend to bring the Tariff more in harmony with sound principles, and I hope that having, in view of the storm of indignation in this House and everywhere else against the composite rates, agreed to remove some of them, the Government will see their way to go further and remove all of them. I think it will conduce to straightforward dealing if the public are allowed to know what those duties really mean in point of rate and impost. I think one of the least concessions Parliament can make to the public in the interests of an intelligent understanding of the system of taxation under which they live, is that the rates of taxation should not be cunningly concealed. The rate of taxation by the foot measurement is an absolute disguise as to the incidence of taxation, and it is adopted for that purpose. Ministers have not invented this composite rate - it was in existence in Victoria.

Sir William Lyne

- It was in existence in the United States and in Canada.

Mr REID

- Of course, I know it was in existence in other countries as well.

Sir George Turner

- We had no composite rates in Victoria. We had a duty of 2d. per lb. on confectionery, and an ad valorem duty of 25 per cent. on confectionery valued over 1s. per lb.; but it was not a composite duty.

Mr REID

- I understood that the Victorian Tariff contained certain measurement rates.

Sir George Turner

- In one or two instances only.

Mr REID

- That is a very old-fashioned and barbarous way of fixing the incidence of a Tariff, and it really constitutes a disguise. Did I understand the Treasurer to state that in carrying out this principle of uncloaking the true designs of the Government with regard to certain articles of common use, the Government intend to uncloak the true proportion of the duties on boots and shoes and articles of clothing?

Sir George Turner

- I did not mention those.

Mr REID

- I hope the soul of the Treasurer, now that it has entered upon the path of reform, will rise from crockery to boots and shoes and articles of clothing. I do not wish to enter into a general discussion at this stage, but I shall wait with interest the explanation of the Government as to their method of proceeding, if they agree to remove some of the composite rates and not all of them. I admit that we cannot expect an explanation at present, but I shall await developments with great interest. In the meantime, I have received the announcements of the Treasurer with the greatest possible pleasure, and now that we have enlightened Ministers sufficiently to bring them more into line with our views, our utmost efforts will be devoted to further that beneficial process, so that at least we can have a Tariff which we need not fight to the very death. I hope that will be the outcome of the reconsideration of the Tariff by Ministers. Might I ask the Treasurer, regarding a matter which is almost as important as crockery, what decision Ministers have arrived at in respect to the inclusion of agricultural machinery in the free list? I cannot understand why they should reduce the duty on crockery and not include machinery and agricultural implements in the free list. I am glad to see that tombstones have been considered, because this fact affords touching proof of the conviction of the Government that they are on the high way to their own graves, and that they are getting ready for a fitting monument. Are we to understand that agricultural implements are to be placed on the free list?

Sir George Turner

- I said nothing about that.

Mr REID

- Well, I feel sure, the public will see with great satisfaction this announcement of the Treasurer; as indicating something in the way of a reduction of existing proposals.

Sir George Turner

- It does not follow that they are reductions.

<page>7295</page>

Mr REID

- However, as to the composite rates, we shall know where we are if the Government propose to increase the duties in cases where they abandon the composite rates, and we shall have a pretty considerable fight to abolish them all if the Government do not save us the trouble by withdrawing them. As Ministers have been able to decide since yesterday upon all these items, I hope they will be able to decide by to-morrow with reference to agricultural implements.

Sir George Turner

- I have told the right honorable member that I shall make another statement on Tuesday.

Mr REID

- In the meantime we are much obliged for the reduction of duty on crockery, and we wish Ministers to tell us on Tuesday that they will put agricultural and mining machinery on the free list. I am sure that this is a request that will come from honorable members sitting behind the Ministers as strongly as from those on this side.

Mr Mauger

- The right honorable gentleman must not make any mistake about that

Mr REID

- I confidently expect that some honorable members who represent farming constituencies, especially members who ran on a low line of Tariff when they were before their constituents, will go a little further and ask that agricultural machinery and implements may be placed on the free list. I hope Ministers will save a long debate and a long controversy by putting these articles on the free list, and also that they will abandon the brilliant project of transferring the butter-box industry to Melbourne by means of the butter-box logs. I hope Ministers have discovered the folly of trying to perform that operation, and that they will abandon the duty on butter-boxes, because this is a matter of great importance to thousands of people. What is the use of giving bonuses to people with one hand, and, with the other, handicapping them by burdens? No one knows who gets the bonuses, but every one knows who gets the benefit of free butter-boxes. There are a number of other objections in connexion with the Tariff which we hope Ministers will remove. There are the enormous duties running up to 60 per cent., 70 per cent., and sometimes to 100 per cent.

The CHAIRMAN

- The right honorable gentleman is not now replying to the statement of the Treasurer.

Mr REID

- There is another matter in connexion with which Ministers have hauled down their flag, and I again congratulate the Government on at last arriving at the stage of fit repentance. I refer to the infamous charges on packing and on cases containing goods.

Sir George Turner

- That is a reflection on Parliament. That is done under an Act of Parliament.

Mr REID

- I do not care whether it is done under an Act of Parliament. Parliament has no sacred divinity that we cannot criticise it, just as we can criticise Ministers, and no one criticises Parliament more freely than the Treasurer when he has occasion to find fault. There is no offence in my remark; at least, there is no imputation of any personal motive. I am referring to these charges simply as a very mistaken and most deceptive course of action. Is there a man, excepting the Customs authorities, who knew when we were listening to the speech of the Minister for Trade and Customs in announcing these duties - or did the right honorable gentleman tell the House - that they would be charged on the bringing of the goods down to a port of shipment, and on the cases and packing? The right honorable gentleman may have said that that was so, because he sometimes says a great deal to himself, which we do not hear; but I did not hear him say this.

Sir Malcolm McEacharn

- It was very well known.

<page>7296</page>

Mr REID

- It was well known, no doubt, to mercantile gentlemen who have a pecuniary interest in these matters. If it had been my pecuniary interest, I should have taken trouble to look into the matter, as any business man would. This is a matter which affects all business men very keenly, but to men in other occupations, it does not come home so vividly, and consequently may be overlooked. Speaking for myself, I never dreamt when the Minister for Trade and Customs announced the percentages on the articles, that there was to be the same percentage on the cases which contained them. It is perfectly obvious that had we known such a duty was to be imposed, a great deal more would have been heard about the matter when the Customs Bill was under consideration, and I, at any rate, should have had some strong observations to make.

Sir Malcolm McEacharn

- I fancy there was a discussion on the matter.

Mr REID

- I do not think that at the time I had an opportunity of joining in any discussion; at any rate, I have no recollection of it. But whether that be so or not, what we have reason to be pleased with is, that notwithstanding that the Government put this provision in the Customs Act, and came down to the House fully intending the Act to have that effect, they now, within a few hours after an Opposition attack, suddenly discover that it is necessary to undo that Act. If the Government had not brought down this

infamous proposal, we should have been saved a world of time in attacking and discussing it, but now we are happy in the reflection that our attack has had a fruitful result. For the first time in his life the Minister for Trade and Custom is eating humble pie and admitting that that Tariff, which was to astonish the world, is full of imperfections. With reference to the remaining articles in the Tariff, I strongly urge the Ministers in the interests of the public, and in the interests of saving time, to put mining and agricultural machinery on the free list, and to reduce duties which now reach 100 per cent., down to an ordinary level. It would not be fair to enter into a general discussion at the present time, and I am very much obliged to the committee for having allowed me to make these remarks.

Mr KINGSTON

The CHAIRMAN

- I must point out to the Minister for Trade and Customs that, while I have no desire whatever to curtail debate, it would be altogether out of order for him to speak now on the general statement of the Treasurer. Concurrence was sought by the Treasurer and by the leader of the Opposition, and the discussion has already gone a little beyond the proper limit. If the Minister for Trade and Customs now continues the discussion, it must be with concurrence, and I wish the committee to understand that, when he has concluded, I shall then put the item.

Mr REID

- Surely my honorable friend, the honorable member for Wentworth, will be permitted to reply if the Minister of Trade and Customs is permitted to make general observations?

Mr KINGSTON

- On the point as to whether I ought to have the right to speak, I should like to say that, while I should enjoy the opportunity very much, I am afraid it might interfere with the business of the committee, and under those circumstances I shall be delighted to abandon my intention.

Sir EDWARD BRADDON

- The document which shows the varying Tariffs of the different States of the Commonwealth, and of Canada and New Zealand, is one that would be eminently useful to us if it were correct.

Mr Watson

- Unfortunately it is not correct.

Sir EDWARD BRADDON

- It is not correct, and I was going to point to one glaring error, which may be, though it probably is not, the only one. I refer to the duties on wines.

The CHAIRMAN

- We are now dealing with an item, and the committee have clearly and distinctly determined that honorable members must be restricted to that item.

Sir EDWARD BRADDON

- It is in the interests of all that the document to which I have referred should be correct.

Mr KINGSTON

- With the permission of the committee I might make a statement. Attention has been called to errors in this document, which, of course, was hurriedly prepared, though prepared on the best authority available. It is difficult when taking out a number of items to ascertain exactly how they operate in each particular State, but we did the best we could with the assistance available here. Finding there were errors we have taken the precaution of submitting the document to the highest authorities in each State. I believe the list is now complete, and I hope the revised comparative Tariff will be available not later than to-morrow.

Mr V L SOLOMON

- For the benefit of many honorable members who were not present yesterday, I should like to put the position before the committee.

Sir George Turner

- Then we shall have the whole discussion over again, although I have already replied.

<page>7297</page>

Mr V L SOLOMON

- The Treasurer will recognise that this is a point on which I intend to divide the committee, and, if it be necessary, to even have the whole discussion over again. Arguments which were presented from this side of the House have been jeered at and sneered at by a section of the press as a waste of time, but

they have evidently had a great deal of effect ; and, perhaps, a little reiteration on a particular point may add to that good effect. Yesterday an amendment to reduce the duty on spirits from 14s. to 13s. was lost on a division. The argument in favour of the amendment was that 'the high duty would lead, not to an increase of revenue, but to a decrease, and I pointed out that in one of the smaller States, and in the largest State of the Commonwealth, although the duty on proof spirit was set down at a certain sum, there was an allowance for under proof. The effect of that allowance in South Australia was that, instead of the duty being 15s. on case spirits, which generally include all the best and most reliable brands of a strength of 16.5 under proof, it was only 12s. 6d. per gallon. I quoted figures showing that in South Australia the result of the allowance was that the people received the very best brands of imported spirits, bottled, corked and capsuled in the distilleries of the firm whose names were attached. In that State there is received twice as much case whisky and brandy under proof, as of bulk whisky and brandy. On the other hand, in Victoria, where they had a duty of 12s. per gallon levied on proof and under-proof spirits, and where it was no advantage to introduce case spirits or under-proof spirits, the result was quite different. The result was that the quantity of bulk whisky imported into Victoria was more than double that of case whisky, that the good brands which the people can rely upon and see in bottles, securely corked and labelled, were not imported in anything like the same ratio that they were imported into South Australia. I have since endeavoured to ascertain the position in regard to New South Wales but I find that it is impossible to separate the importation into that State of case spirits from the importation of bulk spirits. It seems to be absolutely demonstrated, however, so far as South Australia and Victoria are concerned, that in the State in which there was an allowance made for under-proof spirits the importation of case spirits of known and well-matured brands exceeded that of bulk spirits by more than two to one, whilst in the other States in which the ordinary rate of duty was formerly charged upon the spirits, irrespective of whether they were proof or under-proof, the result was exactly the reverse. Whether these proof spirits, before being supplied to the public, were broken down in a simple way, or whether that object was achieved by means of inferior colonial spirits is a matter that is probably better known to Victorians than to myself. If we insist upon duty being paid upon proof spirits without making any allowance for under-proof spirits, we shall be offering to the distillers of the old country an absolute premium to send out nothing but proof spirits, and to the wine and spirit merchants of Australia to indulge in all sorts of adulteration. I venture to think that the revenue will be better off under the system which I suggest than under the Government proposals. If it were otherwise, how is it that the South Australian Government, of which the present Minister for Trade and Customs was the head for some five or six years, never saw fit to alter the incidence of the taxation upon spirits, despite the fact that Tariff alterations were made during that period, which was one of great financial difficulty ? One firm in Victoria, whose names I shall not mention, puts the position thus -

The levying of the duty on the basis of per proof gallon, with no allowance for under-proof, acts as a deterrent to the importation of old matured spirits, as the trade decline to buy a bulk spirit of an under-proof strength, because by the difference between proof and milder-proof the importation is the cost of the spirit per gallon increased. This, to our knowledge, has had to be overcome by distillers and blenders on the other side of the world in their shipments to such of these States as have not had the advantage of a duty providing for an under-proof strength, adding a percentage of pure spirit sufficient to raise the shipping strength to a few degrees (about 3 degrees) over proof .

Is that the sort of thing that we wish to encourage? While endeavouring, to the best of our ability, to protect the revenue of the Commonwealth, surely we desire to encourage the importation of the best class of spirits for the purposes of public consumption. At any rate, we do not desire to encourage the introduction, in bulk, of spirits which are not pure, which have to be broken down, manipulated, and, perhaps, adulterated with colonial spirits, with water, or with a host of other things that are known to the trade, and which are afterwards vended to the people of Australia.

Mr Page

- What is the difference between breaking down the spirits at home and breaking them down here ?

Mr V L SOLOMON

- The spirits come from the old country under the brands of distillers who have a reputation at stake, and whose reputation would not live six months in the opinion of the Australian public if the quality deteriorated. In that fact we have a security that the bottled spirits which are properly corked and labelled,

and which come off the shelves of hotels, are what they are represented to be. The Treasurer put it somewhat inadvertently yesterday that the advantage to be gained by the imposition of this duty lay in the fact that a number of people would be employed in bottling and labelling in Australia. That is a very pretty protectionist idea which I do not think has much relation to the duty upon spirits. I submit that it would be wise to adopt the system which has been in vogue in New South Wales and South Australia, of making a proper allowance for under-proof spirits not exceeding 16.5 degrees? Such a step will result in a better class of liquor being imported into the States than will be imported if we offer this absolute premium to the importers to introduce nothing but whisky, brandy, &c, up to the full strength of proof. I have not the slightest fear that the adoption of the amendment will prove detrimental to the best interests of the revenue. On the other hand I believe that the revenue will gain by encouraging the importation of such brands of case spirits as Crawford, Walker, Dawson, Catto, Buchanan, and half-a-dozen others, seeing that the distillers who bottle them are interested in keeping their quality up to a pure and proper standard. The people in Australia who consume the spirit would soon know if it went below that standard. I did not move the amendment for party reasons, and I have not even discussed it with the leader of the Opposition.

Mr PAGE

- I cannot understand the honorable member for South Australia, Mr. V. L. Solomon, making such a fuss about this matter, because if he has been in the trade he knows that what he has been telling the committee is not correct. I was in the trade for a good many years, and I know what takes place. He would have us believe that the only straightforward business people are those in England; that the Australians are all rogues, and would dish you up anything. The best spirit I ever sold while I was in the business was a spirit that came from Victoria. If water must be put into the spirits to be consumed, let it be Australian water, not English or Scotch water. Then we shall know what we are getting. No doubt an honest trader will sell spirits for a fair price, but you can get from dishonest traders what purports to be the same article for about half the money, but then you find that, instead of getting a gallon of spirit in six bottles, there is only that quantity in nine bottles, and the public are expected to take the value of their money in glassware. One honorable member said last night that the Government acted unfairly in charging duty where the actual quantity was only a gill above the reputed quantity in the case, but in my experience that never occurs. If any one needs to be protected, it is the consumer, who, in buying six bottles, instead of getting a gallon, nearly always gets a gill or two under. With regard to the quality of the imported article, some of the greatest rubbish that ever came into Australia has come in under Usher's brand, and is really not Usher's whisky at all, though it is sent here from the old country.

Mr V L SOLOMON

- It is probably bottled in Victoria from spirit imported in bulk.

<page>7299</page>

Mr PAGE

- I got some direct from the bond, and when I complained to the merchants about it they asked me to send it back, and paid the freight both ways, charging me nothing. They afterwards informed me that it was a complete fraud, and that they were glad that I had drawn attention to the matter. As a matter of fact, Usher is not a distiller, but a blender, buying whisky from the distilleries, and blending and bottling it. What is there to stop such an industry being carried on in Australia? The honorable member for South Australia, Mr. V. L. Solomon, made a great mouthful about it, but I know that in Great Britain there are two or three towns whose whole population depends upon the bottling industry, and if the Government could create such a town here, free-trader as I am, I should be ready to give them credit for what they had done. The honorable member knows that the brand on a bottle is often no index to the quality of the spirit contained in the bottle, and he must be aware that the vilest compounds are sent out to the backblocks under beautiful brands.

Mr E SOLOMON

- I shall not vote for the amendment. I find that in only two of the States is an allowance made for under-proof spirit. With regard to the duty proposed, I find that Victoria is the only State which has had a lower duty - her duty having been 12s. per gallon. New South Wales has had the same duty, and the other States have had higher duties, that of Western Australia having been 16s. per gallon. In Western Australia the people are protected by the Spurious Liquor Act, and, although there have been

prosecutions under that Act, there have not been many serious causes of complaint.

Mr. REID(East Sydney). - I am doubtful whether this is a matter in which I can follow the honorable member for South Australia, Mr. V. L. Solomon. The Government have agreed to make an allowance for all under-proof spirit now on the sea, which removes a great injustice which would otherwise have been perpetrated. So far as colonial distilled spirits are concerned, we know that there is at least one brand in Victoria and another in South Australia which are as pure as any in the world.

Mr Watson

- Pure spirit but not pure brandy. The greater part of what is sold as Joshua's brandy is New South Wales sugar spirit.

Mr REID

- I have only tested Messrs. Joshua Bros.' genuine article. There is a firm in South Australia - Tolley's - which makes as good a whisky as I have ever tested.

Question - That the words proposed to be added be so added - put.

The committee divided -

Ayes 16

Noes 34

Majority 18

Question so resolved in the negative.

Amendment negatived.

Mr CONROY

- I wish to direct attention to the fact that a large number of drugs are brought here in solution in alcohol. This is the only form in which they can be preserved, and, if the provision for the duty on " spirits and spirituous compounds n.e.i." stands as at present in the Tariff, these drugs will be subject to the full spirit duty, which will be equivalent, in some cases, to an ad valorem impost of 200 or 300 per cent., unless some special provision is made. I would suggest that the words " excepting when used for medicinal purposes " should be inserted after the letters " n.e.i. "

Mr Kingston

- That would scarcely do, because it is very difficult to say where medicine ends and spirit begins.

Mr Watson

- Some people buy quack medicines because of the spirits they contain.

<page>7300</page>

Mr CONROY

- I know that in a great many cases teetotallers do not recognise that hop bitters and various other preparations contain spirits. The articles to which I refer, however, are not patent medicines, but simply drugs in solution in alcohol. Take the case of cascara sagrada. That drug requires a solution of 30 per cent. of spirit in order to properly dissolve it. If the spirit is too weak, a large amount of precipitate is left, and the equal quality of the medicine is not maintained.

Mr Kingston

- I think we could deal with that under item 98, because cascara sagrada is without doubt a medicine.

Sir George Turner

- We can give the honorable and learned member an opportunity of discussing the question under the item relating to medicines.

Mr CONROY

- As matters stand I am afraid that cascara coming in in solution would be subject to the full spirit duty, and would thus have to pay an ad valorem, impost of over 300 per cent., because the value of the drug is only 4s. to 4s. 6d. per gallon, whereas the duty would amount to 14s.

Mr SYDNEY SMITH

- The matter referred to by the honorable and learned member for Werriwa has been brought under the notice of several honorable members. A few days ago I received a letter from a chemist in my constituency, pointing out the serious nature of the duties proposed by the Government. He says - I enclose you an invoice, just to show you the monstrous character of some of the proposed new duties on the Federal Tariff. The Witch Hazel contains less than 10 per cent., of spirit; : the duty charged is the same as upon brandy or whisky, and the price of the article is raised from 4s. 7d. to 11s. 7d.

This is an article generally used in the country. I have an invoice here from Chas. Markell and Co., of Sydney, who have charged 4s. 7d. for the article itself, and 7s. for duty upon it. Duty has been levied upon this article as if it were an ordinary spirit of proof strength, although it contains only 10 per cent. of spirit ; and thus the duty amounts to over 2s. more than the cost of the article itself.

Mr Page

- There is not a charge on the whole of it.

Mr SYDNEY SMITH

- Yes ; it is charged as though it were all spirit, and that I consider unfair. In New South Wales, if the spirit is not more than 25 per cent. proof, the duty is 3s. 6d. per gallon ; if not more than 50 per cent., the duty is 7s.; if not more than 75 per cent., the duty is 10s. 6d.; and if over 75 per cent., the duty is 14s. per gallon. In South Australia the duty is 15s. per gallon on proof spirit in some lines, and in other lines 10 per cent. ad valorem. The proposed Federal duty is 14s. per gallon, with no reduction for under proof, with an addition for over proof. I have invoices from well-known firms showing the duties which are now charged and amongst the articles mentioned is cascara, on which there is a heavy impost, in some cases amounting to 350 per cent. over the New South Wales duty. In the case first referred to the duty amounts to 160 per cent. I have here an invoice showing that 52 bottles of fluid extracts which, under the New South Wales Tariff, with an allowance for underproof, would have paid £411s., have under the new Tariff actually paid £1 8 4s. That is a very serious charge on great numbers of people throughout the country, and it affects every hospital.

Sir George Turner

- We will get over the difficulty by adopting the New South Wales plan.

Mr SYDNEY SMITH

- I am very glad the Minister has consented to take that course.

Mr THOMSON

- The right course has been taken in adopting the New South Wales duties, and I suggest that these should apply not only to medicines, but to spirituous compounds in general.

Sir George Turner

- We will adopt the provision from the New South Wales Act.

Mr THOMSON

- There is another point. The footnote to this division of the Tariff declares that in connexion with case spirits, if there is any excess over, for instance, 2 gallons, duty will be charged on 3 gallons, and the question arises whether that will apply to the articles under discussion.

Mr Kingston

- The footnote refers to certain specified articles.

Mr THOMSON

- If the footnote does not apply to the cases mentioned, my objection is removed.

Mr. MAUGER(Melbourne Ports)Methylated spirits over proof are largely used for manufacturing purposes, and I should like to know whether the same facilities as are afforded under the Victorian Act will be afforded under the new Tariff?

Mr HUME COOK

- Under the Victorian Act it is the practice to allow spirits used in manufacture to be methylated in bond.

Mr Mauger

-That is what I desire.

Mr HUME COOK

- It is desired that the same privilege may be allowed under the Commonwealth Tariff.

<page>7301</page>

The CHAIRMAN

- The item of methylated spirits is not now before the committee.

Mr. CONROY(Werriwa). - I should like to know why fusel oil is specially mentioned.

Sir George Turner

-It is specially mentioned because the question might be raised as to whether it was spirits, and the revenue be affected.

Mr. HUMECOOK. (Bourke).- From the duty on methylated and collodion the Government expect to raise

only £165 throughout the whole of Australia.

Sir George Turner

- If methylated spirits were not placed in the Tariff an immense quantity might come in and be used for improper purposes.

Mr HUME COOK

- Methylated spirits are largely used in manufactures, and as the colonial spirit will be used in any case, it seems a pity to overburden the Tariff in this way.

Sir GEORGE TURNER

- Collodion must be in the Tariff.

Mr Watson

- As there is an excise, the duty must be kept on methylated spirits.

Mr. CONROY(Werriwa).- There is a good deal in the contention of the honorable member for Bourke, but, after all, this is a matter which must be decided by the officers of the department themselves. It seems that the quantity of methylated spirits and collodion, which is supposed to pay duty, is exceedingly small. I confess I should have no objection to a fairly high duty, and I am only sorry so little revenue is anticipated. If the officers of the department report to the Minister that a duty may possibly prevent these spirits being used for improper purposes, a desirable object will have been attained.

Mr WATSON

- Honorable members apparently overlook the fact that the officers of the department estimate that, with the excise duty proposed, the colonial spirit would be methylated and used in lieu of imported spirit. It is anticipated that there will be a revenue of £165.

Sir George Turner

- That is practically from collodion ; we do not expect anything from methylated spirits.

Mr WATSON

- But still, it is from the import duty that the £165 is expected. From the excise on colonial methylated spirits the customs expect £7,800, at 6d. per gallon. There might be something in the contention that the excise should be increased, but in the meantime 3s. per gallon is a fair import duty.

Mr. CONROY(Werriwa).- The duty of 25s. per gallon on perfumery and bay rum is a high one. Will the articles stand the increase and still bring in the revenue desired ?

Mr Watson

- The duty on perfumery spirits is not increased ; it is the same in New South Wales as previously.

Mr KINGSTON

- In order to carry out the promise just now made as to the alteration of the duties on preparations which do not contain full proof spirit, I move -

That the following words be added to the item : -

Bitters, essences, fluid extracts, sarsaparilla, tinctures, medicines, infusions, and toilet preparations, containing -

Not more than 25 per cent. of proof spirit, per gallon, 3s.6d. ; not more than 50 per cent. of proof spirit, per gallon, 7s. ; not more than 75 per cent. of proof spirit, per gallon, 10s. 6d. ; if containing more than 75 per cent. of proof spirit per gallon, 14s. ; if containing spirit over proof, to be charged as spirituous compounds, per proof gallon, 14s.

Amendment agreed to.

Item, as amended, agreed to.

Item 3 : Wine, fermented, viz. : -

Sparkling, per gallon, 12s. ; n.e.i. (including medicinal or medicated and Vermouth) in bottle, per gallon, 8s. ; other, per gallon, 6s. ; containing more than 35 per cent. of proof spirit, per gallon, 14s.

Mr PAGE

- Do sparkling wines mentioned include champagne ?

Sir George Turner

- Yes.

Mr PAGE

- Why not make the duty 14s.?

Sir George Turner

- We consider that 12s. is the highest producing rate.

Mr GLYNN

- This high rate of 12s. on sparkling wines does not seem to be in accordance with the recommendations of the Victorian Tariff Commission, which reported in 1894.

Sir George Turner

- It is the present Victorian rate.

<page>7302</page>

Mr GLYNN

- A very valuable statement has been made in the form of a letter to the Minister of Customs, a copy of which I, with other honorable members, have received. In that letter objection was taken to the wine rates, and amongst others to the proposed duty of 12s. per gallon upon sparkling wines. It was pointed out that that duty would result in a comparatively small revenue, and a recommendation was made in 1894 by the Victorian Commission to fix a much lower rate.

Sir George Turner

- It was 15s per gallon in Victoria, and we reduced it to 12s.

Mr GLYNN

- I am speaking of 1894. It was certainly put in that letter that the rate on sparkling wines ought to be 8s. per gallon instead of 12s. per gallon.

Sir George Turner

- I am sure that our board did not recommend 8s.

Mr GLYNN

- Yes, the Victorian recommendation was 8s. per gallon instead of the then duty. I have the paragraph in question before me. It is contained in a very valuable letter, and I am exceedingly sorry that it was not before the committee last evening when the proposal to reduce the duty upon spirits from 14s. to 13s. per gallon was under discussion.

Sir George Turner

- The question of how much weight should be attached to it depends upon who the writer is.

Mr GLYNN

- I think we are entitled to give some weight to the opinion of the Licensed Victuallers' Association of Victoria, which seems to have devoted a good deal of attention to this subject. The letter relies not only on the reports of the Commission of 1894, but upon statements which were subsequently made in the Victorian Legislative Assembly when the report was under discussion, and when the Tariff was reopened. Quoting from the report of the commission of 1894, the Association points out that when the duties were increased, there was a considerable shrinkage in the revenue. There was a shrinkage from £42,914 in 1890-1, to £37,903 in 1891-2, to £23,432 in 1892-3, and to £14,862 in 1893-4. These figures sustain the contention that the duties resulted in a very considerable shrinkage of the revenue. To a large extent that shrinkage could not be accounted for by any greater intensity of the depression. The report states - This large decrease has been represented to us by importers as being due, in a great measure, to the high duties having placed foreign wine beyond the purchasing power of the consumers. This we believe to be the case, and we accordingly recommend a return to the rate that preceded the Tariff of 1892, viz., still wines, 6s. per gallon; sparkling wines, 8s. per gallon.

I notice that the estimated revenue to be derived from spirits is based upon the old Tariffs.

Sir George Turner

- No ; all these calculations are based upon the uniform Tariff.

Mr GLYNN

- The revenue for spirits works out exactly upon the basis of the consumption under the old duties. It is an extraordinary coincidence, at all events. However, as the Treasurer gives me his assurance that his calculations are based upon the uniform Tariff, I will not pursue the argument any further.

Mr. CONROY (Werriwa). - I desire to point out that in three of the States, namely, New South Wales, Queensland, and Western Australia, the duty which has hitherto been imposed upon sparkling wines is 10s. per gallon. Undoubtedly, Queensland and Western Australia would endeavour to derive the maximum of revenue from this source, because there was no chance of any locally made article affecting the consumption of the imported. What I fear is that if we impose too large a duty upon this line, we shall

find ourselves in the position of receiving a diminished revenue. That is the danger against which I wish to guard.

Sir George Turner

- We collect more revenue from this source in Victoria than is collected in New South Wales, although the latter State has a larger population. Sparkling wines are a pure luxury.

Mr CONROY

- I admit that they are absolutely a luxury ; and, therefore, I should like to impose the duty which will produce the maximum of revenue.

Mr Kingston

- In South Australia the duty is 1s. per gallon, but that is too high.

Mr CONROY

- Yes ; I think that is altogether too high. No Treasurer in search of revenue would dream of levying such a rate. If the Ministry can assure me that they have given this matter the fullest consideration, and that they do not think their officers have over-estimated the revenue to be derived from this source, I shall say no more in regard to it.

<page>7303</page>

Mr POYNTON

- I wish to point out that this impost really affords a 1 2s. per gallon protective duty to what is a very large industry in the States at the present time. As a matter of fact there is a considerable quantity of champagne made in Australia. A very large consumption of it took place in connexion with the recent celebrations. If the imported wines only had been used at those festivities, considerably more revenue would have resulted. I think we might fairly impose an excise duty upon sparkling wines, especially as a similar duty already exists in connexion with spirits which are distilled within the Commonwealth, and upon tobacco which is locally manufactured. The whole of Australia is now open to the locally made article, whereas in a number of States a duty of 12s. per gallon formerly operated. It seems to be a fair thing in the interests of the revenue that this industry should contribute excise.

Mr. CONROY(Werriwa). - I think that the suggestion of the honorable member for South Australia is a very good one. I fear that if large establishments for the manufacture of sparkling wines are started in Australia, the effect will be to diminish the revenue from the imported article. At the higher rate it would give about 11s. The charge in Canada does not exceed that amount, while in New Zealand it has been 9s., in Western Australia 10s., in Queensland 10s., and in New South Wales 10s.

Mr Watson

- The honorable and learned member does not object to a duty of 12s. ?

Mr CONROY

- I do not object to it so long as it is certain that it will not reduce the revenue by diminishing the importation.

Mr. THOMSON(North Sydney).- The Government propose to charge a duty of 14s. per gallon upon wine containing more than 35 per cent. of proof spirit; but in Victoria hitherto the practice has been not to charge increased duty on wine containing 40.5 percent. or less, and in New South Wales 40.7 per cent, or less, of proof spirit. In Great Britain, the practice is to charge 1s. 3d. per gallon on wine containing 30 per cent. of proof spirit ; 3s. per gallon on wine containing above 30 per cent. and not more than 42 per cent., of proof spirit ; and an extra 3d. per gallon for every degree exceeding 42 per cent. of proof spirit. It is stated by those in the trade, and representations have been made by certain Chambers of Commerce, that certain ports and sherries run up to 37 or 37.5 per cent. of proof spirit, and cannot be carried through the tropics if they do not contain over 35 per cent. When the Distillation Bill was under discussion here, it was stated that some of our sweet colonial wines could not be carried to Great Britain unless they contained a considerable percentage of spirit.

Sir Malcolm McEacharn

- Section 76 provides that no person shall sell Australian wine containing more than 35 per cent. of proof spirit.

Mr THOMSON

- The Government have no power to enforce that provision, though if a person who is fortifying or blending wines has a Customs officer to supervise the fortification, that officer can refuse to allow more

than 35 per cent. to be added to the wine.

Mr Kingston

- The Act goes further than that.

Mr THOMSON

- Yes; but as a matter of fact the Commonwealth Government could not prevent wine containing over 35 per cent. of proof spirit from being shipped to Great Britain or elsewhere, nor interfere with its sale in the local hotels. There are good sound wines of recognised brands which have been coming here for many years which contain over 35 per cent., but under 40 per cent., of proof spirit ; and it seems to me that consideration should be given to such wines. They should not be charged the full spirit duty. Another matter to which I would refer is this : A large quantity of wine is now on the water, or being shipped in execution of orders at the sources of supply, or in bond, which, under the State Tariffs, would not have been required to pay the full spirit duty, and it would be a great injustice to the importers if the duty were increased without notice. I suggest to the Minister that a certain duty should be charged for wine containing not more than 35 per cent. of proof spirit, a higher duty for wine containing not more than 40 per cent., and, if necessary, the full spirit duty for wine containing more than 40 per cent. of spirit. The Minister is in a better position to prevent the consumption of injurious imported wine than to prevent the consumption of injurious colonial wine, because the latter comes under his control only in the process of fortification, while he can, by proclamation, at once put a stop to the importation of what he considers deleterious wines. I shall not move an amendment until the Minister has had an opportunity of considering the matter.

<page>7304</page>

Sir MALCOLM McEACHARN

- I urge the Minister of Trade and Customs to make a concession in this matter. The statements made by the honorable member for North Sydney are in accordance with the information which has been supplied to me. I believe that the better class of ports and sherries cannot be brought here unless they contain over 35 per cent. of proof spirit, and hitherto such wines have been permitted to enter "Victoria, Tasmania, the other States, and New Zealand. I have here the results of tests of two samples of colonial port; one delivered in Melbourne three months ago, and the other delivered on the 12th inst. The first sample contains 39 per cent. of proof spirit, and the second 37 per cent. ; and I am informed that that amount of spirit is necessary to prevent the fermentation of the sugar in ports and sherries. In my opinion the Government will lose revenue if they insist upon the high duty now proposed upon such wines.

Mr KINGSTON

- I am sure honorable members do not wish to be unjust in this matter to either the importer or the local producer ; but lately, when the Distillation Bill was under consideration, we applied ourselves to the consideration of the question where does wine end and spirit begin, and we laid it down in the clearest terms that wine must not contain more than 35 per cent. of proof spirit. In my opinion, when a man buys wine he should not be given something almost red-hot with spirit. In the famous section over which there was so much debate, it was provided that no Australian wine should be fortified so as to contain more than 35 per cent. of proof spirit, or with any other than with pure wine spirit. It is provided that no person shall sell any Australian wine containing more than 35 per cent. of proof spirit.

Mr Thomson

- Yet it is being sold.

Mr KINGSTON

- The law may be broken, but if we get information upon which we can enforce the law, we shall take action. We find that the deliberate and well-conceived intention of the Federal Parliament is, that wine shall not be made of a greater strength than 35 per cent., and what we now propose is that if persons bring what they call wine into the Commonwealth, they shall at least be subjected to the same disabilities as the Australian wine-grower. If the imported wine contains above 35 per cent. of spirit, it shall be considered as spirit and dealt with accordingly.

Sir William McMillan

- Why not have a sliding scale to some extent, instead of having two arbitrary amounts so wide apart as 8s. and 14s.?

Mr KINGSTON

- We must define the line where one thing ends and another commences. In this connexion we have received very strong representations from representative bodies, and I shall quote one authority which will particularly interest the honorable member for North Sydney, namely, the Wine Association of New South Wales. They object to any increase over 35 per cent. of proof spirit. They contend that if local wine is restricted to 35 per cent., foreign wine should be dealt with in like manner. It has been suggested that it is necessary to highly fortify the wines that are sent out here in order to preserve them on the voyage, but the members of the Wine Association say -

Thirty per cent. of proof spirit is all that is required to fortify wine and keep it from turning sour - such wine arrives in London in good condition.

Mr Thomson

- Some of our wines that arrive in London have over 30 per cent. of spirit strength.

Mr Conroy

- A special exemption was made in favour of Australian wines under the English tariff, because they naturally ran higher in proof spirit than 30 per cent.

Mr KINGSTON

- A special exemption was made in favour of Australian wine containing a lower percentage of spirits.

Sir William McMillan

- Why not reduce the duty to 12s.?

Mr KINGSTON

- We are simply endeavouring to make our legislation consistent.

Mr Thomson

- Supposing that the law relating to Australian wine cannot be enforced?

Mr KINGSTON

- I am sure we can enforce the law, and our intention is as clear as can be. The suggestion is that whilst our local grower is handicapped we should allow the foreigner to come in and trade on more advantageous terms.

Sir William McMillan

- Will the Minister give time to those who have stocks?

<page>7305</page>

Mr KINGSTON

- Perhaps the same arrangement might be made as was agreed to with reference to the allowance for under-proof spirits. I am prepared to consider a suggestion of that kind, but I do not think the committee would really desire to insist upon our taking up a position that would place our wine-growers at a disadvantage.

Mr. THOMSON(North Sydney).- The Minister for Trade and Customs has given a great many reasons, but none are good except one, namely, that 35 per cent, is the margin of spirit strength which has been fixed for Australian wines. If. there were any power to enforce that law,, and if it were being, enforced, there might be some reason for applying a. similar rule to foreign wines ; but the Minister knows perfectly well, that if any one chooses to add 15 per cent, of spirit to a wine already containing 35 per cent, of spirit, and export it to London, there is no power on the part of the Commonwealth Government to inter fere. Furthermore, if any hotelkeeper chooses to fortify wine up to 50 per cent., the Commonwealth Government has no power whatever to interfere with him. Therefore, there is no question of restraint upon the admixture of spirit with Australian wine. I never desired that articles manufactured in the Commonwealth should be treated less advantageously than those imported, but Ministers desire that special treatment shall be given to the Australian manufacturers. Our wine-makers have not to pay one penny of duty upon Australian wine, apart from the duty charged on spirit used for fortification purposes, and they are actually encouraged to fortify their wines, because special facilities are offered for obtaining spirits for fortification purposes at a low rate of duty. I understand that the Government intend to deal with the importers of wines in the same way that they are willing to treat importers of spirits, and that with regard to wine shipped prior to the imposition of these duties they will make the same provision as in regard to spirits similarly shipped.

Sir George Turner

- We shall treat wines in the same way as we are dealing with shipments of spirits 16-5 degrees under

proof, if we are satisfied that there is no attempt to get at us.

Mr THOMSON

- The Government can easily protect themselves as to that, because the date of shipment is easily fixed. There is no use in going to a division in this matter, because the protective incidence of the duty will insure the defeat of any attempt to reduce it. I am glad, however, of the assurance that justice is to be done to the extent of allowing, some concession, with regard to goods that were ordered and shipped prior to the Tariff coming into operation. .

Mr. CONROY(Werriwa).- The effect of increasing the duty will inevitably be to diminish the importation of wines of high strength, and thus the revenue' will suffer. Moreover, now that the wines produced in Victoria and New South Wales and in South Australia can pass from State to State without hindrance, the importation of foreign wines into Queensland, Tasmania, and Western Australia must fall off. There will be no corresponding, excise duty, and the tax will become a purely protective one. Surely that cannot be desired by the Government, because it would mean a. diminution of revenue all round. I do not mind making a prophecy, that in the course of three years there will be an absolute failure of revenue in this particular' respect. The duty has been raised in the State of New South Wales from 7s. to 14s. at a jump, though in Victoria, in many cases, there will not be much increase: We have already raised the duty on wines not otherwise enumerated to a large extent, and the revenue from ports, sherrys, and perhaps clarets, will also be diminished. I feel that, the Government have been badly advised, and they will find that the statements made by members on this side of the House, regarding the decrease in the revenue, will be- more than borne out.

FOOTNOTES.

Six reputed quarts or twelve reputed pints to be charged as one gallon.

Case spirits, in cases of two gallons and under, to be charged as two gallons ; over two gallons, and not exceeding: three gallons, as three gallons ; over three gallons, and not exceeding four gallons, as four gallons ; and so on, a full gallon being charged for any part of a gallon in excess of the last full gallon.

Three magnums, six reputed quarts, twelve reputed pints, or twenty-four reputed half-pints to be charged as one gallon.

Six reputed quarts, twelve reputed pints, or twenty-four reputed half -pints to be charged as one gallon.

<page>7306</page>

Mr PIESSE

- I should like to draw attention to an apparent conflict between section 135 of the Customs Act, and the footnote . to this division of the Tariff. Section 135 of the Customs Act provides -
Where duties are imposed' according to a specified quantity, weight, size, or value, the duties shall apply in proportion to any greater or lesser quantity, weight, size, or value.

There is a tendency to depart from that provision in the footnote referring to case spirits; and .1 understand that some hard ship is experienced in making up goods' in bond. Some intimation should, be given as to the reason for. this departure from the practice in regard to bulk spirit where the duty is calculated to the nearest tenth of a gallon.

Mr KINGSTON

- This is a provision found in the Canadian Tariff, and is not of an unusual character.- As to the Customs Act, I pointed out to the- honorable member for North Sydney, who drew attention to this matter when the Customs Bill was before the House, and I point out now that if a provision be passed inconsistent with sections of general application, like that quoted, The later provision prevails..

Mr. THOMSON(North Sydney).- I understand that the provision in this footnote will override any provision of the Customs Regulation Act, but it was necessary that attention should be called to the matter. If the duty were only a few pence I could understand its not being worth while dividing the amount ; but why should a man be charged. 14s. when the extra duty may really amount to about 6d. I have been told, though I do not give this as a fact, that in connexion with spirituous compounds, if the spirits in the case happen to exceed a gallon, an extra gallon is charged.

Sir George Turner

- We have promised to see that that does not occur. I have taken a note to inquire into the matter.

Mr THOMSON

- Such a proceeding seems to be somewhat in keeping with the principle of the footnote, and I thought it

probable that such cases might occur. This footnote penalizes the man who gives a little more to the buyer

Mr KINGSTON

- I am informed that the practice laid down in the footnote is sanctioned by usage in the different States.

Mr Piesse

- Not in all.

Mr KINGSTON

- I am informed that the practice obtains in New South Wales amongst other States, and it so works that the purchaser gets good measure, seeing that if there is any over the quantity the extra, duty is charged. The result is that importers do not go over, but just up to the quantity.

Mr Watson

- It is very difficult to get the exact measurement in bottles.

Mr KINGSTON

- The importers are charged on the reputed contents, and if a case is reputed to contain 4 gallons, and only contains 3 gallons, duty is charged on the higher quantity.

Mr Watson

- Some bottles may be so made as to contain a little over a quart.

Mr KINGSTON

- The importers are very careful in all matters of this sort, and load the bottles up to the mark, knowing, they will have to pay the duty on the whole. The provision in the New South Wales Act is exactly the same as that in the footnote.

Mr Thomson

- Has that Act the provision as to reputed pints and quarts, because that is what makes the difference 1

Mr KINGSTON

- There is a provision in the earlier part as to the reputed contents of bottles.

Mr Thomson

- When there is that provision, where is the necessity for the one now under discussion ?

Mr KINGSTON

- A case may have a reputation for itself apart from the bottles,, which need not be reputed pints or quarts, but of different sizes. The provision is simply to ensure to the purchaser a fair and proper quantity.

Mr Thomson

- What are the Government doing in respect of bulk spirits ?

Mr KINGSTON

- No provision has been made as to casks; except in connexion with excise on beer.

Mr. THOMSON(North Sydney).- I do not think that the Minister has met all objection. There is no objection to making importers pay the full duty when they give short measure in bottles or flasks, but this footnote goes beyond that, and says that the importer shall pay duty on more than the actual contents. That is perfectly right when bottles are introduced of reputed sizes ; but it is now. proposed that in cases which may arise, but will not be frequent, in which bottles are- imported in odd sizes, the importer shall pay duty on three gallons when there is only two and a half gallons. If that is right in connexion with case spirits would it not also be right in connexion with bulk spirits ? As I say, importers ought to be made to pay on reputed sizes if they import less than the reputed quantity ; but when the spirits come in cases, and the bottles are not of reputed sizes, there ought not to be a penalty of, may be, nine-tenths of 14s. imposed, while casks are let in on measurement.

Mr Kingston

- We ascertain the contents of the casks.

<page>7307</page>

Mr THOMSON

- And the contents of The cases have to be ascertained in order to show whether there, are 2 gallons, or more ; and. when the contents have been ascertained, why cannot the duty be charged on them 1 Unless the Minister can show some good reason to the contrary, the footnote as to case spirits ought to be omitted. Nothing is said about casks here.

Mr Kingston

- We have to gauge their contents.

Mr THOMSON

- How can the Minister tell whether a case contains 2 1-1 0th gallons, which would be charged as 3 gallons, unless he takes means to test its contents 1 In the event of an importer importing 1,000 cases of spirits, it is possible that he may be charged duty upon nearly 1,000 gallons in excess of the actual quantity received by him. That would be a very serious charge.

Mr KINGSTON

- I have gained a little more information from an authority upon this subject. What I understand is that reputed pints and quarts do not apply to spirits, but to ale, porter, and beer only.

Mr Thomson

- Why not make them apply?

Mr KINGSTON

- Because I am informed there are no reputed quarts or pints in connexion with spirits. But there are reputed cases - cases which are reputed to contain so much. Accordingly we propose to charge upon what is properly their reputed contents.

Mr Thomson

- The Government are charging upon more than their contents.

Mr KINGSTON

- We do not charge the fractional part. A case with a capacity of over 2 gallons, and less than 3 gallons," reputedly contains a certain quantity.

Mr Piesse

- It does not say so.

Mr KINGSTON

- I know of no other way in which the matter can be expressed. There is a certain reputation attached to the contents of a case.

Sir William McMillan

- Is this an old custom, or an invention of the Minister's?

Mr KINGSTON

- Not only is it an old custom, but it is sanctioned by usage in the State the representation of which is adorned by the honorable member who has interjected. Under the circumstances I think we shall do very well to adhere to the proposal.

Mr. THOMSON(North Sydney).- The Minister for Trade and Customs has said that this custom has been sanctioned by usage in New South Wales. That is not material to the present discussion. In New South Wales it has been the custom - although it has been objected to as a very unfair one - to charge in this way not merely upon cases, but upon casks. I understand that the Customs department is charging upon tenths of gallons in casks at the present time. But in regard to case spirits they make an extraordinary difference. The New South Wales practice applies to all spirits irrespective of whether they are imported in case or in cask. The Government proposal is manifestly unfair in regard to case spirits.

Mr. CONROY(Werriwa).- It does seem to me an anomaly that whilst an importer can receive 500 gallons of spirits in casks, and pay duty upon that quantity, if he received the same quantity in case he might have to pay a considerably higher duty in consequence of a slight excess upon each case. He may be charged on 250 gallons excess, when the actual excess was 10 or 12 gallons only.

Sir GEORGE TURNER

- A case is reputed to contain so much, and we charge duty as if it contained that quantity.

Mr CONROY

- But if an importer brought in 250 cases of reputedly 2 gallons each, when in reality they contained 24 gallons, why should he be charged duty upon the excess 1/4 of a gallon in each case? Surely as all the cases would be included in one invoice he ought to be entitled to lump their contents just as he would if the spirits were in cask.

Sir WILLIAM McMILLAN

- According to the illustration given by the honorable and learned member for Werriwa, if 250 cases of spirits were imported, each of which contained a tenth of a gallon in excess of 2 gallons, the importer would be charged duty upon nine-tenths of a gallon for each case. If this footnote is negatived, what then

will be the custom?

Mr Kingston

- We must open the case.

<page>7308</page>

Sir WILLIAM McMILLAN

- I think that we must either move for the elimination of the footnote or close the discussion.

Mr. GLYNN(South Australia).- I think that the Ministry are correct in their way of putting this matter.

Without the insertion of this footnote it would really be necessary to measure the spirits imported, a course which could not be followed without considerable inconvenience. If an importer imports whisky in cases which are capable of containing a certain quantity, it is a fair thing to charge duty, as if they contained that quantity. I agree with the words of the footnote down to "soon." The remaining words seem to assume that the contents of the cases have been measured.

Mr Kingston

- The honorable and learned member had better move to strike out all the subsequent words.

Amendment (by Mr. Glynn) agreed to-

That all the words after "soon" in the footnote be omitted.

Footnote, as amended, agreed to.

Item agreed to.

Division 2 - Narcotics

Item 4 - "Opium, including, as regards smoking opium, the weight of the immediate containing package, per lb. 20s."

Mr HUME COOK

- In connexion with these duties I have been of opinion all along that we should, as far as possible, insist upon getting the maximum revenue. Upon opium most of the States have hitherto been charging a duty of 20s. per lb. Western Australia and New Zealand, however, have had somewhat different rates. In Western Australia it is 30s., and in New Zealand 40s. a lb. Opium smoking is not a desirable thing to encourage, and the commodity is properly taxable. I suggest that the duty should be increased to 25s, or 24s. a lb., and I move -

That the following words be added to the item: - "and on and after 15th November, 1901, 24s."

Upon the Government calculations, this increase of duty will mean an addition of £10,000 or £11,000 to the revenue.

Mr KIRWAN

- I had intended to move that the duty on opium be increased to a larger amount than 24s. per lb. My idea is that it should be at least 30s. per lb., or even £2 per lb., and I shall endeavour to show that if the committee increase the duty, there will be a considerable increase of revenue, without any increase in the quantity of opium consumed. With the exception of Western Australia, where the duty has been 30s. per lb., the proposed duty is not higher than that in the State Tariffs, but the higher duty in Western Australia did not injuriously affect the revenue of that State. The Government estimate that from a duty of 20s. per lb., they will get a revenue of £2,000 from Western Australia, but the revenue formerly collected in that State from a duty of 30s. in the pound, was £3,247. Therefore, when the sliding scale now in existence in Western Australia is abolished, as it must be within five years, and I hope will be long before that time, if there is no increase in the proposed duty the Chinese in that State, and those who resort to their dens to indulge in opium smoking, will receive a present of £1,247 a year. Opium differs from other commodities in the respect that, while the reduction of the duty upon it may increase its consumption, the raising of the duty upon it, unless it becomes almost prohibitory, is not likely to decrease its consumption, because those who indulge in the practice of opium-eating and opium smoking are such slaves to the vice that they must obtain the drug to satisfy their cravings. If the duty were increased to 30s. per pound, the Treasurer would derive in revenue for the whole Commonwealth £80,000 instead of £58,000.

Sir George Turner

- But should we not increase the smuggling?

Mr KIRWAN

- I do not think ; at has happened in New Zealand, and of course, it is for the authorities to put down smuggling. In 1887, the duty upon opium imported into New Zealand was 20s. per lb., and the quantity

imported during the year 4,427 lbs., returning a revenue of £4,427. In 1888, the duty was increased to 40s. per lb., and in 1889, the quantity imported under the higher duty was 3,788 lbs., and the revenue collected upon it £7,576. So that, under the lower duty in 1887, nearly 700 lbs. more were imported than under the higher duty in 1889, while over £3,000 less went into the Treasury. The extent to which the vice of opium smoking prevails in the great cities of the Eastern States is notorious. Not only do white people frequent the opium dens, but even small boys and girls contract the dreadful habit of opium smoking. I believe that to increase the duty upon opium would tend to suppress the vice here. This duty is in no sense protective, because there is no local production of opium, and, therefore, it can be considered without party feeling.

<page>7309</page>

Mr HUGHES

- I regret very much that the honorable member for Bourke did not see his way to propose a still greater increase. This is a matter that is not to be approached from the stand-point of revenue. I agree with the honorable member for Kalgoorlie that we should view this matter with a full recognition of the terrible prevalence of the opium-smoking habit. Half of the electorate I represent reeks with dens where opium is openly and flagrantly smoked and consumed in other forms, and the police are apparently quite powerless to cope with the evil. It is not to be supposed that it is the duty of the Commonwealth to make a profit out of so abominable and deadly a vice, but it should be our object to impose such a duty as would absolutely prohibit the use of the article for any but medicinal purposes. I recognise that if we increase the duty too much smuggling will be resorted to, as opium is an article which lends itself to the smuggler's machinations; in spite of every effort made by the Customs officers, large quantities of opium are brought in without the payment of duty. I do not think, however, that the increase of the duty to 30s. per lb. would have the effect of very greatly stimulating the operations of the smugglers. If by increasing the price of opium we could deter the white population of these States from using it, we should do some good, because whatever may be said as to the evils attendant upon the drinking habits of our people the vice of opium smoking has far more deadly effects. It is a new and abominable innovation, one of the curses of eastern barbarism that we have incurred owing to our commercial intercourse with eastern nations. There is no sort of reason why we should countenance, or in any way approve of, the introduction of the article, and I shall gladly support any proposal to increase the duty.

Mr KINGSTON

- We are very little in sympathy with the opium smoking habit, but, at the same time, we desire to obtain a fair amount of revenue; although, of course, if we were discussing the matter from a certain aspect, we should not be sorry to see opium done away with altogether. We think that we shall be acting fairly under all the circumstances by accepting a proposal for the increase of the duty to 30s.

Mr. HUMECOOK (Bourke). - I have no objection to altering the amendment from 24s. to 30s. The only reason that deterred me from proposing a larger increase in the first instance was that I was very much afraid that if we fixed the duty too high it would lead to a large increase of smuggling. With the consent of the committee I shall amend my amendment.

Amendment amended accordingly.

Mr. HIGGINS (Northern Melbourne). It is very gratifying to find honorable members on both sides of the House ready to do anything that may be calculated to put a stop to the opium habit. At the same time it strikes me as remarkable that the desire for increased duties should have been expressed by honorable members on the other side of the House, and that the principle that duties should not be imposed for revenue purposes only should have been adopted by them. I think the Government would do well to consult their experts with reference to this matter. I do not know whether it is desired to poison all the Chinamen who smoke opium, but I would point out that the result of a very high or prohibitive duty will be to make the Chinamen resort to the smoking of inchi, which corresponds in opium to nicotine in tobacco. It is the smoked-out opium, and the poorer class of Chinamen, who cannot afford such an expensive luxury as opium, which costs 1s. per smoke even in Melbourne, very largely resort to the smoked-out opium for which they pay a small price. I agree with honorable members that revenue ought not to be the only consideration in a matter of this sort, and it would be well for Ministers to take the advice of the best experts they can get as to the effects of the proposed high duty upon opium consumption. Men who want opium will get it, whatever the price may be, because the unfortunate habit is so strong that men will pay

anything for it, and I hope the Ministry will give this matter very careful consideration.

<page>7310</page>

Mr GLYNN

- I do not anticipate that the revenue will be affected through smuggling consequent upon increased duties, because in the Northern Territory the duty on opium was fixed at 30s. and the result per head was a little greater than in South Australia. I assume that the opium smoking is confined to Chinamen in South Australia, and certainly there is no greater proportion of white opium smokers in South Australia than in the Territory. The opium duty at 30s. per lb. in the Northern Territory yields over £6,000 a year whilst the 20s. duty in South Australia yields £286 per annum. As the Chinese population in the Northern Territory is about 4,000 and the Chinese in South Australia number 200, it will be seen that the productivity per head of the 30s. duty is as great as that of the 20s. duty. The Treasurer told us to-day that the package duties would be removed tomorrow. I am informed that wharfage, cost of entry, and bills of lading, and buyers' commission are sometimes added to the value of this import, causing the duty to be nearly double. I have seen it stated that on a 481b. parcel of opium, the duty on which at 20s. would be £4S is raised by these charges to £67.

Sir George Turner

- In the case of opium, the covering tins are charged.

Mr GLYNN

- The right honorable gentleman has expressed himself in such general terms that I really do not know to what extent the promised concessions go. We are now to really understand that charges on freight and insurance, wharfage, cost of entry, and bills of lading, are to be added to the invoiced price.

Sir George Turner

- I never said so.

Mr GLYNN

- Will the Minister for Trade and Customs, or the Treasurer, tell us whether the duty is assessed on all these charges - whether it has been so assessed today, and is now to be discontinued ?

Sir George Turner

- The charge is assessed on the value in the country of export, plus 1.0 per cent.

Mr GLYNN

- I am glad that the statement in the newspapers is incorrect.

Mr SALMON

- I am in favour of a higher rate of duty on opium ; in fact, I should prefer to prohibit the importation of this drug for smoking purposes. But the increased duty will affect very materially the price of extract of opium which is used medicinally. I am advised that extract of opium is charged at a higher rate of duty than even that imposed on ordinary commercial opium - that while commercial opium will be 20s. per lb., the extract will be charged 40s. . I am told that if we raise the duty on smoking opium to 30s., then the duty on the extract of opium will be 60s., which will operate relatively on liquid extracts and tinctures. On liquid extract and tinctures, which are used medicinally, The rate of duty charged is in strict relation to the proportion of opium they contain. I need not point out to honorable members the enormous Value which the British Pharmacopoeia places on the extract of opium as an anodyne. Many medical men say that supposing they had to go into some savage country and could take only one drug with them, they would take opium in preference to any other in the pharmacopoeia, though some place their choice on chloroform, iron and other 21 or 2 drugs. A very large proportion of medical men believe that opium is one of the most valuable drugs we have with which to aid suffering humanity. My own personal idea is, as I have said, that we should prohibit the importation of opium for smoking purposes ; but I should very much regret to see such a heavy impost as 60s. per lb. placed on extract of opium and kindred medicinal preparations.

Notice taken that there was not a quorum present.

The House resumed.

Quorum formed.

In Committee -

The CHAIRMAN

- I desire to call the attention of the committee as a whole to the fact that the standing orders provide that when the Chairman's attention is called to the want of a quorum, no member must leave the chamber. I

ask that on all future occasions members will comply with the rule by remaining here.

Mr SALMON

- I desire to know whether the Minister can give us any intimation that in the event of the amendment being carried - I understand The amendment is not opposed by the Government - some provision will be made whereby medicinal preparations will be admitted at a lower rate than that levied under existing circumstances.

Mr Kingston

- The Government will take an opportunity of considering the matter.

<page>7311</page>

Mr CONROY

- Opium takes so many forms that, while it might be prohibited for smoking purposes, it could not be prohibited in other respects. It can be manufactured and made up in such small quantities that it would be impossible to prevent its use, and the sole effect of efforts in that direction would be to destroy the revenue now produced. The Ministry, I believe, are willing that the duty should be raised to 30s., but that step, from more than one point of view, and certainly from the point of view of revenue, will be found to be a mistake. Opium is used by a large number of residents in the Commonwealth, in the same way as we use alcohol. If we were to hear both sides of the question, I think, so far as we can judge from the testimony of men who have had opportunities of investigation, it would be found that in Eastern countries opium is almost a necessity. It is far more a necessity to the hulk of the people in Eastern countries, and in hot climates, such as the northern parts of Australia, than is alcohol to Europeans ; and I think we should find that those who use alcohol in preference to opium have nothing on which to pride themselves so far as degrading effects are concerned. The great bulk of the people in Eastern countries are as moderate, or even more moderate, in the use of opium than we are in the use of alcohol. "We cannot do better than refer to Dr. Dymock, one of the great authorities in India on this question. This gentleman was sent for by the Indian Government, and went through the great opium growing districts of India, where he found that the great majority of the agricultural people did not use the drug. At all events it is far less injurious in the quantities in which they use it than the corresponding amount of alcohol would be. I intend to consider the question of the importation of this drug primarily from the stand-point of revenue, and secondly from the point of view of its medicinal usefulness. From the point of view of revenue it seems to me that a high duty will not prevent the use of opium, although it may diminish the quantity that pays duty as smuggling will be increased. If the Ministry consult their officers upon this matter they will find that a duty of 20s. per lb. upon this narcotic is as high an impost as ought to be sanctioned. I am, therefore, inclined to agree with their proposal. The honorable member for Laanecoorie has urged still stronger reasons why we should not increase the rate of duty, and upon a question of this sort his words should command respect. We shall not be wise to take a high moral attitude upon this question. Nearly all who have investigated the effect of opium smoking in eastern countries have said that if they had the power they would not put an end to the use of the drug in that way, and medical men have asserted that in hot climates its use is not so injurious as the use of alcohol. To make a proper comparison between the effects of opium and of alcohol, one should compare, not intemperate users of opium with temperate users of alcohol, but intemperate users of opium with intemperate users of alcohol. I regard alcohol as a poison to many people, and, if I could, I would prevent them from using it ; but I know that it is impossible to do so, and I know that it is impossible to prevent by legislation the use of opium. Opium smoking is perhaps the least injurious method of using opium, and the effect of placing a very high import duty upon the drug may be to force opium smokers to opium eating. People instead of using opium will use morphine, which is the alkaloid extract and is really the active principle of opium.

Mr Watson

- The Chinese would not use morphine in place of opium.

Mr CONROY

- Some of them use it now because they find they can buy it more cheaply. The quantity of opium annually imported into Australia is between 50,000 and 60,000 lbs.

Sir George Turner

- It has been decreasing year by year.

Mr Kingston

- There is legislation in some of the States against its use.

Mr CONROY

- Possibly the duty under the State Tariffs has been too high, and has caused smuggling. Opium is a thing that is very easily smuggled. Thousands of persons in eastern countries do not go to greater excess in the use of opium than do many persons here in the use of tobacco. Besides, habitual opium users rarely have children to whom to transmit their vices, which is not the case with victims of the drink habit. If we could prevent its use by passing an Act of Parliament, I am sure honorable members would, on strictly moral grounds, vote for such a measure ; but we cannot do so.

Mr Bamford

- Let us try.

Mr CONROY

- What is the use of trying what has failed in other countries ? All we can do is to regulate the traffic. I think a duty of £1 per lb. is a little high, and the effect of raising the duty beyond that amount will certainly be to diminish the revenue, while the consumption will not be decreased.

Mr Bamford

- If the importation fell off by one-third, we should get as much revenue from a duty of 30s. as we shall get, under present circumstances, from a duty of 20s. per lb.

<page>7312</page>

Mr CONROY

- Honorable members must not forget that opium is largely used in medicines, and is probably the most valuable medicinal drug which is known. Many medical men if they had to travel into an unknown or savage country would take opium with them in preference to any other drug, because it does more to ease pain and to give sleep and rest than any other. Chlorodyne, which has saved the lives of many persons in Australia, is merely a preparation of opium ; so, too, are chloral and laudanum.

Sir GEORGE TURNER

- The duty is charged only upon the quantity of opium used in the medicine.

Mr CONROY

- The active principle of the drug is morphine. I fight against this proposal largely because it is not advocated on sound grounds.

Sir George Turner

- We hope that an increase in the duty will result in more revenue.

Mr CONROY

- I do not think that it will, and it will increase smuggling. The Treasurer has referred to the experience of New Zealand.

Sir George Turner

- There does not seem to have been any falling off in the revenue there.

Mr CONROY

- If the duty can be increased without injuring the revenue, I should be willing to agree to the amendment, though I still think that we should not increase the duty upon opium used in medicines. I understand that it is now intended to make some allowance in respect to opium introduced for medicinal purposes when we come to consider the item relating to drugs, but I do not see how the Government are going to make any exception in that way. We have one or two chemical laboratories here which make up various medicinal preparations, but these institutions will be very largely hampered in their operations by the extent to which the ingredients used in their preparations are taxed under the Tariff. I hope, for the reasons I have stated, that the Government will adhere to their original proposal.

Sir EDWARD BRADDON

- I shall support the proposal to increase the duty to 30s. For my sins I had to spend a little time in India, and I saw there the evils of opium consumption, and its advantages as far as there are any, and I say at once that there is no sort of reason why in hot climates opium should be used. In malarial districts, in low-lying tracts of country, such as are to be found in some parts of India for example - but not in the hot districts all through that country - opium is used with advantage, but in very small quantities. And it is never smoked, but is eaten. Any comparison between the evils arising from the consumption of alcohol in India and those attendant upon the consumption of opium is entirely beside the question. The natives of

India are not habitual drunkards, but it is the habit of a great many of them to have one day's "burst " at intervals of, say, three or six months. When this desire comes upon an Indian, his practice is to go out with the one idea of getting drunk. He gets drunk, and lies in a ditch until he gets sober, and when he recovers he is his own man again for another three or six months. The consumption of opium, as practised by a great number of people in India, is distinctly deleterious, and has the effect of absolutely paralyzing the physical and intellectual powers. A man who commences to take opium cannot abandon the habit. Honorable members will recollect what De Quincey says in his Confessions of an Opium Eater. So it is with the natives of India. They take opium constantly, and good men degenerate and become utterly incompetent by reason of the persistent use of the drug. Shall we hesitate, then, to make it difficult for those amongst us - Chinese, for the most part, I fervently hope - to obtain it ? As to the question of smuggling, I take it that the Minister for Trade and Customs will be as well able to prevent the smuggling of opium bearing a duty of 30s. per lb. as if it were subject to a smaller duty. However, that is a matter of administration, and it is our duty to do what we can towards checking what we regard as a great evil by imposing upon opium the highest duty that we can. We are not moving in this direction simply for the sake of increasing the revenue, but we should make those who indulge in this evil habit pay as heavy a charge as possible to the State, and, providing the Minister makes some arrangement by which opium imported strictly for medicinal purposes can be admitted at some lighter duty, I think we may very well levy a higher impost than that proposed by the Government. The quantity of opium imported for medicinal purposes will be very small compared with that which is brought in for uses tending to the demoralization and ruin of our people.

<page>7313</page>

Mr HUGHES

- I was very much surprised to hear the remarks of the honorable and learned member for Werriwa, and I cannot allow his statements to go forth without some contradiction, because some people, relying on the honorable and learned member, may regard opium, chloral, and laudanum as innocent articles of consumption. I say that there never was a more abominable and, at the same time, insidious form of poisoning than that of opium consumption ; and if I had my way I would at one stroke do away with all those nostrums in which opium masquerades in varying proportions, and which, while they temporarily assuage pain, kill the body and soul of persons who take them. As to opium being the greatest medicine of Australia, I would rather believe that beer itself was the greatest medicine. Beer, at least, is open and plain in its attack ; but the man who takes chlorodyne to ease pain gradually falls into the habit of taking it on all conceivable occasions, for this, or that, or the other thing, until he acquires a vice which ends in his ruin. Similarly, the fashionable woman, seeking to remedy the consequences of society dissipation, plunges a hypodermic syringe in her vein, and saturates her system with chloral or morphia, inflicting irretrievable injury upon it. To say that this is the greatest medicine in Australia is to convey a grossly inaccurate impression, for the opium habit is one of the greatest curses that could be introduced into any country. As for the revenue, I think that that will be safeguarded by the imposition of a 30s. duty, as well as by a duty of 20s. I do not believe that smuggling will be more extensively practised ; but if it be more largely resorted to, it is not likely to evade the vigilance of the Customs officers any more under a 30s. tax than under a 20s. duty. Opium lends itself readily to the machinations of the smuggler, but not more readily at a 30s. duty than at a 20s. duty. Looking at the matter from the stand-point of morality, we can do no harm by imposing the higher duty, but, on the Other hand, we may do much good. As to the suggestion that the men who now smoke opium will, in the event of the higher duty being passed, take to eating it by taking chloral, or some other form of the drug, I understand that all these drugs will be taxed 'proportionately to the amount of opium they contain, and that therefore when we raise the tax on opium by 10s. per lb., we shall also raise the duty on laudanum and other preparations, in proportion to their opium contents. I do not believe that the vast majority of the people who take opium in this country, who are Chinese, will find themselves in a position to pay the increased price, and therefore, if we increase the price by 50 per cent, to an extent at any rate we shall ward the danger off those foolish and youthful persons who are now trembling on the verge of this dreadful habit.

Mr V L SOLOMON

- I do not profess to know as much about opium as do some honorable members who have already addressed the committee ; but I do profess to know that in a little village which I represented for some

time - Port Darwin - more opium was consumed per head of the population than in any other part of Australia.

Mr Watson

- Because there were more Chinese there than elsewhere.

Mr V L SOLOMON

- Precisely. The consumption of opium amounted to something over 1 lb. per head on all the Chinese in the territory. It is all very well to try to check the consumption of opium, but I can tell honorable members that in any portion of Northern Australia where the Chinese are to be found in numbers, no duty will prevent them from getting opium. If the duty is increased too much they will smuggle the drug. They have paid a 30s. duty, and have contributed very handsomely to the revenue, but if the duty were increased to £5 per lb., the result would not be to increase the revenue, but to greatly increase the amount of smuggling. Opium is very easily smuggled, and the higher the duty the greater the inducement to evade the Customs. The proposed increase will not, I think, decrease the revenue, seeing that in the Territory to which most of the opium goes, the Chinese consume an average of 1 lb. per head per annum. With reasonable watchfulness smuggling might be prevented, but to go beyond the figure I have mentioned would be a mistake. There must be a quantity of opium used in Victoria.

Sir George Turner

- The revenue in Victoria is about £14,000.

Mr V L SOLOMON

- That is not in proportion to the £6,000 contributed by the people to whom I have referred.

Sir George Turner

- The consumption has been decreasing in Victoria year after year.

<page>7314</page>

Mr V L SOLOMON

- Then smuggling must be increasing, because the Chinese are not decreasing. I am inclined to support the increase to 30s., but believe that any higher duty would only lead to smuggling.

Mr McDONALD

- The Government are moving in a right direction in increasing the duty on opium, but they ought to take still further measures. All vendors of opium should be registered, and none should be allowed to be sold except for medicinal purposes.

Mr Conroy

- It is sold by chemists as poison, and has to be signed for.

Mr McDONALD

- In the ordinary way that is not so. A great deal has been said as to the moral aspect of the question, and we have not to go far from this Parliament House in order to ascertain the full effects of the evil. Within a quarter of a mile from this House there are quite a number of dens, and when I paid them a visit not long ago, I saw no fewer than fourteen young men, a number of whom I was told held high and responsible positions in this State.

An Honorable Member. - Were they Europeans?

Mr McDONALD

- Yes. In another place which we visited there were certain persons who were asked to leave in order that we might not see them, because so far as was known they bore respectable characters. This is an evil which the Government ought to try to put down.

Sir George Turner

- I do not think we have the power; it is a matter for the States.

Mr McDONALD

- That is unfortunate ; because, as has been stated, I do not see that the extra duty will prevent the state of things I have described. In Queensland, the opium habit has been growing to a considerable extent for a number of years, and in some parts of the back country young girls and young people generally have taken to smoking the drug. I am informed that a similar state of affairs exists in the backblocks of New South Wales.

Mr Conroy

- I lived in the back-blocks all my life, and do not know an instance.

Mr McDONALD

- I know it from personal observation, and I believe that in Sydney a similar state of things exists to that which may be seen in Melbourne. I should like to see the duty increased, although I do not think it would prevent the growth of the habit. If the Federal Parliament have no power to deal with this matter, representations might be made to the States with a view to stopping this growing evil.

Mr. SYDNEYSMITH (Macquarie). I feel strongly that something ought to be done to prevent the importation of opium except for medicinal purposes, and I believe that the Federal Government possess the necessary power to attain that object. This is no new matter so far as the State Parliaments of Victoria and South Australia are concerned.

Sir George Turner

- I introduced a Bill myself in the Victorian Parliament.

Mr SYDNEY SMITH

- The honorable member for Kennedy has referred to the very serious state of things which exists within a short distance of Parliament House. I have heard on the most reliable authority that similar sights may be witnessed in New South Wales and other States ; and it behoves the Government to take some prompt measures. Clause 6 of the Bill introduced by the Treasurer in the Victorian Parliament provided - No opium shall be imported or brought into Victoria except for the purpose of being used as medicine, or in preparation of medicines, or for or on behalf of an importer of opium, licensed as aforesaid.

An Honorable Member. - Did that Bill pass ?

<page>7315</page>

Mr SYDNEY SMITH

- I believe it passed its second reading, and similar measures were introduced in the Victorian Parliament by Mr. Munro in 1891, and by Sir James Patterson in 1894. The Bill introduced by the Treasurer went further, and prescribed that no person should smoke opium. I believe the views set forth in that Bill were held by 90 per cent. of the members of the Victorian Legislative Assembly. The other day I heard from a member of the House who had visited opium dens not far from this chamber, in company with a detective, that he saw two or three white women there smoking opium, and blowing the fumes to their children, some of which were only a few weeks old. From reliable information, I could cite a number of similar cases in New South Wales. I have been asked how it would be possible for the Federal Parliament to prohibit this traffic. A short time ago we passed a Customs Regulation Act, in section 52 of which are set out prohibited imports, and amongst these are " all goods the importation of which may be prohibited by proclamation." I ask the Minister of Customs if it is not within the power of this Government under that section to prohibit altogether the importation of opium.

Mr Kingston

- Yes.

Mr SYDNEY SMITH

- That being the case, I believe Parliament would cordially support the action of the Government if a proclamation were issued carrying out in effect the provisions of the Bill introduced by the Treasurer in the Victorian State Parliament. If the Ministry would take advantage of this provision in the Customs Regulation Act, and prohibit the importation of opium except for medicinal purposes, their action would be indorsed by 99 per cent. of the members of this House, and of the people of the Commonwealth. I could refer to evidence given before Royal Commissions in England and elsewhere, showing the dreadful results of opium smoking. Every one is seized with the importance of some action being taken, and if honorable members would only take the trouble to read the evidence that I have felt it my duty to read, they would not hesitate for one moment to urge the Government to take prompt steps to prohibit the importation of opium.

Mr Bamford

- Opium would be grown locally then.

Mr SYDNEY SMITH

- If that were done, then further steps could be taken. At present we appear to be anxious to obtain revenue from a traffic in which we do not believe, and which is demoralizing a large number of families in the Commonwealth. I speak somewhat warmly, because I have looked into this matter, and feel that in the interests of the people some drastic steps should be taken. I hope the Government will take prompt

action not with the sole view of obtaining revenue, but to prevent opium from being brought into the Commonwealth. I am informed that when once a person becomes addicted to opium smoking it is very rarely that he is able to emancipate himself from the baneful habit. For that reason I trust that the Government will see fit to carry out the provision of the Customs Regulations Act, and prohibit the continuance of this demoralising traffic.

Sir WILLIAM McMILLAN

- I think that every one will agree that the opium traffic is one of the greatest evils with which we have to contend in our social life. I am aware that the evil of opium-smoking is a very extensive one, and that it ramifies all through Australia. At the same time I think we ought to hesitate before taking to such an extreme step as prohibiting the importation of this drug. If there is any desire to take that step I think it would be better to defer the consideration of this item. Personally I should be inclined to increase the duty, even up to 40s. per lb., in preference to prohibiting the importation of the drug.

Sir George Turner

- This duty is practically 40s. per lb. because the weight of the tins is included.

Sir WILLIAM McMILLAN

- If we attempt to prohibit the importation of any particular article, but allow it to be admitted under certain exemptions, we at once open the door to all kinds of fraud. It is like prohibiting the importation of liquor and then allowing chemists to dispense it. I think, therefore, that great danger is to be apprehended from the absolute prohibition of this drug. It is well for us to advance cautiously, to increase the duty first and to observe what the effect of that increase is. If we attempt to prohibit its introduction we shall involve the Customs department in an enormous amount of trouble besides offering a premium to swindling, whilst to a large extent the provision will remain a dead letter. Of course I believe in adopting stringent measures with regard to the admission of any article which affects the health and character of the people, but, at the same time, I am adverse to enacting any law which in its operation will be ineffective. Instead of going to the extreme proposed by some honorable members it would be well to increase the duty.

Mr SYDNEY SMITH

- That would only perpetuate the evil.

Sir WILLIAM McMILLAN

- That statement is all very well, but we are a British community, and are not inclined to adopt the extreme measure of prohibition in a matter of this kind. I strongly urge that we should be satisfied with increasing the duty, and if experience subsequently demonstrates that more stringent measures are needed we can adopt them.

<page>7316</page>

Mr KIRWAN

- I am very glad that the Government have accepted the proposal to increase the duty upon this article to 30s. per lb. I am sorry to differ from so many of my friends on this side of the House, and especially from the honorable and learned member for Werriwa and the honorable member for Macquarie, both of whom view this matter from opposite stand-points, and both of whom are to my mind wrong. The honorable and learned member for Werriwa favours the retention the duty at 20s. per lb. He urges, amongst other things, that if the duty is increased it will operate harshly upon those who use opium for medicinal purposes. But I claim that the quantity of opium which is used for medicinal purposes is so small when compared with that which is used for commercial purposes that his argument does not carry much weight. I am not in favour - as is the honorable member for Macquarie - of the prohibition of the importation of opium, because I believe that the craving for this drug is so strong amongst those who have once acquired the vice, that they will obtain it no matter at what cost. Moreover, prohibition would increase smuggling, whereas, an advance in the duty to 30s. per lb. will not have that effect. I should like to point out that the smuggling of opium can be carried on in a very simple way. I have just been handed the Victorian Hansard for 1891, which contains a report of the debate which took place in the State Legislative Council when the Opium Bill was before that Chamber. I understand that that bill prohibited the importation of opium, but it was not carried. The Hon. F. S. Dobson during that debate described the methods by which opium may be smuggled into Australia. He says -

For instance, how was it that opium could be bought in Little Bourke-street for a much less price than would be charged for it elsewhere? When he first became aware of the fact, he was very curious about it,

and a Chinese merchant, now dead, let him into some of the secrets. In fact, the man went so far as to admit that he had made a very large amount of money by smuggling opium, and he explained some of the methods adopted. One plan was to purchase in Holland a large consignment of Dutch toys of a hollow character. These were sent on to China, where every hollow was filled up with opium, after which the goods were forwarded to Amsterdam, from thence carried to London, and thence to Melbourne. Another plan was to buy cedar logs at Manilla, and fill every possible hollow in them with opium. One of the most successful plans of all was to purchase a lot of cigars in Manilla, and put in every box of them a few solid cigar-shaped masses of opium, covered round with tobacco leaves, there not being enough in any box to make a noticeable difference in the weight. That Chinese merchant seemed to think he had done a creditable thing in smuggling opium into Victoria in such ways.

When smuggling can be carried on in such a simple way it is almost impossible for the Customs authorities to effectually prevent the introduction of opium. I think, therefore, that the committee cannot do better than vote for an increase of the duty to 30s. per lb., especially as the experience of New Zealand shows that when the rate upon this drug was raised from 20s. per lb. to 40s. per lb., the revenue in one year increased from £4,000 to £7,000, whereas the consumption of opium decreased by 700 lbs.

Mr O'MALLEY

- I quite agree with every word that has been spoken by the honorable member for Macquarie. If the opium traffic constitutes an evil to the people of Australia, we ought to stop it. It seems to me that the greed of gain always or nearly always enables many Christians to compromise their souls with the devil. My experience in San Francisco bears out to its completion the experience in India of the right honorable member for Tasmania, Sir Edward Braddon. We saw in San Francisco the daughters of wealthy men, who had acquired the habit of opium smoking, stealing into the Chinese dens in great numbers. Once they had acquired this terrible habit, nothing upon earth could free them from it. There is no Caulfield Institute which can reform the women or men who become addicted to opium smoking. Of all the evils to which human flesh is liable, that of opium smoking is, in my opinion, the most damnable, degrading, and demoralizing.

<page>7317</page>

Mr MAUGER

- I wish to say that even if the committee, in its earnest desire to mitigate the evils of opium smoking, prohibits the importation of that drug, it will continue to be smuggled into Australia, the revenue being in no way benefited. I believe that, before any reform can be effected, public opinion must be educated up to a proper standard. Therefore, I think that the proposal of the Government is the wisest one under the circumstances.

Mr. CONROY(Werriwa). -I wish to say one word in explanation. I certainly did not think that my remarks implied any desire upon my part to increase the consumption of opium. If prohibition could be absolutely insured I should be quite content to submit to it. That, however, was not the question before the committee. The question which we were debating was whether more revenue would be derived from a duty of 30s. per lb. than from one of 20s. It is admitted that we cannot stop the importation of opium. Even if we could do so, it could, and possibly would, be locally grown. As a matter of fact it has been grown in Victoria, not far from Melbourne. I was surprised to find that one or two honorable members seem to think that, because I am of opinion that the duty ought not to be raised beyond a certain amount, I desire to encourage the use of opium.

Amendment agreed to.

Item, as amended, agreed to.

Item 5 -

TOBACCO, viz. :-

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 sheep wash or other purposes under Departmental By-laws. Mr. THOMSON(North Sydney).When upon the Address in Reply, I spoke somewhat fully upon the inadvisability of the Government abandoning a certain amount of revenue by reducing the excise duty on tobacco, and we have had no indication since that they propose to increase it. In my opinion, as the duties at present stand, the difference between the import duty and the excise duty is greater than is required even in the interests of the tobacco manufacturers of Australia, and I have no desire to injure them in any way. Their industry has hitherto been, generally speaking, a successful one, and I desire to see it continue so. At the same time, we must look to the requirements of the revenue, and not give a greater premium than is necessary to that industry. Unless I am assured that the excise duty will be increased I propose to move a reduction in the import duty. The Minister for Trade and Customs has explained to us how, in what I admit to be the difficult task of providing duties for all Australia, he has arrived at his decisions by the method of averaging the State rates.

Mr Kingston

- We had regard to the State rates, but to say that we averaged them is not correct.

Mr THOMSON

- Then what guided the Minister in fixing the margin between the excise and import duty on tobacco?

Mr Kingston

- It was fixed upon a basis which was considered fair under the various conditions of the States.

Mr THOMSON

- How did the Minister arrive at that basis? A duty which might have assisted an industry in any particular State, when that State had a Tariff of its own, cannot be relied upon to assist that industry to the same extent now that all the States are united. In New South Wales the difference of 9d. between the import and excise duties on tobacco has been sufficient to establish there a large and profitable industry.

Sir George Turner

- They use a large quantity of colonial leaf in New South Wales.

<page>7318</page>

Mr THOMSON

- Colonial leaf will be more largely used throughout Australia in the future than it has been in the past; but I am leaving it out of the question just now. New South Wales has been able to establish a successful manufacturing industry with a difference of 9d. per lb., and by increasing the difference under the Commonwealth duties to 1s. per lb., you will not place the other States in a better position to compete with her. The output of the New South Wales tobacco factories in 1897 was 1,872,736 lbs., and in 1900, 2,178,656 lbs., an increase of over 300,000 lbs., or one-sixth of the total production, in four years. Besides the advantage which the manufacturers of the Commonwealth will get from the difference between the import and excise duties, they will have an advantage of £50,000 or £60,000 in the use of Australian grown leaf, upon which they will have no duty to pay. We may anticipate that the growing of tobacco in Australia will increase. Their tobacco expert has declared that in Queensland there is land admirably suited for the growth of tobacco. He anticipates that leaf can be produced there which will be, not only good enough for mixing purposes - which has been the sole use hitherto for colonial leaf - but good enough to be placed upon the market as a separate tobacco. Under these circumstances I fail to see why the Government have reduced the New South Wales excise duty from 1s. 3d. to 1s. If a difference of 9d. has been sufficient to establish the manufacturing industry in New South Wales, it should be sufficient to establish it throughout the Commonwealth. By keeping the import duty at 3s. 6d., and increasing the excise duty by 3d. per lb., the Commonwealth would gain £50,000 in revenue without doing any injury to the tobacco manufacturers.

Mr Watson

- Will an import duty of 3s. fid. tend to increase the revenue?

Mr THOMSON

- I think that it will rather tend to diminish the revenue, and for that reason, and because the Government have not promised to increase the excise duty, I propose to move the reduction of the import duty to 3s. per lb. But before we come to deal with that question. I should like to point out that whereas upon imported tobacco the duty is charged upon " the weight of tags, labels, and other attachments," in the

case of locally manufactured tobacco it is charged only upon the tobacco itself. To charge duty upon attachments to the imported tobacco seems an extraordinary provision, but if the duty is to be charged in that way there should be equality of treatment, and the imported and local tobaccoes should be treated alike.

Mr CAMERON

- I rarely address the House except upon some subject regarding which I claim to have a little knowledge, and I speak upon this matter because it closely concerns Tasmania. The Government have repeatedly pointed out that Tasmania will require all the revenue she can possibly get, because she will suffer a serious loss through entering the Commonwealth. I now desire to direct attention to the fact that if the present proposals with regard to the tobacco duties are carried out, they will inflict a very severe loss on Tasmania, which I think in common justice should be avoided. Tasmania is the one State in the whole group which does not manufacture tobacco, and she will be greatly injured by the increase of the duty on manufactured tobacco to 3s. 6d., and the fixing of a very low excise duty on Australian tobacco.

Mr Watson

- She will get the benefit of the excise duty on the tobacco that is consumed by her.

Mr CAMERON

- That is all she will get, and she will lose the difference between that and the full duty on the imported tobacco. Tasmania does not manufacture tobacco. The leaf is imported in a manufactured form, and I do not think very much colonial-grown tobacco is used in the State. However, I certainly think that in common fairness the Ministry should see that the duty on the manufactured imported article is reduced to 3s. per lb., and that the excise duty is increased. I intend to move that the words "including the weight of tags, labels, and other attachments," be struck out, and I shall do this in the interests of the workmen of Australia. I do not smoke myself, but I think it is hardly fair to ask men, in addition to paying a heavy duty on the tobacco they actually smoke, to also pay a similar impost upon all the tags of lead or other metal which are affixed to the cakes of tobacco they use.

Mr Kingston

- How much does the honorable member think that these attachments represent.

Mr CAMERON

- In the aggregate they represent a very considerable weight. I need hardly point out that in the Excise Act there is no mention made of these things. There are certain higher classes of tobacco which are wrapped up in tinfoil or paper, in order to preserve the full strength and aroma of the leaf, and these wrappings add very considerably to the weight of the article. The duty on these attachments will amount to a very considerable item in connexion with imported leaf, whilst it is intended to allow "Victorian and New South Wales made tobacco to pass into consumption without any such burden upon it. If the Government insist upon levying a duty upon the attachments to these cakes of tobacco, the result will be that the only guarantee that the public now have that they are getting tobacco of a certain manufacture will be removed, as the manufacturers will cease to attach tags and labels, and the public will probably have I foisted upon them an inferior tobacco, for which they will have to pay a price as high as that of the genuine article. I shall not move an amendment at this stage, but I intend to do so later on.

<page>7319</page>

Mr HUGHES

- I quite agree with what the honorable member for Tasmania and the honorable member for North Sydney have said, but I wish particularly to draw the attention of the committee to a matter in connexion with this tobacco duty, which specially concerns the section of the community I have the honour to represent. An alteration has been made in connexion with the imposition of Customs duties on tobacco which I believe to be entirely original. I do not know of any country - there may be some - where tobacco which is used as ships' stores or supplied to seamen, has hitherto been subject to a duty. Whether there be such countries or not, it has not been the practice in Great Britain or in the Australian States to impose such a duty. I cannot for a moment suppose that the amount of duty to be derived from tobacco consumed by seamen, and those upon ships generally, can be so important to the Minister for Trade and Customs as to necessitate the imposition of a duty. I rather assume that in this, as in other particulars, he is a slave to consistency of purpose. Having set up an ideal in this matter, 'he proposes to create an entirely original and flawless system of excise and Customs taxation. How flawless his system is may be

seen already from the criticisms of the honorable member for North Sydney and the honorable member for Tasmania, Mr. Cameron. It appears to me that there is no necessity to impose a duty on tobacco consumed by seamen. I venture to say that no honorable member who has a knowledge of the general practice of nations in this matter can recollect a solitary instance amongst civilized peoples where such a practice prevails. It is notorious that tobacco is purchasable, free of duty, by the crews upon any British ships. On men-of-war and on fishing fleets and everywhere throughout the Empire this exemption is made in favour of seamen, and it has been reserved for the right honorable gentleman, whose adherence to the traditions of the Empire are notorious and almost pathetic, to introduce this innovation. I cannot say that the innovator is an undesirable person. The innovator is very often a most daring and heroic individual. Whether these terms altogether fit the personality of the right honorable gentleman, I leave it to other honorable members to determine. I propose to ask the committee to agree to place tobacco consumed upon ships upon precisely the same footing as it was formerly. In Victoria and in New South Wales it has not been the practice to collect duty on tobacco used as ships' stores. I am not personally acquainted with the practice in the other States, but I presume that the exemption was made generally. I shall be glad to learn of some reason for this departure. I cannot believe that revenue considerations alone caused the Minister to go out of his way in this matter, and whilst I shall not move an amendment now, I intend to do so unless I hear some satisfactory reason to restrain me. I do not wish to delay the committee, or to intrude any matter which, compared with the general question of the revenue from customs duties, may be termed immaterial, but I desire to point out that a class of people who certainly do not get their living very easily, and who are subject to more than the ordinary vicissitudes that attach to humanity at large, have been singled out by this Government for special punishment. I wish to know why seamen have been penalized in this matter. It is not a good and sufficient reason to say that revenue is required, and that therefore it is proposed to tax an infinitesimal proportion of the tobacco consumed, and to levy that tax upon a class that has from time immemorial been free from such taxation. I wish to abstain from moving an amendment now, in order that other members may have an opportunity to traverse the whole question. I propose to move an amendment later on if the right honorable gentleman in charge of the measure is not prepared to make some concession. I have merely risen now to draw attention to this anomaly and innovation, and to request the right honorable gentleman to afford some reason for his action. I reserve to myself the right of speaking later on the question of the incidence of the taxation and the inevitable results of the proposed increase of duty.

Mr. JOSEPHCOOK (Parramatta). This is the first time in the history of the Empire that the sailor has been taxed on his tobacco, and I am sure the matter will not be allowed to rest if the proposal be persisted in. It would be an advantage to the committee if the Minister would make a short statement of the reasons which led the Government to propose this alteration, which means a difference of 3d. per lb. in the margin allowed to the local manufacturer. When the honorable member for North Sydney asked for reasons, the Minister in his usual elliptical way said - "We deem it fair." There can be only one reason in the absence of a Ministerial explanation, and that is a desire to afford still greater protection to the local manufacturer. If protection has been the aim of the Ministry in fixing this margin, I regard it as a most unfortunate proposal.

The right honorable gentleman told the committee in unmistakable terms that he was not going to tax the community for the purpose of encouraging any exotic industries. I dare say the tobacco industry is substantial enough in its way, but the fact remains that with all the tremendous protection it enjoys, it is not, so far as local production is concerned, a very considerable item in any of the States. The proposal of the Ministry will undoubtedly deplete the revenue to a considerable extent, and I hope to show that there is not the slightest justification for such a course in connexion with an industry of this kind. I understand that nearly all the local manufacturers of tobacco are in a prosperous condition. Those of whom we have any cognisance are paying excellent dividends, and I see no reason why this 3d. per lb. should go into their pockets. We are told that Messrs Dixon are manufacturing 1,000 tons annually, and that quantity at 3d. per lb. represents, I should say, considerably over £25,000. I wish to know why, when we want every penny of revenue, we should give this bonus to people who are already doing excellently well. The aim of the Ministry is, we are told, to get revenue, and only incidentally to protect native industries. If that be their aim, the Government are acting very strangely in actually surrendering revenue without stating any reasons. It may be that somebody has whispered in their ear that it would be advisable to give a greater

margin for the purpose of further building up local industries ; and no doubt, from their point of view, that would be a desirable thing to do. If the Government are not specially anxious to further contribute largely to these manufacturers, there is no other reason I can think of to justify an increase of the margin. Although the difference was 9d. in New South Wales and 1s. 3d. in Victoria, in the latter State there was manufactured only 150,000 lbs. of tobacco annually, as against nearly 1,000,000 lbs. in New South Wales.

Mr Watson

- The latter figure represents about 500 tons, so that Messrs. Dixon cannot have manufactured the quantity of tobacco which has been stated. Here are the figures for New South Wales. Last year 996,000 lbs. of locally-grown leaf were manufactured. The imports of manufactured tobacco totalled 1,181,000 lbs., and the local manufacture of imported leaf represented 858,000 lbs. In Victoria The imports of manufactured tobacco totalled 745,000 lbs., whilst there was made up from imported leaf 1,328,000 lbs., and from locally-grown leaf 120,000 lbs. It will be seen, therefore, that however much this duty may encourage the manufacture of imported leaf at home, it does not seem to encourage the growing of the local leaf.

Mr Salmon

- According to Coghlan last year, there were only 213,000 lbs. grown in the whole of Australia. That was the yield from 199 acres.

Mr JOSEPH COOK

- I wish to point out that the protection enjoyed by this industry in Victoria has ranged from 100 to 150 per cent. In New South Wales it has ranged from 65 to 100 per cent ; whilst in Queensland it has been over 400 per cent. I admit that such a high rate of protection is not altogether prohibitive, because there are people who will have imported tobacco at any cost. Notwithstanding these enormously high duties, the imported tobacco comes in in large quantities, and is consumed by our people. One would imagine that, with the protection afforded by such duties, we could produce all the tobacco necessary for our local requirements, and run the imported tobacco almost out of the market. But notwithstanding these high duties, there is not much locally grown tobacco, either in Victoria or New South Wales.

Sir George Turner

- There is a very large quantity made up.

Mr JOSEPH COOK

- The number of hands employed in Victoria last year was 1,176, being made up of 550 males and 596 females. In New South Wales there were 541 males and 259 females employed. Here again we observe that fatal tendency in Victoria to employ females instead of males. There are more females employed in Victoria than there are males, whilst in New South Wales the female operatives are outnumbered by the males by two to one. An industry which employs such a small number of hands cannot be said to be one which we ought to protect to any great extent.

Mr Mauger

- That is the number which is directly employed. There are contingent trades which give a lot of employment.

<page>7321</page>

Mr JOSEPH COOK

- No doubt there are contingent trades, but if all the tobacco which is made up in Victoria had to pay the full duty, about £93,000 more would be collected in revenue.

Mr Watson

- There would not be quite so much consumed then.

Mr JOSEPH COOK

- It would be practically the same.

Mr Watson

- The local tobacco is sold in New South Wales from 1s. to 1s. 6d. per lb. cheaper.

Mr JOSEPH COOK

- The same qualities of tobacco would come in, and at practically the same price. Do I understand that we cannot make as good tobacco in Australia as is the imported article ?

Mr Watson

- It has not been shown so up to the present.

Mr JOSEPH COOK

- Then why do we pay this excessive sum for the purpose of fostering the growth of tobacco which is inferior to the imported article ? If we could make as good tobacco the revenue would suffer by the process of local manufacture to the extent of £93,000 a year in Victoria alone. We are told that the wages paid in this industry average 33s. 3d. per week for males and 16s. 7d. for females. These are the figures supplied by Mr. Ord, the chief inspector of factories in Victoria. The total wages of the operatives employed in the manufacture of tobacco in Victoria, is about £37,000 a year. The difference between that amount and £93,000 is the price which we pay for the production in this State of what is said by protectionists to be an inferior tobacco. I wish further to point out that if we paid every operative engaged in this industry £3 or £4 a week to do nothing, we should be money in pocket as compared with what we are doing at the present time. I apprehend that Ministers will hesitate before agreeing to levy such enormous imposts upon the people. If we paid every one of the operatives employed in the tobacco industry in Victoria £2 4s. 6d. per week for every £1 which they are now receiving, the State would be no worse off. When we have to buy work for people at such an extraordinary and extravagant rate, it is time to call a halt in the effort to foster native industries. I can understand Ministers, professing the principles which they do, going out of their way to try and foster a huge industry which will give employment to many thousands. But here is a case in which duties up to 150 per cent. have given the employes in this industry an average wage of only 33s. per week, whereas the total cost to the community has been more than £2 4s. 6d. per head for every man and woman so employed. The figures in New South Wales are very much the same. The loss of revenue there on account of the margin allowed to local producers is about £103,000 ; and the wages paid to the people employed in the industry, averaging them at the same rate as is paid to the operatives in Victoria, represents about £27,000 a year only. The total amount of wages paid in the senior State is less by £103,000 than the amount which the duty itself yields. It is supposed that we need protection to make up the difference between the wage rates which are paid in Australia and those which are paid in other countries, otherwise the chief argument of protectionists falls to the ground. But I would point out that this duty is not a mere equalization of labour conditions. The duty here is three or four times as much as is the total amount paid for the production of local tobacco. This is a most expensive industry to protect. I believe there is a tobacco factory in Victoria, called Camerons'. I am told that this firm have a share capital of about £50,000.

Mr Wilkinson

- It was £35,000, but has been increased to £50,000

Mr JOSEPH COOK

- Last year they made £40,000 profit on a capital of £35,000. The amount which the revenue annually loses to keep this industry going is £93,000.

Mr Salmon

- It is done by means of unfair excise.

Mr JOSEPH COOK

- How would the honorable and learned member remedy the trouble ? It is the margin between the excise and the duty on the manufactured import which enables them to make this profit. If the excise duty were the same as the Customs duty, they could not possibly make it.

Mr O'Malley

- It would be better to give them an old-age pension.

<page>7322</page>

Mr JOSEPH COOK

- I am obliged to the honorable member for the suggestion, because that is practically what it amounts to. In New South Wales the large manufacturers of tobacco are doing exceedingly well. I believe that last year the largest paid a dividend of 121/2 per cent. Is it worth while to deplete the revenue to the extent of £200,000 a year in order to provide employment for 1,000 operatives in Victoria and 750 in New South Wales?

In Queensland I believe they have about 400 per cent. protection upon the tobacco manufactured in that State. If the local manufacturer of tobacco had to pay to the revenue the same amount as the importer of the manufactured article has to contribute, it would make the difference I suggest.

Mr Salmon

- Does the honorable member say that that difference goes into the pockets of the manufacturer 1

Mr JOSEPH COOK

- Yes; into the pockets of the manufacturers as a whole.

Mr Salmon

- How does the honorable member account for the local manufacturers selling their tobacco at a lower price than The imported article 1

Mr JOSEPH COOK

- What has that to do with the matter ?

Mr Salmon

- It shows that the cost to the consumer is reduced.

Mr JOSEPH COOK

- Then we need not trouble so much about levelling the excise duty up to the import duty. In that case we shall see whether the consumer will get the benefit or not. I apprehend that if the prices were the same in each case we should not consume very much of the locally manufactured article. This margin between the excise duty and the import duty, if it means anything, means protection for the locally manufactured article, and I should like to hear from the Government why they are proposing to alter this margin. The tobacco manufacturing industry affords a very striking example of the utter ineffectiveness of protective duties in the direction of finding employment for the workless, and building up large industries in our midst. I ask whether it is worth our while to sacrifice the revenue for the purpose of allowing industries to exist which afford employment to only a small number of people at a moderate wage. The question asked by the honorable member for Coolgardie to-day was particularly apropos. He desired to know what steps the Government were going to take to guarantee that the people employed in protected industries would get a share of the profits derivable from the protective duties ? Considering the high profits that the tobacco manufacturers have been making, I think that at least 50 percent, of the increase in the duty should go towards raising the wages of The operatives.

Mr Mauger

- Get a wages board and make them do it.

Mr JOSEPH COOK

- Why does not the wages board increase the wages in Victoria?

Mr Mauger

- There is no wages board in connexion with the tobacco industry.

Mr JOSEPH COOK

- Why do they not get one then 1

Mr Mauger

- We intend to have one.

Mr JOSEPH COOK

- Why does not the honorable member take care that some of this bonus which is being directly given to the tobacco makers should go into the pockets of the workers 1 Since the first consideration of the Treasurer and the Minister for Trade and Customs is to get revenue, here is a chance for them to obtain it.

Mr Kingston

- Net by reducing the import duty.

Mr JOSEPH COOK

- I am not So sure but that the Government would derive more revenue from a lower rate of duty than from a higher rate. If the duty on imports is reduced, it will level up the margin between import and excise duties which now causes such a great leakage in the revenue. It does not matter very much whether the excise duty is raised or the import duty is decreased. Tobacco is a source of revenue that can be exploited to the highest legitimate point, and we are all agreed that narcotics and stimulants should pay as heavily as possible to the revenue of the country. In view of the large reductions that are likely to be made upon other items in the Tariff the Government will probably find it necessary to avail themselves of these special sources of revenue to the fullest extent.

<page>7323</page>

Mr HENRY WILLIS

- I agree with the honorable member who has just sat down that this is an item which should be used for the purpose of raising revenue, and as the Government will probably have to face a reduction of the duties they propose upon several general lines in the Tariff, they will do well to avail themselves of all the opportunities of raising money through duties upon narcotics and stimulants. We have the experience of The States to guide us as to the rate of duty upon tobacco which is best calculated to produce a large amount of revenue, and I think that statistics could be brought to bear to show that a lower duty than that now proposed would produce a larger amount of revenue, and that it would be well for the committee to reduce the import duty upon manufactured tobacco to 3s. per lb. This is the duty which has prevailed in New South Wales, and which would be found acceptable throughout the Commonwealth. I think that we should be assisting the revenue, and at the same time offering less premium to persons interested in the tobacco trade who have received an immense amount of protection at the expense of the general community. In all cases where duties are levied the proceeds should go direct into the Treasury rather than into the pockets of the manufacturers, whom we are told have enormously increased their wealth in recent years. One company that operates in New South Wales has received a large benefit from the import duty, and has paid a dividend of 20 per cent. upon its capital, whilst carrying to the reserve fund an amount equivalent to 80 per cent. of its capital.

Sir George Turner. - During what period?

Mr HENRY WILLIS

- During one year. That is to say, they have been able to make a profit upon the output of their tobacco in one year equal to the total amount of their capital.

Sir George Turner

- Is it possible to get a copy of that report?

Mr HENRY WILLIS

- I had a copy which is now in the hands of another honorable member, who will probably read the figures to the committee. The tobacco industry should not receive any special protection, because only a comparatively small number of persons find employment in connexion with it. There are only 1,000 operatives employed in New South Wales, and only 750 in Victoria. That is a very small number of persons to be employed in an industry that shows such immense profits. During the last two years, although the output of tobacco has increased enormously, the number of male operatives has not been increased by more than 36, whilst 70 additional women and children have found employment. At the same time by means of improved machinery the tobacco manufacturers have been able to greatly extend their operations, and to largely augment their profits.

Sir George Turner

- The honorable member represents their profits as to having amounted to 100 per cent. on their capital?

Mr HENRY WILLIS

- Yes, and I can name the company if necessary. I consider that the import duty on manufactured tobacco should be reduced to 3s. per lb., and that there should be an increase in the excise duty on tobacco locally manufactured. If this were done the importations would increase, and there would be a relative decrease in the importation of leaf tobacco for manufacturing purposes. An increase in the excise duty to 1s. 6d. should receive consideration. The honorable member for Laanecoorie asked why it was that the local manufacturer could afford to sell his tobacco at a lower price than was charged for the imported manufactured article. A great advantage is derived by the local manufacturer from the admixture of other elements with the tobacco leaf.

Sir George Turner

- But the same advantage is enjoyed by the American manufacturer.

Mr HENRY WILLIS

- No, because although the local manufacturer pays the excise duty upon the full weight of the manufactured article, consisting of tobacco leaf and other elements, he only pays the customs duty on leaf which has been imported. In all probability those who are manufacturers will become importers, and the keen competition among the importers will be sufficient protection to the general public.

Mr Salmon

- And those employed in the factories will be thrown out on the streets.

Mr HENRY WILLIS

- Employees in the factories number under 2,000, and as a matter of calculation, it would pay the Government to give them pensions to do nothing, because there would still be an immense profit left to the country. It goes to show the enormous sum paid by consumers to the manufacturers.

Mr HUME COOK

- Will the honorable member move that pensions be given to the men so thrown out of work?

<page>7324</page>

Mr HENRY WILLIS

- I am showing that there would be no loss to the State by paying such pensions, and incidentally I may mention that I am in favour of old age pensions. In an industry subsidized to the extent that this is, it reflects no credit on the employers that they should pay actually less wages per head than are paid in any other branch of manufacture in the Commonwealth. The Government should take the advice of the committee and reduce the duty to 3s., and I shall be prepared to support a proposition to raise the excise so that there may be no advantage to the manufacturer. Those honorable members who twitted the honorable member for Parramatta and asked him as to his views on free-trade, will not be disposed to twit me in the same way, because under this proposition no advantage will be given to the manufacturer other than in regard to the freedom from duty on the weight added to the tobacco by the admixture of other things during the process of the manufacture.

Mr SALMON

- This question has been confused with that of excise, which comes on for consideration later. As to the enormous profits which it is said the manufacturers of tobacco are making, I desire to say that these profits have very little effect indeed on the producer. The largest profits have been made by manufacturers who are largely, if not altogether, importers of unmanufactured leaf, which is grown almost entirely in America, though some of it comes from Manilla and the Philippine Islands. This leaf is grown by negro labour, which is the cheapest in America, and, perhaps, the cheapest in any part of the world, and it is brought out here to compete with the local production. I am aware that a large number of Chinese are engaged in the cultivation of tobacco at the present time in the Commonwealth, but under a different set of conditions to those which prevail in the sugar growing industry. The cultivation of tobacco can be carried on under conditions which are not at all distasteful or injurious to the white man. There is no healthier occupation, and with the magnificent climate in certain parts of Victoria, New South Wales, and especially in Queensland, there is no reason why we should not grow tobacco leaf equal, if not superior, to the best leaf which comes from Virginia. After very careful inquiry, I do not see any reason to quarrel with the proposal of the Government, but I feel satisfied that the grower would be benefited by an increase in the duty on the unmanufactured leaf.

Sir George Turner

- That means a reduction in the revenue.

Mr SALMON

- That is the reason I would not make such a proposal myself. The result of an increase on the Government proposal would be a stimulation of the growth of tobacco in the Commonwealth, but I recognise that if it is to be of any good to the grower, it must be followed by a decrease in the revenue. In my opinion it is only a matter of time before the locally grown leaf will completely oust the imported leaf.

Mr Henry Willis

- The production of local leaf has fallen off 200,000 lbs. in two years, because it is an inferior leaf.

Mr SALMON

- The falling off in New South Wales is due to the introduction of free-trade. Last year the acreage there had decreased from 2,744 acres to 199 acres, and will the honorable member say that such a reduction as that is entirely due to the inferior quality of the leaf? Will the honorable member say, as a representative of New South Wales, that leaf cannot be produced in that State fit for consumption?

Mr Henry Willis

- I have grown tobacco myself.

Mr SALMON

- Then the honorable member must realize that all that is required with our climate, soil, and natural conditions, is proper curing to produce an article equal to anything we can import.

Mr Henry Willis

- The local leaf is used mostly in Queensland.

Mr SALMON

- That is where the best leaf is grown, and will be grown in future. The best leaf is grown in Queensland mainly because of the climatic conditions, but also in a large degree because of the splendid action of the Government there in giving every encouragement to the local grower. The result of that encouragement has been an increase of hundreds per cent. in the tobacco grown, whilst in every other State there has been a decrease. In Victoria, the decrease has been due to the ill-advised action of the Government, of which the Treasurer was the head, in altering the differential duties, which closed one-fourth of the factories.

Sir George Turner

- The manufacturers took the extra 3d. off the price that they were paying to the growers.

Mr SALMON

- The Treasurer must recognise that to take 3d. off the price of leaf tobacco would leave next to nothing.

Sir George Turner

- The manufacturers were paying the growers 6d., and they reduced the price to 3d.

<page>7325</page>

Mr SALMON

- The right honorable gentleman must have been misinformed.

Sir Edward Braddon

- 3d. per lb. is surely a fair price for locally-grown leaf.

Mr SALMON

- The honorable member for Robertson may be able to inform us on that point.

Mr Henry Willis

- It is a very good price, indeed. Will the honorable member support an increase in the excise ?

Mr SALMON

- I am not in favour of an increase in the excise, because I desire to help the local grower. The increase in the excise in Victoria was followed by a steady diminution in the amount of tobacco grown.

Mr JOSEPH COOK

- Why is tobacco not grown in Victoria with all the protection the industry has had?

Mr SALMON

- Tobacco is grown in Queensland, where proper encouragement is given. In 1895, before the Victorian Government altered the relation between the excise and the duty, there were 2,029 acres under cultivation in Victoria, from which were produced 15,223 cwts. of leaf. In the year following the alteration of the excise the acreage fell to 1,264 acres, the next year to 522 acres, and the next to 78 acres, while in 1899-1900 there were 155 acres under cultivation. When the excise was altered there were 303 growers, whereas to-day there are only 28, and the production has decreased in proportion. From 1875 and 1876 the acreage and production was increasing year by year, and in 1895 the value of the leaf grown was over £30,000 in one year.

Mr JOSEPH COOK

- What did that cost the country ?

Mr SALMON

- It did not cost the country anything. In addition to the 300 growers, a large number of people were employed, very few of whom were Chinese.

Mr Willis

- Chinese had to be employed to plant the tobacco out first, as the European has not sufficient patience.

Mr SALMON

- I should like to take the honorable member down to the onion fields, where the work is much more distasteful than tobacco-growing, and yet is done by Europeans. We have done remarkably well with our onion crops, and we should have done well with our tobacco crops, the profits of which are greater, but for the unfortunate action of the Treasurer when Premier of Victoria. From personal experience I know that for an expert workman there is no trade which offers the same advantages as the tobacco trade. American tobacco can be landed in the Commonwealth at 9d. per lb., and yet it is possible to pay twisters

4d. per lb. here doing only one part of the work. I have for seen an expert workman make up 561b., or half-a-hundred weight, of tobacco in the morning, and thus earn 18s. 8d. Is there any other trade which offers such wages?

Mr JOSEPH COOK

- I made no complaint about the lowness of the wages.

Mr SALMON

- I understood the honorable member to do so, and to complain of women and children being employed. It is a fallacy to take average wages as an indication. In the tobacco industry there is a great deal of work which can well be done by women, and boys and girls, such as "stemming" and "stripping," and they receive good wages, considering their years. The expert workman who has passed his apprenticeship, and who in all the factories is paid on piece, can earn anything from £2 to £5 per week, and I have known several men in one Melbourne factory who earned £6 week after week. There need be very little said about the customs duty, but when we come to the question of excise it will be necessary, if we are to give any protection to those engaged in the industry, both as growers and manufacturers, to preserve the distinction which the Government have made between the customs and excise duties.

Mr Henry Willis

- Would the honorable member be satisfied with a difference of 6d.?

<page>7326</page>

Mr SALMON

- My experience tells me that that is not sufficient. If the honorable member's suggestion were carried out, and the excise duty were raised to the customs rate, or if the customs rate were reduced so as to more nearly approach the excise duty, we should become simply importers and not manufacturers. I think there is very little in the argument which has been used as to the advisability of pensioning off a number of our workmen. I prefer very much that we should have those men employed than that we should pay them pensions for doing nothing. Notwithstanding what the honorable member for Parramatta has said, I claim that it would not pay the State to keep those men in idleness. It is far better to have them employed, and pay them something for their labour, than to pay them a direct premium for idleness. Such a step would sap our national character, and be most disastrous to the community. The question of an import duty of 3s. 6d. per lb. upon tobacco has no relation whatever to the question of protection. It is a customs duty for the purpose of raising revenue. When we come to consider the question of excise, the advisability of protecting the tobacco industry must be considered, and then probably honorable members will have an opportunity of saying whether it shall continue in our midst or not. I feel that we must obtain revenue, and from stimulants and narcotics we are entitled to raise the greatest possible amount. Under these circumstances I am entirely opposed to the reduction of the rate of 3s. 6d. per lb. I believe it would be infinitely better to raise the duty to 4s. per lb. After due inquiry, I have felt for a considerable time that we should be doing the best for the Commonwealth, for the revenue, and for the tobacco industry, if we adopted the Queensland rates. However, I am satisfied with the proposals of the Government, and intend to support them.

Mr. JOSEPHCOOK (Parramatta). - I wish to say a word or two by way of explanation. The honorable member for Laanecoorie has accused me of complaining about the wages which are paid in the tobacco industry in Victoria. I did nothing of the kind. I simply stated the average wages paid, according to Mr. Ord, for the purpose of arriving at a rough calculation as to the encouragement given to the industry as a whole. The wages paid to the employes in that industry, I stated, represented £37,460 annually; that is, striking an average for 50 full weeks in the year. The point which I wished to make was that for every £1 paid in wages, £2 4s. 6d. was lost to the revenue, which would be sufficient to give every man engaged in the industry £3 10s. a week, without the necessity for him doing any work at all. This fact emphasises the costly nature of the work provided for these people. I went on to show that in New South Wales the position is even worse. There, the amount lost to the revenue would give £4 14s. 6d. for every £1 spent in wages, and would represent £7 per week State pay for every man employed in the industry.

<page>7327</page>

Mr O'MALLEY

- I move-

That after the figure " 5 " and before the word "tobacco," the following words be inserted "Until made a

Commonwealth Government monopoly."

I wish to point out that in France, where the manufacture of tobacco is a Government monopoly, the State makes between £17,000,000 and £18,000,000 a year. Taking the population of France as a basis - and ours is a rich population as compared with that of France - we ought under similar conditions to make a profit of £2,500,000 a year. If the Commonwealth Government enjoyed a monopoly of this industry, and it was conducted upon cooperative lines as is the business of the Hon. John Wanamaker, of Philadelphia, I should have no objection. But I came here to represent the toilers, who struggle to create the wherewithal to build up these monopolies. After hearing the honorable member for Parramatta say that one tobacco factory alone made £40,000 a year profit, I asked myself - "If that is the amount of profit which a firm is publicly known to have made, how much more has it made which is not known?" I am a business man myself, and I know that the public never know the inside of business transactions. I am not going to give the manufacturers any protection which is not shared by the workers. I am thankful to the honorable member for Parramatta, because he has enlightened me upon this question. The Australian climate and conditions are far superior to those of the southern parts of the United States where tobacco is cultivated in such large quantities. If this industry were a monopoly of the Commonwealth Government, the workers would be civil servants of the Commonwealth. They would receive a minimum wage, and share the profits which resulted from the industry. Further, when those profits were exhausted, they would not be thrown upon the streets to come upon the State for old-age pensions. It is our duty as legislators to lose no opportunity of benefiting the workers of Australia. Today tobacco is almost as much a necessity as is tea. I know very few of the great democrats of the west coast of Tasmania - the intelligence of Tasmania - who do not use tobacco. Therefore, as custom has made the use of this article a necessity, it is our duty to meet that necessity. If the tobacco manufacturers expect to receive protection from me, they will have to run their businesses upon the co-operative system, taking out a certain interest for their investment, and dividing the profits and losses with the operatives. No doubt many people thought that I came here as a sort of commonwealth pauper. I did nothing of the kind. I might shake up many of the conservatives if we compared our banking accounts, and cause some of those gilded spurred roosters to feel that they had not so much when they took the blisters off their estates. Not only will tobacco have to be made a Government monopoly, but the manufacture and sale of whisky also.

Mr KENNEDY

- No doubt the idea suggested in the amendment is a very admirable one, but at the present time it is utterly impracticable. It is a proposal that covers a very large area and revolutionises the existing order of things to a considerable extent. It could not possibly be fully discussed by the committee within the time at our disposal this session. It is rather the ideal scheme of those who look to the socialism of the future. I regard the item of tobacco as one to which we must look for a considerable revenue. The major portion of our industrial population use tobacco. If they ceased to do so we should be very seriously concerned as to how the deficiency thus occasioned in the revenue could be made up. To the industrial workers an increased duty of 6d. per lb. probably represents an additional annual outlay of 6s. or 7s. But they pay this duty in such a form that they hardly realize that they are paying it. I am not very much concerned as to whether the impost is 3s. or 3s. 6d. per lb., but I am concerned about the production of tobacco in Australia. Those who talk so glibly about the margin between the excise duty and the customs rate, and declare that the equalization of these duties would merely throw 1,000 operatives in Melbourne out of employment, look only at a very small factor in the question. I say that we ought to regard the growth of tobacco leaf as one of the primary industries of which we hear so much. I may point out that in New South Wales, in 1888, there were no less than 4,833 acres under tobacco cultivation. The average value of the tobacco crop is £15 per acre, so that 20 acres of land would keep a family in a fair degree of comfort, and give a return of £300 per annum. The area devoted to tobacco culture in 1888 in New South Wales would, under the conditions of primary production, to which some honorable members have devoted so much attention, keep one family only. But that area has from one cause and another been reduced to 546 acres at the present time. 4,883 acres, if devoted to tobacco culture, would be sufficient to support 240 families, and to give them far more remunerative employment than is at present afforded to many people among our industrial population. In Victoria the position of affairs is just as bad - in fact, it is a little worse. The largest area ever cultivated in Victoria was 2,029 acres, in 1895, but the area fell off to 155 acres in 1899. In connexion with this particular item revenue is the first consideration, but if we are to

give profitable employment and healthy occupations to our population, we shall not neglect other aspects of the matter. I shall oppose any attempt to reduce the margin between the import and excise duties. Those who say that in Australia the growing of the tobacco leaf occupies the attention of Chinese or of kanakas for the most part, must not forget that the operation of recent legislation will cause the number of kanakas and Chinese to gradually diminish. To say that none but Chinamen can grow tobacco in Australia is an absurdity.

Mr Henry Willis

- They are the only successful growers of tobacco.

<page>7328</page>

Mr KENNEDY

- I am speaking with some little knowledge of this subject, because the greater part of the tobacco grown in Victoria is produced in my constituency. The land on which the tobacco has been grown is worth, for ordinary purposes, from 10s. to 15s. per acre per annum, whereas for tobacco - growing purposes it is worth from £3 to £4 per acre per annum, when a market can be found for the tobacco leaf. The best tobacco leaf ever grown in Victoria has been raised by white men, and solely by means of white labour. I am prepared to admit that a quantity of tobacco has been grown in Victoria by Chinese ; but it is absurd to say that white men cannot grow it successfully. Europeans have been growing tobacco in the district which I represent for a considerable number of years, and the employment has been a profitable one, but there has not been a very strong disposition shown by Britishers to settle themselves down to intense cultivation of the soil. The time, however, is coming when necessity will compel them to do so, and we should give them every help and encouragement. So far the Britisher has not given his attention to gardening with the same success as Chinamen and foreigners, but simply because he would not apply himself to it. Europeans have grown tobacco successfully in the district I represent, and I shall only be too happy to give -honorable members who care to visit it, a splendid lesson as to the possibilities of success for white men in tobacco growing. The locality I am referring to is the King River Valley, and the honorable and learned member for Indi will be able to bear me out in what I have stated. As to the causes of the decrease in the area under cultivation for tobacco leaf, I am informed that so far as New South Wales is concerned, the manufacturers having a monopoly, could fix whatever prices they liked for the leaf, and had the growers at their mercy. In Victoria, the reduction in the area under cultivation was brought about in the first instance, by the increase of the licence fees and the restriction placed upon the manufacture of tobacco. Subsequently there was a decrease in the margin between the excise and the import duties, and last and by no means least, an outbreak of disease in the leaf, known as blue mould, with which our scientists have not been able to cope, though I believe that one of them has now discovered a preventive for it. That was the last straw on the back of the camel, but, notwithstanding this, I trust that honorable members will not lose sight of the important fact that in connexion with this item on the Tariff a splendid opportunity is afforded for giving a great impetus to the production of the tobacco leaf in Victoria. I venture to say that, when Australians begin to realize the possibilities connected with the growing of tobacco leaf here, they will be prepared to make up from other sources the revenue that will be lost through the falling off in tobacco importations. Where we now have hundreds and even thousands of acres yielding a poor living to one family, we should have hundreds of families following healthy occupations and making a good honest living.

Sir EDWARD BRADDON

- The position of the honorable and learned member for Laanecoorie is totally incomprehensible to me. He is opposed to any reduction of the duty upon imported tobacco, and he is also opposed to any increase of the excise. He admits, with a candour that does him infinite credit, that he adopts this attitude in order to give to an exotic industry the protection which it requires to enable it to flourish.

Mr Salmon

- It is not an exotic industry ; it is a natural industry.

Sir EDWARD BRADDON

- I think it can hardly be regarded as a natural industry. The honorable and learned member, with prophetic eye, looks forward to the time when locally-grown leaf will entirely take the place of imported leaf. What will become of the revenue from import duties then?

Mr Salmon

- The excise duty can be~increased then.

Sir EDWARD BRADDON

- In considering this matter we should have regard to the experience of India. There they have a climate and soil which are more* favourable to the growing of tobacco than any we. have in Australia, but tobacco growing there has been successful to only a . limited extent, and notwithstanding the great improvements they have made both in . their methods of growing and of curing - and it is in the art of curing that the great, secret of profitable production lies - in spite of the fact that they have imported artisans from the United States to instruct them, the growers of India do not even now produce an article which can be for a moment compared with that produced in the United States, in the Philippines, and in Havana. The amount of protection which the tobacco industry will receive under the proposals of the Government-, exceeds even the usual desires of tha Minister for Trade and Customs in the direction of protection. Imported tobacco, will have to pay a duty of 3s. 6d. per lb., to compete with tobacco manufactured locally from imported leaf upon which a duty of 1s. 6d., and a further excise duty of 1s. per lb. has been paid. That gives the local manufacturer an advantage of 1s. per lb.

Sir George Turner

- But the cost of manufacturing tobacco here must be greater than the cost of manufacturing it in places where the production is much greater.

<page>7329</page>

Sir EDWARD BRADDON

- Still, the difference would not amount to anything like 1s. per lb. In the ease of cigars the local manufacturer has the' greater advantage of 2s. 6d. per lb. and 18 per cent, ad valorem, though I hope the committee will strike out the ad valorem duly. In the case of cigarettes, the advantage is still greater, the import duty being 6s. 6d. per lb., while the charges on the locally manufactured article are only 1s. 6d. on the leaf and 2s. excise - a difference of 3s. But if locally grown leaf is used, the protection becomes enormous.

Sir George Turner

- They do not make cigars and cigarettes from locally grown leaf.

Sir EDWARD BRADDON

- If they succeed in curing the locally grown leaf they will be able to make cigars of it. In India they have not attempted to make tobacco from the locally grown leaf, but they nuke trichinopoli and other big brands of cigars, though their Indian cigars are inferior to those of other places. If tobacco is manufactured locally from locally grown leaf the manufacturer will have an advantage of 2s. 3d. pep lb., and in the case of cigars and cigarettes, of 3s. 9d. and 4s. 3d. per lb. respectively. -Such a state of things seems to me to be monstrous. Tasmania is more vitally -effected by these duties than any other State of tho Commonwealth, and there must be 'some limit to the extent to which she should suffer through joining the union. She has already -lost a great part of her postal revenue ; she will have to take her share of the cost of securing a white Australia by increasing the sugar industries, and' she will suffer in many other ways. It is, therefore, the duty of every representative Of that State to do his best to see that the proposed restrictive duties are reduced, and that the difference between the import and excise duties on tobacco is decreased. If an amendment is moved to reduce the import duty to 3s. per lb., I shall support it in the interests of the consumers of tobacco throughout the Commonwealth, but especially in the interests of those of Tasmania. In the meantime I should be glad to hear what the Treasurer has to say in regard to tho proposal to charge duty upon " the weight of tags, labels, and other - attachments."

Progress reported.

<page>7330</page>

22:52:00

House adjourned at 10.52 p.m.