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1901-11-20

House of Representatives

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

PETITION

Mr. KENNEDY presented a petition from the tobacco-growers of the northeastern district of Victoria in regard to the excise duty and bonus upon tobacco.

Petition received.

QUESTIONS

REFUND OF DUTIES

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Mr GLYNN

- On the 5th November I asked the Minister for Trade and Customs the following question -

Whether it is true that the Government refuse to undertake to refund to importers the difference in case the duties collected are higher than the duties finally imposed by Parliament ?

To which he replied -

The Government cannot give any undertakings in this matter on account of the difficulty of securing the benefit of any rebate to the person really affected by the duty.

Speaking upon the matter a week later, he stated that it was still being considered by the Cabinet, and yesterday, in reply to the honorable member for South Australia, Sir Langdon Bonython, he said that it would be dealt with in the Tariff Bill, but that he did not propose to give a refund. I should like to know whether the refusal to give a refund applies to cases where it can be shown that the goods upon which the excess duty has been paid have not passed into consumption ?

Minister for Trade and Customs

Mr KINGSTON

- Our proposal is to make the provision of general application, though it is, of course, a matter for the decision of Parliament, and will be included in the Tariff Bill. The provision in the Bill is upon the precise lines of the provision in the New Zealand Act.

Sir JOHN QUICK

- Will the Minister keep a record of the names of merchants who have paid excess duty, and submit a statement to the House when the matter is being discussed by honorable members ?

Mr KINGSTON

- We might perhaps be able to give an intimation of the amount involved, and I shall endeavour to so arrange things that any information desired by honorable members may be obtainable ; but I trust that they will not ask for the names of individuals in discussing a question of principle.

Mr GLYNN

- Do the Government propose to give any refund in those cases in which the duties originally proposed are higher than the duties as altered according to the statement of the Treasurer last week or that promised to-day ?

Mr KINGSTON

- I think I have already answered the honorable and learned member's question, but if he considers that I have not done so, and will put a question upon the notice-paper, I shall look into the matter. We do not propose to give refunds. We propose to adopt the New Zealand system, and the matter will be provided for in a Bill which is to be submitted for the consideration of honorable members.

FEDERAL CAPITAL SITE

Mr JOSEPH COOK

asked the Minister for Home Affairs, upon notice -

Whether he is aware that Mr. Alex. Wilson has published maps indicating a site for the Federal Capital ?

Whether he will refer these for report to the Royal Commission on Federal Capital Sites : if not, what is the reason ?

Minister for Home Affairs

Sir WILLIAM LYNE

- The answer to the honorable member's questions is as follows : -

No ; I cannot refer them, as they have not been received.

#### MONEY ORDER REGULATIONS

Mr MAHON

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

During what hours on week days other than Saturdays, and on Saturdays, are money orders issued in the several States ?

What justification exists for closing the money order offices on the Western Australian gold-fields at 2 p. in. on week days other than Saturdays, and at 11 a.m. on Saturdays?

Whether this limitation of hours is not productive of much public inconvenience, as well as loss of time, to the officials who are obliged to balance accounts twice instead of once daily.

When does the Postmaster-General intend to render uniform those regulations existing in the several States which govern money-order transactions ?

Minister (without portfolio)

Sir PHILIP FYSH

- I have been furnished -with the following answer : -

The necessary information is being obtained, and answers will be furnished as soon as possible.

MR. J. KIRKPATRICK

Mr JOSEPH COOK

asked the Minister for Home Affairs, upon notice -

Whether it is true, as reported, that he intends appointing Mr. J. Kirkpatrick of New South Wales, to an important position in the Public Works branch of his department.

Sir WILLIAM LYNE

- The answer to the honorable member's question is as follows : -

There is no present intention to appoint him permanently.

#### THE TARIFF

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In Committee of Ways and Means(consideration resumed from 15th November, vide page 7393).

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 bylaws.

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

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

Mr KINGSTON

- With the concurrence of the committee, I propose to indicate the alterations which the Government have determined to submit, in due course, for the approval of honorable members. Suggestions flow in day by day, and hour by hour, and we are endeavouring to give them our best consideration, and where it is desirable to intimate our conclusions at once, we propose to do so. Our attention has been drawn to the fact that it is very inconvenient to make a distinction - item 57 - between apparel and attire containing wool or silk, and apparel and attire not containing wool or silk, because the presence of a very small quantity of wool or silk turns the scale, and necessitates the inspection of the goods, and it is found that the distinction is fraught with more trouble than advantage. What we propose to do, therefore, in reply to very general requests, is to abolish the distinction, and to impose a duty of 25 per cent. upon both classes of articles. Then, with regard to cottons and linens, which are dealt with in item 64, under the denomination of piece goods, we propose to abolish the 15 per cent. ad valorem rate, and, to let " cotton and linen piece goods, not elsewhere included," come under the 10 per cent. duty which applies to the articles set out immediately above. We propose also to strike out the exemptions mentioned in the third

column, so that the cotton and linen piece goods there enumerated will also be imported under a duty of 10 per cent. I think it is very probable that the revenue from these goods will remain about the same, notwithstanding the alteration of duty. We recognise the importance of the question as to what rates should apply to these goods, and if circumstances permit we should like to see an even lower duty than 10 per cent. imposed upon them. We gain information as to the working of the Tariff as time goes on, and it may be that when we come to finally consider the matter, it may be seen that there is room for even more lenient treatment of the goods in question. There is also the possibility, which of course depends upon how soon or how late we come to deal with the item, that it may be desirable to postpone its consideration for a time. We propose to take "shirtings, fancy, not otherwise included," from the 20 per cent ad valorem list, and they will then fall under the 10 per cent. duty which we propose for general adoption.

Mr V L SOLOMON

- Does the Minister deal in the same way with flannels and flannelettes ?

Mr KINGSTON

- No ; they remain as they are. With regard to infants' and invalids' foods, included under the head of oilmen's stores in item 41, we propose to allow them to go duty free, unless otherwise specified, and the revenue will be a loser by the alteration to the extent of about £10,000. The intention is to remit the duty except as regards some particular items, to which we may refer in another part of the tariff ; but they will not be taxable under this division. Honorable members, on referring to item 103, " Timber," will see that "New Zealand pine, undressed, of sizes 12 inches x 6 inches (or its equivalent) or over " is amongst the special exemptions. That was intended to exempt from duty timber used for butter boxes, and the object was, as far as we possibly could, to secure the local manufacture of the boxes. We now find that the sizes specified raise a difficulty, and our intention is to so alter the exemption that butter-box timber may be admitted free for the purpose referred to, in pursuance of what honorable members know was undoubtedly our original intention.

Sir Edward Braddon

- Had the Government any original intention ?

Mr KINGSTON

- I am sorry if honorable members were not aware that that line was introduced for the purpose I have stated. We are now proposing by the alteration to effect our original purpose.

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Mr Fisher

- Queensland has plenty of suitable timber.

Mr Macdonald-Paterson

- The Government must keep that duty on, or there will be a revolt on these benches.

Mr KINGSTON

- Our original intention was as indicated in the Tariff. We proposed to admit these timbers for the purpose I have stated, and our proposal is now to alter the exemption so as to make our original intention more clear. Of course, if it can be shown that we have timber of the proper quality, and in necessary quantities, suitable for making butter boxes, we shall be only too delighted to arrange accordingly ; but as far as enquiries go - and I have spared no trouble to get at the facts - I am not at all satisfied that we have any timber that can suitably supply the place of the New Zealand white pine for the purpose of making butter boxes, and the manufacture of these boxes within the Commonwealth is an object that we should do all we can to encourage.

Mr Macdonald-Paterson

- We have in Queensland some of the best timber in Australia for this purpose.

Mr KINGSTON

- Honorable members will no doubt have an opportunity - I do not know whether it will be early or otherwise - of discussing this question fully ; and if they can show that our conclusions on the subject are based on incorrect data we shall be only too delighted to find that we have timber here suitable for making butter boxes, and to encourage its use in every possible way.

Mr Conroy

- If the Ministry have a majority.

Mr KINGSTON

- Whether we have a majority or not we shall do the right thing under all circumstances, and the right thing is, if we have suitable timber, to protect it against importations. On the other hand, if we have not this timber here, we should admit the raw material without any hindrance.

Mr V L SOLOMON

- What about mining timber?

Mr KINGSTON

- We are not proposing any alteration in respect to mining timber.

Sir William McMillan

- Are crutches to be admitted free ?

Mr KINGSTON

- If any honorable member of the Opposition is specially interested, the matter will be considered. There are two or three other items that we are disposed to treat in the same way that we treat cotton goods, and if the necessities for revenue production permit, to treat them very leniently. It was for that reason that I suggested the possible postponement of the cotton goods item, and for similar reasons I now refer to kerosene, tea, and rice.

Mr Kirwan

- What about mining machinery ?

Mr KINGSTON

- We are not proposing any alteration with regard to that.

Mr Knox

- That will come by-and-by.

Mr KINGSTON

- Whatever is right will, no doubt, come in due course. Further, we have had under consideration the propriety of transferring some items to division 6a - of removing them from the present dutiable lines, and providing for a bonus and for a duty in the event of an industry being established; but at present we are not able to indicate to the committee any certain proposal in these respects. Therefore, the sum of what we are stating to-day is this : We are putting the cotton and linen piece goods into one line; we are putting all apparel into one line ; invalids' and infants' food we have made free; the butter-box difficulty is met, and as regards three or four other items, which we consider should be very leniently treated, we propose to postpone their consideration until we reach the end of the Tariff. There are a number of items of a minor character which it would be inconvenient to refer to just now, and which will be mentioned and brought under the consideration of the committee in ample time to permit of their being dealt with when the main items are under consideration.

Mr Poynton

- What are the lines transferred?

Mr KINGSTON

- We have not transferred any.

The CHAIRMAN

- Members of the committee will clearly understand that the Minister for Trade and Customs sought the concurrence of the committee to enable him to make his statement. The honorable member for Wentworth, the acting leader of the Opposition, desires to say a few words in reply, and I shall ask the concurrence of the committee to permit of his doing so. After the honorable member has made his remarks in reply, any further discussion must be confined to the item before the committee.

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Mr McDonald

- If the honorable member for Wentworth is to be allowed to reply, any honorable member ought to have the same privilege. I am not going to permit any of my rights to be curtailed, and I do not think it is right for the Chairman to attempt to limit our speech in the way indicated. I hope the House will not permit one honorable member to have a privilege which is not to be extended to other honorable members.

The CHAIRMAN

- It has been customary, according to the practice of the House of Commons, after a Minister has made a statement, to extend the courtesy of the House to the leader of the Opposition to enable him to make a

few remarks in reply. I sought the concurrence of the committee, but if the honorable member for Kennedy objects I have no alternative but to confine the debate to the item before the committee.

Sir William McMillan

- I do not think that any objection should be taken to the few remarks I have to make. Are we going to abandon that courteous consideration which has always been extended to those who to some extent have the management of the business of the House?

Sir Malcolm McEacharn

- The privilege was abused last week by the leader of the Opposition.

Mr Barton

- Might I appeal to the honorable member who has taken objection to withdraw it on this occasion ? The course of allowing the leader of the Opposition to make ordinary comment on a statement made by Ministerial authority is to permit the views of a party as a whole to be expressed, and as long as our system of government is by party, there ought to be some latitude allowed to leaders in this respect. It would be too rigid an adherence to old-time precedents to say that whilst a representative of the Ministry is to be allowed to make a statement, no other party representative, equally interested in the carrying on of the business of the country, should be allowed the privilege of reply. I might mention that the Minister for Trade and Customs abandoned his claim to speak after the leader of the Opposition on the former occasion, conceiving as he does that, as a matter of parliamentary convenience, statements of this kind should be confined to the leaders of parties.

Mr A McLEAN

- I hope the honorable member for Kennedy will withdraw his objection. I have been a long time in Parliament, and I do not remember any occasion on which the courtesy now sought was refused to the leader of the Opposition. When a statement is made by a representative of the Government on any important subject, it has always been the custom, so far as I can remember, to allow the leader of the Opposition to say a few words in reply, and I think that the honorable member for Wentworth might have this privilege extended to him on this occasion.

The CHAIRMAN

- The honorable member for Wentworth seeks the concurrence of the committee to permit him to reply to the statement of the Minister for Trade and Customs.

Mr McDonald

- I object.

Mr Conroy

- I wish to move that the honorable member for Wentworth be heard. I think that when an important statement has been made by a Minister, as in the present case, every member of the committee ought to be at liberty to address the House with regard to the matters brought forward. Surely the House is master of its own forms?

The CHAIRMAN

- Will the honorable and learned member direct my attention to the standing order under which he proposes to submit his motion.

Mr Conroy

- If there is no standing order to prevent it, the whole of the matters referred to by the Minister for Trade and Customs must be before the committee.

Sir William McMillan

- I do not feel inclined to ask any honorable member to allow me, as an act of grace, to proceed. If the honorable member for Kennedy is not sufficiently courteous to permit us to carry out the ordinary rule, and if my reputation is not a sufficient guarantee against the usual privilege being abused, I decline to continue my remarks.

Mr McDonald

- I resent the honorable member's remarks very strongly. I take it that I have the same rights as has the honorable member in this Chamber. In spite of the fact that he is temporarily leader of the Opposition, he has no more rights than have other honorable members.

The CHAIRMAN

- I must call the honorable member's attention to the fact that he himself has objected to the honorable

member for Wentworth speaking, and I must, therefore, ask him to resume his seat.

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Mr McDonald

- With all due respect, I wish to point out that you, sir, allowed the honorable member for Wentworth to make a personal attack upon me, and now you decline to allow me the right of reply.

The CHAIRMAN

- I did not hear any personal attack. My attention was at the time directed specially to the standing orders in an endeavour to ascertain, if possible, some rule under which the honorable and learned member for Werriwa could do what he proposed. During that time the honorable member for Wentworth made some remarks which I did not catch. If the honorable member for Kennedy assures me that those remarks were of an offensive character, the honorable member for Wentworth must withdraw them.

Sir William McMillan

- I made no remark of a personal character. I saw the difficulty into which the committee had got, and I certainly did not wish to have a wrangle, or to continue this unseemly debate. Therefore, with some reluctance - because I still conceive that I had a right to pursue the course which was suggested - I withdrew, and said that I recognised the right of the honorable member for Kennedy to dissent, as a matter of parliamentary practice. But I have nothing to withdraw, and nothing to apologize for.

Mr V L SOLOMON

- As a means of getting over this difficulty, I wish to move the suspension of the standing orders, in order that the acting leader of the Opposition may reply to the statement made by the Minister for Trade and Customs.

The CHAIRMAN

- I am afraid that the honorable member cannot do that in committee.

Mr Conroy

- I distinctly object to any Minister having the right to make a statement which cannot be replied to, and I wish to take the feeling of the committee upon this point.

The CHAIRMAN

- The honorable and learned member cannot do that.

Mr Conroy

- I dissent from the Chairman's ruling !

The CHAIRMAN

- Will the honorable and learned member put his motion in writing?

Mr Conroy

- I propose to move as a matter of urgent necessity - "That the standing orders be suspended, in order to allow of a discussion upon the items which have been brought forward." Does the Chairman say that any Minister can make a statement with the concurrence of the committee, and that other honorable members are not at liberty to reply thereto ?

The changes which are being made in the Tariff are very important.

The CHAIRMAN

- Does the honorable member propose to hand in a written dissent from my ruling?

Mr Conroy

- I propose to move the suspension of the standing orders.

The CHAIRMAN

- I would point out to the honorable and learned member that it is not competent for him to move the suspension of the standing orders in committee. He can take that course in the House.

Mr F E McLEAN

- Might I suggest that the honorable and learned member should not persist in the motion which he now proposes to move. No good is to be obtained from dissenting from the Chairman's ruling.

Mr Watson

- Perhaps this matter might be overcome if, on second consideration, the honorable member for Kennedy withdrew his objection. I think it is the general wish that the honorable member for Wentworth should be allowed to make a statement.

Mr McDonald

- I can see that unless I withdraw my objection, an endless discussion will ensue upon points of order, and the whole afternoon will thus be wasted. Under the circumstances, therefore, I withdraw my objection, but seeing that we are establishing a practice that the leader of the Opposition, or whoever is acting for him, shall be in a position to reply to any Ministerial statement which may be made, I hope that Ministers in future will see fit to make those statements when they are moving the Speaker out of the Chair.

The CHAIRMAN

- I cannot allow this discussion to proceed any further. With the concurrence of the committee, the honorable member for Wentworth will make a statement.

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Sir WILLIAM McMILLAN

- (Wentworth). - I think that the principle underlying any matter of this kind, is that we are not slaves to our own rules of parliamentary procedure. But I also take it that there is a right on the part of a Minister to make a statement at any time. That is a privilege which ought not to be gainsaid. I quite agree that if any privilege, such as that of a reply by the leader or acting leader of the Opposition is in any way abused, the committee would have a perfect right to do away with the practice. I shall confine myself to a very few remarks. I had hoped that when the Ministry promised us a declaration of some changes in the Tariff, public discussion had had some effect, because honorable members will recognise that it was not until the Tariff was proclaimed by the present Government that any public discussion whatever took place. It was not until the Tariff, in its concrete form, was placed before us that the public throughout Australia really awakened to its immense importance and far-reaching results. I was also hoping that the alterations in the Tariff would have been on such broad, general lines as to simplify it - that there would have been alterations which would have enabled us to get through the business of the session within a reasonable period. I did hope, for instance, that the Minister for Trade and Customs would have told us that with one stroke of the pen the Cabinet had abolished the composite duties. That, in itself, would have been a great object gained. I did hope also that if the double duty were abandoned the ad valorem duty in those cases would have been left, because one of the great objections which we have to this Tariff - and it is a very serious objection, which ought to claim the sympathy even of honorable members upon the other side of the House - is that owing to the operation of some of the fixed duties, together with the composite duties, it is almost impossible for the ordinary man in the street to understand the incidence and effect of the taxation. Therefore, I did hope - and I do not think I have ever shown myself averse to the expeditious despatch of public business - that we could, at any rate, take away the broad line of objection from this Tariff, and deal with it very speedily in committee. But, because of the way in which the Tariff has been framed, and the manner in which it is now proposed to amend it, by making these very few and paltry alterations - they are really not alterations at all - we are in this position : that instead of taking a broad line, debating the principle, and thus getting rid of numberless items in one discussion, it will be absolutely necessary to debate this Tariff line by line, and item by item, in order to do justice to the people of Australia. I should be very glad if we could get through the Tariff by Christmas, so that it might be sent immediately afterwards to the other Chamber. There is no honorable member who is not put to enormous inconvenience by the unexpected length of the session, and to come back to Victoria in the hot months is an experience which nobody can look forward to with complacency. There are two honorable gentlemen in charge of the Tariff, and I did expect, especially from the Treasurer, who has had a long experience of this sort of work, a generous avowal of the public feeling of Australia : with regard to the main items of the Tariff. Its great fault is that on the face of it there is shown a range of duties nominally from 10 per cent to 25 per cent.; but when it is examined in the light of the composite duties, and in the light of the fixed duties which ought to be ad valorem we find that the range is to 50 per cent., 60 percent., 70 per cent., and 100 per cent. I did think that it would have been put clearly before honorable members, as I think it ought to be put before the public of Australia, that when we have an item on which it is proposed to charge 15 per cent, to 20 per cent, we have, with the minimum natural protection of 10 per cent, afforded by oversea charges - a protection running in some cases from 40 per cent, to 50 per cent. - an enormous protection for the manufacturers of Australia. Speaking on broad lines, we expected that one principle - a principle enunciated by the honorable member for Gippsland - would have been considered. That honorable member said, and I welcomed the remark - " We ought to lighten duties, or do away with them, when they press on those who get no advantage from the great bulk of the imposts." It will not be denied

that in this country nine-tenths of the people engaged in primary production will get no benefit from the duties. I am not now wandering into the general subject. We honestly expected that one of the proposals of the Minister of Customs to-day would have been to eliminate all duties on machinery which press heavily on the miners of Australia, who, under no conceivable set of circumstances, can gain anything by this highly protective Tariff. I have never gone into small details in my arguments with regard to free-trade and protection, but have dealt systematically with the interests of the great bulk of the people who make the wealth of Australia. The Tariff at present is highly protective for the benefit of the manufacturers alone, and, while the people, who are producing the wealth of Australia, are paying enormous prices for protected goods, they are also paying highly for all the necessaries of life, and for everything which goes to make a home comfortable. I now give the Government warning that, if what they have stated is the whole of the marvellous concessions they intend to make, they must expect the strongest and sturdiest opposition, line by line, to this Tariff. We will not accept any particular debate on any particular item as practically carrying further items in the Tariff.

Mr Barton

- Then honorable members must take the consequences.

Sir WILLIAM McMILLAN

- We will take the consequences freely. The Ministers have now confessed, with a candour which is delightful, that they ought to alter the Tariff according to the expressions of public opinion, which have been heard of late ; but instead of altering the Tariff on clear lines so that the public may get an idea of the principles running through it, the Ministry have left it such a hotch-potch that it is almost undeniable. I fear very much that when this Tariff goes through a crucial test of debate and revision, instead of having the Tariff scientifically framed - a Tariff with any principle in it - we shall have a mongrel Tariff which can never be considered as applicable to Australia for any length of time. What the Ministers are bringing on themselves and the people of Australia is not the settlement of the Tariff question, but an armed truce until the next election. I have warned them what they must expect if they do not give the reasonable concessions I have indicated. I hold that in almost every respect - except perhaps in the cases of some luxuries which are debatable - 15 per cent. is the high water mark of any revenue Tariff. When we consider that 15 per cent. equals 17 1/2 per cent. to the consumer, and when we also consider that in most cases the actual natural protection of 12,000 miles of water is 12 1/2 percent., honorable members and the country ought to understand that every ad valorem duty of 15 per cent. gives practically 30 per cent. protection to the manufacturers of Australia.

Sir Malcolm McEacharn

- Is this not an abuse of the honorable member's opportunity ? This is a second-reading speech.

Sir WILLIAM McMILLAN

- I have nearly finished.

Mr Kingston

- The honorable member for Kennedy was perfectly right in his objection.

Sir WILLIAM McMILLAN

- I am keeping strictly to the lines on which I started, and urging that the Tariff ought to have been of a moderate character and revenue producing. I have simply to say that the people of Australia ought to understand that an ad valorem duty of 15 per cent. means 30 per cent. protection to the manufacturer ; and if that is all that the Government will give us at the present moment, let nine-tenths of the primary producers of this country realize that the Government have no consideration for them.

Mr Chapman

- The honorable member for Kennedy will not be alone in his objection next time. This is scandalous !

Mr Kingston

- Scandalous !

Mr Conroy

- I desire to call attention to the words of the honorable member for Eden-Monaro, and to ask whether he is in order in saying that the conduct of the honorable member for Wentworth is scandalous?

The CHAIRMAN

- If the honorable member for Wentworth considers the words personally offensive, I shall ask the honorable member for Eden-Monaro to withdraw them.



Sir William McMillan

- The honorable member from Eden-Monaro is not such a judge of conduct that I should consider his words offensive.

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Sir John Quick

- I do not wish to claim the right to discuss the general question, but desire to draw attention to a matter of parliamentary practice and procedure in connexion with the proposed alterations. At the present time there is before the Committee of Ways and Means a definite proposal in the shape of a motion which has been moved by the Minister of Trade and Customs, covering the whole of the duties of customs and excise, which are to be collected. That motion, it is true, is still before the committee, and there has not, up to the present, been any general resolution for the protection of the revenue adopted in accordance with the usual parliamentary practice. I do not say that such a general resolution is absolutely necessary, but I wish to call attention to the fact that, in section 226 of the Customs Act, special provision is made to protect the Government against actions in respect of revenue which has been collected pursuant to propositions submitted in Committee of Ways and Means. The protection against actions contemplated by section 226 of the Customs Act applies only to any Tariff or Tariff alterations which have been proposed in Parliament. Under that section protection is given by the general resolution submitted by the Minister of Trade and Customs, because that has reference to a Tariff which has been proposed. No action can be brought to recover revenue duties collected under a proposed Tariff or any proposed alteration of a Tariff. But, since this motion has been submitted to the committee, two statements have been made of Ministerial intentions. I understand that, following the first statement which was made a few days ago as to the proposed alterations, new duties have been collected, and I apprehend that new duties will be to-morrow collected in accordance with the second Ministerial statement. I would point out that new duties collected merely in accordance with a Ministerial mandate or authority will not be protected under section 226.

Mr Watson

- I rise to order. I desire to know whether the honorable and learned member is addressing himself to the question before the Chair. If we are to have a general discussion, it is as well that it should be understood.

Sir John Quick

- I am submitting a question of order which I apprehend can be discussed at any time. The question of order I submit is that any proposed alteration ought to be submitted to the House in the form of a proposition, and not in mere verbal statements such as have been made.

Mr Watson

- That is not the question before the Chair.

Sir John Quick

- I am submitting, as a point of order, that duties to be collected under the authority of section 226, must be the duties imposed in pursuance of a proposition laid before Parliament, and that they cannot be collected merely in pursuance of a verbal statement.

Mr Watson

- That does not affect the question before the Chair.

Sir John Quick

- I am not concerned whether the proposition is made in committee or in the House, but I desire to take this opportunity of drawing the attention of the Government to the unconstitutionality of their course of procedure.

Mr Watson

- I would again direct attention to the remarks of the honorable and learned ' member, who is not addressing himself to the point of order I have raised.

The CHAIRMAN

- On the point of order raised by the honorable member for Bland, I would say that the honorable and learned member for Bendigo is discussing the action or conduct , of the Ministers in connexion with the collection of duties under the Tariff, and, in my opinion, is not in order in doing so in committee, though he would be in order in the House. The amendment submitted by the honorable member for Tasmania (Mr.

O'Malley) deals with one of the items. The conduct of the Government, or the responsibility or liability of the Government is a matter for themselves, or a matter of privilege which should be discussed in the House and not in committee.

Sir John Quick

- I do not wish to persist in discussing the point, but merely urge that it is highly desirable that future proposed alterations should be submitted in the form of propositions in Committee of Ways and Means.

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Mr KIRWAN

- I hope that the honorable member for Tasmania, Mr. O'Malley, will withdraw his amendment, because this is not the proper place in which to deal with the question to which it refers ; but I make this suggestion in no spirit hostile to his proposal. The report of a Victorian commission of which the honorable and learned member for Northern Melbourne was a member, and which inquired into this question in 1895, says that upon the whole the evidence afforded strong testimony in favour of the establishment of a State monopoly in the manufacture of tobacco. This is no new-fangled notion. The manufacture of tobacco is a State monopoly in Italy, Hungary, Roumania, France, and other countries of Europe, and in Italy returned to the State in one year a clear profit of something like £5,700,000, and to the comparatively small State of Hungary no less than £2,700,000. In all the States in which it has been tried it has been proved eminently successful. I am, however, exceedingly glad that the honorable member has enabled us to discuss this matter in a cursory way, because the discussion will bring it prominently before the public ; and possibly we shall be able, at some future date, to go into it very thoroughly. I think, too, that his proposal has an important bearing upon the suggestions which have been made for the reduction of the import and the increasing of the excise duty upon tobacco. The Treasurer has not spoken in a spirit of hostility to the honorable member's proposal, and several other honorable members on that side of the chamber are very strong advocates of the establishment of a State monopoly. I claim that all of them must support any proposal to reduce the import, or increase the excise, duty upon tobacco, because they are bound to oppose duties having in any way a protective incidence, since if we protect the manufacturer of tobacco we tend to create vested interests, and thus to increase the difficulty of subsequently establishing a State monopoly.

Mr Mauger

- The honorable member is of opinion that we should first ruin the industry, and then purchase it.

Mr KIRWAN

- I do not think it would be ruined, but at any rate it should not be molly-coddled. One of the difficulties to which the Victorian commission gave special attention was the question of compensation, and it no doubt will have to be faced if the idea of the honorable member for Tasmania is carried out. There is another matter to which I should like to refer. I understood the honorable member to say that if the duty upon tobacco were reduced to 3s. per lb. it would mean a reduction in the revenue.

Sir George Turner

- Unless there were larger importations, and larger importations would mean less work done here.

Mr KIRWAN

- I should like the right honorable member to explain then, how it is that whereas his estimate of the amount of duty that will be collected in Western Australia, under the proposed Commonwealth Tariff, is only £61,250, the actual amount collected last year on British and foreign tobacco, exclusive of that collected upon tobacco coming from the other States, according to the Western Australian Statistical Register, was £88,880, the duty being 3s. per lb.

Sir George Turner

- The honorable member is giving the committee the figures for 1900. My calculations were based on the figures for the year 1899.

Mr KIRWAN

- Even including £15,000 as revenue upon leaf, the Treasurer's estimate would amount only to £76,000.

Sir George Turner

- Then there is £10,000 from excise duties.

Mr KIRWAN

- These figures do not include excise duty. I have no doubt that the Treasurer will be able to explain the

discrepancy, and I should like an explanation. Otherwise, the committee would have to assume that the Treasurer is inconsistent, as by his estimate he shows that less revenue would be obtained from a duty of 3s. 6d. per lb. than from a duty of 3s. per lb.

Sir George Turner

- Because more locally manufactured tobacco would be used.

Mr KIRWAN

- That does not apply in the case of Western Australia, because we should still have an Inter-State duty of 3s. per lb.

Sir GEORGE TURNER

-But will not the local manufacture be increased in Western Australia?

Mr KIRWAN

- What we make there is trifling.

Mr. MAUGER(Melbourne Ports).number of statements have been made during this discussion, which, it seems to me, should not be allowed to go unanswered. My honorable friend opposite appears to dread monopolies, but if there are to be monopolies - and our industrial life is, fortunately or unfortunately, tending in that direction - surely it is better that they should exist where they can be controlled and regulated, so that the wage-earners may get the benefit of this regulation. If we encourage monopolies in America or England, we shall confer no benefit upon the general community or upon our wage earners. I have yet to learn that monopolies are an unmitigated evil. Only recently the Trade Union Congress, sitting in Chicago, unanimously affirmed that wages were better, hours were shorter, and the conditions generally superior in those trades in which monopolies or combines existed than in those where the competitive system had full swing, and this conclusion is borne out by a very eminent woman, Prances Willard. At any rate, if there are to be monopolies, surely it is better that they should be here where we can control and regulate them.

Mr Mahon

- Does not the honorable gentleman think that they will control us ?

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Mr MAUGER

- That would all depend upon ourselves. Lord Rosebery said of the liquor traffic that it would control England if England did not control it, and so it will be with monopolies. We have the power to control and should exercise it. With reference to the question of State monopoly it has been argued that having destroyed the value of the tobacco industry we should take it over. But that seems to be a very illogical and unreasonable view to take. If we are going to make the manufacture of tobacco a State monopoly, the more hands we can employ and the larger the profits we can make, and the more we can extend our operations, the better it will be for the community generally. With regard to the tobacco industry in England, I find by the last annual report of the Government Laboratory that the total consumption of tobacco in England was 83,561,083 lbs., and only 4 per cent. of this was imported. Therefore the tobacco manufacturing industry is essentially a local monopoly in England, and the manufacturers are growing rich whilst the wages of the operatives are by no means the highest or their conditions of work the best. If it is to the interest of the English people to foster this industry, surely it must be to the interest of the Australian people to foster the local manufacture of tobacco. In Canada the difference between the locally manufactured and the imported article in the matter of duty is not 9d., as suggested by the Government, but 1s. 8d. per lb., and I have not heard any complaint from Canada as to the people interested in the industry growing rich or doing anything wrong.

Mr Fowler

- What is the difference in duty between the imported and the locally manufactured article in England ?

Mr MAUGER

- The local manufacturer had the advantage of 6d. per lb. up to the time of the war, but I would point out that 6d. in England would be equivalent to more than 9d. here, owing to the difference in the conditions.

Mr Fowler

- Not as against the cheap labour on the continent.

Mr MAUGER

- If my information is correct, the American tobacco which the honorable member appears to be so

anxious to admit here is grown and made by the cheapest of labour, under conditions which are not regulated in the way they are here. I have yet to learn that there is any monopoly in the tobacco industry in Victoria. It is true that there are some firms who have done very well recently, but in previous years they lost very heavily, and it is only fair to take the profits over a number of years and strike an average. I have not heard of any combination amongst manufacturers to raise prices, or of any other united movement that would justify the talk we have heard about a tobacco monopoly within the Commonwealth. On the other hand, there are a large number of smaller manufacturers, in Victoria especially, who are making only a fair living, and who are employing only a few men. These men say that if we open the door to the imported article we shall not only injure their business, but throw a number of workmen out of employment. The honorable member for Parramatta laid great stress upon the loss of revenue that would result from the encouragement of the local industry, but he altogether lost sight of the fact that locally-manufactured tobacco is sold at considerably lower prices than the imported article.

Mr Conroy

- Is that on account of the duty?

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Mr MAUGER

- Of course it is. Since the Federal Tariff has been in operation, the lowest price at which locally manufactured tobacco has been sold in Victoria is 2s. 3d. per lb., and the highest price is 4s. 4d. per lb. Assuming that the manufacturers have sold about equal quantities of the highest and lowest qualities, the average nett selling price would be 3s. 31/2d. per lb. The average price at which imported American tobacco is now sold is 5s. per lb., so that the consumer of locally-manufactured tobacco makes a saving of 1s. 81/2d. per lb. Taking the whole consumption of locally-manufactured tobacco in New South Wales and Victoria for the year 1889, the difference which I have mentioned would be equivalent to £277,875 remitted in the way of taxation. Therefore, the argument of the honorable member for Parramatta, that the State loses what is not collected in the way of duty, goes for nothing. The honorable member spoke in a very light and airy way about the 1,000 operatives who are employed in connexion with the tobacco-manufacturing industry, and suggested that we had better pension them off at once. If we listened to the honorable member's advice in regard to this and other industries we should have no one left in the Commonwealth except those employed in the primary industries. I should like to know what wages are paid to those engaged in primary industries, and what are the conditions under which they live. It is all very well for the honorable member to talk about mentioning these people off, but if we are to do away with all our manufacturing industries, where are we going to get the money to enable us to carry out the honorable member's broad and comprehensive pension scheme? I hope the committee will not consent to any reduction, but that, in the interests of the consumers, of the workmen, and of the factory owners, they will support the proposals of the Government.

Mr. JOSEPHCOOK (Parramatta).Honorable members on the other side seem to assume that the only desire of the advocates of free-trade is to see all our people sitting down playing their flutes to their sheep, but I would remind the honorable member for Melbourne Ports, and those who think with him, that to-day in free-trade countries there are healthier industries finding employment for the people at higher wages, and giving a better return to capital, than in the protectionist paradise of Victoria. At every point of the arguments of the protectionists we find references to the cheap labour of protectionist countries. The advocates of trade restriction talk about protection increasing wages in America, and yet, when they desire to clinch an argument, they speak of the cheap labour that abounds in that country, particularly in the protected industries. It is a fact which is established by statistics that the cheapest wages paid in America are those which are paid in the protected industries, and that the highest wages paid are to be found in those employments which are not protected. We are told to-day that American tobacco is grown and manufactured by the negroes of that country, and that because of their cheap labour the industry here requires protection. If protection gives good wages to those who live under its aegis, why does cheap labour abound in America to such an extent as honorable members represent? Why is it that the tobacco duties in America, some of which range as high as 10s. per lb., do not result in the payment of better wages?

The CHAIRMAN

- I would point out that we are not now dealing with the question of duty, but with the amendment of the

honorable member for Tasmania, Mr. O'Malley, which proposes that the manufacture of tobacco shall be made a State monopoly.

Mr G B EDWARDS

- I wish to ask your ruling, sir, as to whether the amendment is in order, seeing that if we carry it subsequent legislation will be required in order to make the manufacture of tobacco a State monopoly 1

The CHAIRMAN

- I would point out that the amendment fixes no definite date upon which the manufacture of tobacco shall become a State monopoly. It is quite competent for any honorable member to move to insert the year 1903, 1904, or any other date. The amendment is in order.

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Mr JOSEPH COOK

- How is it that protection has brought about cheap labour in other countries where it is in full blast 1 The negro labourers in Virginia, according to figures supplied during this debate, get almost as much as do the people employed in the tobacco industry in Victoria. Therefore, it is idle to argue that it is because of the cheap labour of other countries that the industry needs protection here. Why is it that we have to pay ls. per lb. duty on the leaf before we can make up our tobacco here at all ? Honorable members know that our locally-grown leaf cannot be utilized for the purpose of making the best tobacco. The reason of this I do not pretend to say. The fact is that we have to pay ls. per lb. duty upon leaf, and bring it thousands of miles over the sea, and yet we are told that we can grow a sufficient quantity locally if the industry is properly protected. The honorable member for Darling Downs., stated the other night how much protection, was wanted in order to make the industry flourish. In Queensland those engaged in it have enjoyed a protection of 400 per cent., and the honorable member told us in a most serious frame of mind that that was about a fair thing, and that the Queensland tobacco-growers have been, able to get along very well with it i But if we cannot produce tobacco without taxing the people in this way I say that the industry is a national waste, and that we can employ our people more profitably in. other occupations. A few days ago I stated that the State would be money in pocket if it pensioned off the tobacco operatives in Victoria, and allowed them to remain in idleness. I did not suggest for a moment that these people should be thrown out of employment, but I implied that they ought to be engaged in profitable enterprises which could live without this constant spoon-feeding on the part of the Government. Otherwise there is a national waste going on. The duty proposed to be placed upon this article by the Government is unnecessarily large, and will not lead to any greater quantity of the local leaf being grown. It will not lead to the manufacture of one ounce more of tobacco than is at present manufactured. Therefore, to make the distinction which the Government contemplate, is really in itself to deplete the Treasury without any corresponding return being given. We are told that tobacco is cheaper now than it was before the duties were imposed, and that the local tobacco is cheaper than is the imported article. If we can make tobacco here cheaper than we can get it from abroad, why is it necessary to impose a protective duty? All the talk about cheapness is so much dust thrown into the eyes of the people. If we can produce tobacco as is alleged by the honorable member for Melbourne Ports, at a cheaper rate than it can be imported from other portions of the world, that is an argument against the imposition of the duty proposed by the Government.

Mr BATCHELOR

- The honorable member knows that it is cheaper.

Mr JOSEPH COOK

- Yes, and I know what makes it cheaper. It is the difficulties which we have placed in the way of anything coming in as cheap. It is the excessive duty which we have levied upon tobacco from abroad. If it is the Tariff which makes local tobacco cheaper, it is the Tariff which makes the other tobacco dearer.

Mr HUME COOK

- How much cheaper was tobacco in Sydney ?

Mr JOSEPH COOK

- There was a duty in Sydney just as there was in Victoria, and we should be satisfied if we had the Sydney conditions, which were regarded as sufficiently generous to growers and manufacturers. If our soil and climate, and the skill of our workmen, are equal to creating a substantial native industry, that industry ought to be able to exist under conditions which will not tax the whole of the tobacco users to the

enormous extent contemplated in the Government proposals.

Sir GEORGE TURNER

- I am afraid we are wandering into a discussion on matters outside the amendment. I would suggest that we deal with the amendment first, either carrying or negating it, and then get back to the proper discussion of the proposal suggested, but not yet made, by the honorable member for North Sydney. We are discussing questions now which we shall have to discuss again later on.

Mr V L SOLOMON

- What is the Government attitude in regard to the amendment?

Sir GEORGE TURNER

- We oppose it, as I have already said.

Mr CRUICKSHANK

- I take no interest in the abstract amendment, but would like to see some definite action taken in regard to a reduction of the duty as proposed in the amendment of which we have had notice. I hope the Government will see their way to accept a reduction from 3s. 6d. to 3s.

Mr TUDOR

- If a Bill were to be introduced for the purpose of nationalizing the tobacco industry, my vote would be in favour of the measure. I see no use, however, in passing the amendment now before the committee, because to do so would not carry us one step forward. We should not even be affirming that this Parliament is in favour of the nationalization of the industry, but merely providing that the duties shall be so much until the Government take over the monopoly.

Mr Thomson

- There is no power in the Constitution for the Government to take over the tobacco industry.

Mr TUDOR

- If that be so, the amendment should never have been accepted. The honorable member for Tasmania, Mr. O'Malley, has had the question ventilated, and has ascertained that honorable members on both sides of the House are in favour of the nationalization of the industry at some future time, and he ought now to withdraw the amendment.

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Mr CROUCH

- If the amendment, as has been contended, will have no operative force, or will not even assert a principle, it will, at any rate, act as a warning to the monopolist manufacturers, who are making thousands of pounds a year, that they will not be able, in the event of the industry being nationalized, to come to the Government for any compensation. The Opposition are in favour of the importer, and we are in favour of the workers, while the Treasurer wants revenue ; and the best way to get revenue is to provide that after due encouragement has been given to the growers and payment of proper wages has been made to the workers, all shall go into the Government's pocket. As has been pointed out, France, by reason of her monopoly in this industry, obtains an annual profit of £2,500,000, and Italy also reaps an enormous pecuniary advantage, so that this is a source of revenue which should not be neglected. The amendment makes it possible at some future time to take over the industry without payment of compensation, and I hope the honorable member for Tasmania will not withdraw it.

Mr BROWN

- It seems to me that we are asked to do one of two things. We are asked either to make the industry a State monopoly, under direct State control, or to allow the tobacco industry to continue in private hands, and to give to those engaged in it special preferences by means of a customs duty. That is the position which seems to be involved in the amendments submitted or foreshadowed. From inquiries I have made into the matter, and after listening particularly to the honorable member for Coolgardie, I believe that there is a good deal to be said in favour of this State monopoly as against giving special privileges to private individuals. I admit that within the Commonwealth, particularly in New South Wales and Queensland, there are lands well adapted for the growth of leaf, equal to that which we are accustomed to import from America, and other countries, even for the purpose of local manufacture. One of the great difficulties that has hitherto stood in the way of developing the tobacco industry, has been want of knowledge, and want of care on the part of those engaged in it, and also the heavy excise duties imposed in several States for the purpose of revenue. If the industry were nationalized, it would be to the interest of the Government to

collect a large amount of technical or special information as to the culture of tobacco leaf, and to bring about conditions that will lead to the proper scientific cultivation and initial treatment of the leaf for manufacturing purposes. In New South Wales some attention in that direction has already been given by the Government.

Mr Kennedy

- And the industry appears to have been killed.

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Mr BROWN

- It is only quite recently that special scientific attention has been given to this matter, and it takes time for the information to become generally available ; but so far the results have been good. It is probable that under proper conditions, locally grown leaf will be able to compete successfully with the imported article j and there is no reason why it should not. In "Victoria, too, some attention has been given to this matter, irrespective of the special privileges conferred on the manufacturers. In to-day's issue of the Melbourne Age there appears a short article dealing with the

Manchester Co-operative Wholesale Association, which specially encourages the development of industries within the British possessions. This association does a large trade in the sale and manufacture of tobacco, and in an endeavour to assist the production of the leaf in these States, particularly in Victoria, certain importations were made into England. These importations, however, did not turn out satisfactorily, and further importations have had similar results. The article in the Age of this morning contains the following : -

While on a visit to Victoria a few months ago a director of the Manchester Co-operative Wholesale Association purchased ten hogsheads of the locally grown tobacco and shipped them home. He wished to see whether the " stripped " leaf was any better than the older type of Victorian tobacco which his firm had bought on previous occasions in London. Five of the hogsheads were sent to Manchester and five to the association's branch at Glasgow. In both cases the results have been unsatisfactory. Mr. Craig, manager at Manchester, reports that the tobacco sent to him had been completely ruined by careless and inexperienced handling. The leaf had been torn in the process of stripping, the packing was bad, and in some casks there was as much as 17 per cent, of moisture. (About 10 per cent, is the proper amount. ) Similar results are noted by Mr. Harkness, the association's manager at Glasgow. The leaf in two hogsheads sent there was practically rotten - some of it quite black - and will have to be destroyed. I have seen a sample which Mr. Sinclair is sending out to the Agricultural department. It is vile ragged stuff, scarcely distinguishable from gutter garbage. Yet both Mr. Craig and Mr. Harkness say that Victorian tobacco is quite capable of being made a sound marketable article if treated with reasonable care. Mr. Sinclair was assured in the freest terms that their firm would give the tobacco every show when it can be used without risk of injury to their trade. This assurance was afterwards repeated by Mr. Shilito, president of the association. He said the firm was most anxious to help colonial industries, and especially desired to work up a good Australian connexion.

That paragraph bears out my contention. I consider that before our local tobacco can commend itself to consumers, and successfully compete with the imported article, a care and attention must be given to its cultivation and preparation which those processes have not hitherto received. It is scientific knowledge, not the proper climatic conditions and quality of soil, that is wanting, and in my opinion the best way to put the industry upon a sound footing is to make it a State monopoly. Further, by doing so the large sums of money which now go into the pockets of private monopolists will be transferred to the revenue of the State, and assist in the proper financing of our affairs. In making the production of tobacco a State monopoly, we should not be entering upon new ground. The honorable member for Kalgoorlie has shown that the experiment has been successfully tried in many European countries, and I have no doubt that if the industry were a State monopoly, the wage-earners and producers, to whom it would give employment, would have better treatment than under present conditions. For these reasons I have the greatest pleasure in supporting the amendment, and I hope that the honorable member who moved it will press it to a division, so that the people may see what members are in favour of this proposal and who are against it.

Mr V L SOLOMON

- If the honorable member for Tasmania, Mr. O'Malley, had placed a motion before honorable members

definitely proposing the creation of a State monopoly in tobacco, it might have been worth our while to seriously discuss it ; but the amendment which he has moved is so meaningless that it appears to me questionable if it is in order. He wants the committee to say that " until a Federal Government monopoly is established," the duties upon tobacco shall be such as are set forth in the Tariff which we are now discussing. The committee are not asked to affirm the advisability of establishing a Government monopoly in tobacco ; indeed, the honorable member does not ask us to affirm anything. This is merely a cheap advertisement and nothing else.

Mr O'Malley

- I stand here the equal of every honorable member, and I came into this Parliament by the vote of the sovereign intelligence of the people of Tasmania. The honorable member has accused me of using my position for the purpose of advertising myself, and I seriously object to his statement.

The CHAIRMAN

- I did not understand the honorable member for South Australia to accuse the honorable member of advertising himself.

Mr V L SOLOMON

- I know the honorable member for Tasmania so well that I acknowledge that I did wrong in accusing him of attempting to get a cheap advertisement, because every advertisement he gets he works hard for. If I have offended the honorable member I withdraw the expression. What I wish to emphasize is the uselessness of his amendment. If honorable gentlemen wished to delay the consideration of this Tariff, they could move similar amendments in regard to every item. We might move to insert the words " until a Government monopoly is established " before the proposed duties upon spirits, beer, iron, clothing, or anything else. Knowing a little about the amount of revenue obtained by other countries from State monopolies in opium and tobacco, it is extremely probable that if the honorable member moved a specific motion he would find me one of its sturdiest supporters ; but in view of the universal desire to proceed with the Tariff as speedily as possible I hope the honorable member will not insist upon his amendment. The question for the committee is really whether the proposed duty upon tobacco should be reduced, and the moving of amendments like this only diverts the attention of honorable members from the real point at issue. The whole commercial community are waiting for us to pass this Tariff, so that they may know what they will really have to pay, and we have no right to delay its consideration by incidental discussions upon practically irrelevant matters.

Mr. WINTERCOOKE (Wannon).Putting aside the very difficult question whether it is within our power under the Constitution to establish a Government monopoly of tobacco, I would point out to the honorable member for Tasmania that, as the Ministry are opposed to his amendment, it is wholly improbable that he will carry it, and he will do his cause harm by forcing a division which will show that the great majority of the House are against his proposal. That is one reason why he should withdraw the amendment. Another reason is that we have not now before us sufficient information to enable us to consider the question which he wishes to raise. It is true that a committee appointed by the Victorian Parliament reported in favour of the establishment of a State monopoly in tobacco, but its members said that they desired more information, and I apprehend that if this question is to be discussed, it can be profitably discussed only after a searching inquiry on behalf of the Commonwealth as to whether it is desirable that the Government should take upon itself the manufacture and sale of tobacco.

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Mr E SOLOMON

- I would also urge the honorable member for

Tasmania, Mr. O'Malley, to withdraw his amendment, because there is really nothing definite in it. If the honorable member would bring forward a definite motion to the effect that the Government of the Commonwealth should take over the manufacture of tobacco as a State monopoly, I should be only too glad to support him, but by pressing his amendment the honorable member is likely to defeat his own object.

Mr F E McLEAN

- I think the honorable member for Tasmania is being well advised by those honorable members who suggest that his amendment should be withdrawn. I understand that the Government have declared against the amendment, and the honorable member by pressing his proposal will be placing a large



number of those who sympathize with him in his main desire in a very false position if he forces them to vote against him. He is making his proposal at the wrong time, because the schedule of the Tariff is not the place in which to air ideas with regard to the establishment of a State monopoly in tobacco. A large number of honorable members would support a proposal to establish such a monopoly if it were made at the proper time, but if the honorable member presses his amendment he will get a rebuff, and the vote on the subject will not fairly represent the feeling of the House.

Mr O'MALLEY

- I have carefully and conscientiously endeavoured to sift the declarations of my friends in all parts of the House in opposition to my amendment, but I represent the most extraordinary conjunction of extremes. My views are not easily changed, and although I should like very much to surrender in deference to the wishes of my friends, there is a principle at stake, and I must be loyal to it. I fought the federal election with nearly every paper in Tasmania against me, and it was stated that I would not dare to come into this House. I have come in here, however, as a thoroughly independent and conscientious representative, and I am going to divide the committee upon this question even if I stand alone. One man who is in the right eventually becomes the majority, and if honorable members will look back into history, they will find that almost every reformer who has attempted to benefit the human family has had alone time to stand alone and fight alone. Honorable members say it is not right that we should make a State monopoly of the tobacco manufacturing industry, but I am not moving blindly in this matter. I have here a report of a Victorian parliamentary committee which sat in 1895 and which reported upon the tobacco industry. Mr. Outtrim was the chairman of the committee, and the other members were Mr. Graham, a late Minister of the Crown, Mr. Graves, Mr. Higgins, the honorable member for Northern Melbourne, Sir John McIntyre, Mr. Prendergast, a genuine democrat, and Mr. Scott. I will read a few of the statements in the report. The committee recommended that Victoria should declare for a State monopoly.

Sir MalcolM McEacharn

- Did they all make that recommendation ?

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Mr O'MALLEY

- I cannot see any mention of dissentients. The committee point out that the State of Hungary made a profit from the monopoly of £2,700,000, and that Italy made a profit of £5,700,000. They state : - Your committee are of opinion that, amongst other advantages likely to be derived from the establishment of a State monopoly in the manufacture of tobacco in Victoria, are the following : Increased revenue ; better quality of tobacco to consumers ; encouragement to Victorian farmers to grow tobacco ; and increased employment to people.

The report proceeds : -

There can be little doubt that, if the tobacco trade were in the hands of the State, an increase of manufacture would ensue; that a lesser quantity of the manufactured articles would be imported, but that the leaf would be obtained and be made in cigars, &c, in the State factory. In this way work could be found for a much larger number of persons than are now engaged in manufacture.

The report concludes in the following terms : -

Your committee have been unable to obtain any definite information as to the amount of compensation which will have to be paid to persons now engaged in the tobacco trade, in the event of the State establishing a monopoly. During the year 1805 there were fourteen tobacco manufactories in operation in Victoria, the approximate value of machinery and plant being , £39,080, lands £43,080, and buildings £42,920- total, £125,080. .... An examination of the evidence will show that the witnesses were almost unanimous in favour of the establishment of a State monopoly, as, in their opinion, it would furnish good results to the Government, to consumer and to growers.

Do we want any better evidence than that ? Honorable members now urge delay. I admit that delay is one, of the fundamental principles of the British Constitution, but we are dealing with the Commonwealth Constitution. The railways of the various States are monopolies, and I would ask honorable members whether they are any worse managed than they would be if they were in private hands ? The men who work for the railways are well paid, and the railway carriages made in Victoria lately under the co-operative system cost 20 per cent, less than carriages that were previously imported. I do not desire to destroy the tobacco interests, or to rob the present manufacturers. They are entitled to every shilling they

make, but I believe that all the profits that are made out of the vices of the people ought to be at the disposal of the State, which has to look after those who become objects of charity in their old age.

Mr Ronald

- Smoking is not a vice.

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Mr O'MALLEY

- Primitive man did not smoke. Columbus, when he landed in America, did not find the Indians smoking. Although tobacco came from the State of Virginia to England, there was no smoking among the Indians ; the habit is the result of civilization, and tobacco has become necessary through custom. Its use is now one of the vices of the people, and the profits accruing from it should go into the coffers of the State for the benefit of the general community. I admit that the history of the human race shows that every advance has been painful and slow. Everyman who stands up to advocate something new - something with which the people are not familiar - is regarded as a faddist, a fool, or an idiot, but a few years afterwards the wise men of the community steal that faddist's ideas, and become great statesmen. It is said that the Government cannot manufacture tobacco, but I can show honorable members that the Government can secure the very best and most scientific men to take charge of their factories. They can also give better prices to the growers, who are now subject to the will of the manufacturers' ring. The bonuses that have been paid to growers have been distributed among a number of Chinamen, who are engaged in the cultivation of the leaf, and I am told that a great quantity of the tobacco upon which the export bonus has been paid is now lying unused somewhere in Europe. The leaf used here mostly comes from America and the locally - grown leaf goes to waste. Under a system of State manufacture we should have uniform wages, and all the workers in the factories would share in the profits. They would share the profits which now go into the pockets of the manufacturers. We also intend if possible to take over the liquor business. . If we do this

Ave ought to be able to pay off a portion of our indebtedness. In America the statesmen are constantly talking about paying off the debt of the country, but here they talk about borrowing more. Email)- the people of England will lend us no more. We shall have our very souls in soak in London before we finish up. It ought to be the policy of this democratic country to carry on its public works out of revenue. Of course it may be urged that I propose to interfere with private enterprise. I do not wish to do anything of the kind, but I say that everything which comes within that category, which depends upon the luxuries or the vices of the people, ought eventually to come into the Treasury of the State. I ask the committee to carry this amendment. I wish to say, in closing, that I recognise that the reformers have a momentous battle to fight against desperate odds. The odds are about a thousand to one. Every weapon that ability, that ignorance, that wealth or fashion can command is turned against us. The very cannons are loaded with vested interests, and the bullets are poisoned. Every advance that the people make is an encroachment upon some vested interest. So that when we stand up for our rights we find that they will not trade with us. They will make our wives and children starve. But neither my wife nor children shall starve. I am one of the few who can stand here and tell the people what I think and what I intend to do. In conclusion I wish to say that with me this matter is one of principle, and I must be loyal to principle. The future economist may devise some method by which to secure a more equitable distribution of the profits amongst the people, but while we are awaiting his advent, industrial development continues. To-day public opinion is crystallizing around the philosophical idea that the producers shall share in the profits of their produce. The whole world is looking to the Commonwealth of Australia to fulfil humanity's hope for equality of opportunity. Under my proposal one factory will not make thousands and thousands of pounds of profits, whilst the worker gets little, and is thrown upon us in his old age as a pensioner. When the Government assume control of this industry it will be run upon co-operative lines, and every man will become a partner in the venture. Therefore, I have supreme pleasure in submitting the amendment.

Mr CONROY

- It is a matter for regret that the honorable member for Tasmania did not specify a date upon which this amendment, if carried, should become operative. If that had been done it would have been incumbent on the Government to carry out his proposal. But the amendment, if carried in its present form, will have no effect whatever, inasmuch as it will not bind the Ministry. Had this matter been brought forward at a more opportune period it would have merited very serious attention. At the present time amongst all nations the

question of whether the tobacco and liquor trades ought not to be brought under Government control is being seriously discussed. Certainly many advantages would flow from the adoption of such a course. In order to show that I am prepared to seriously consider a proposal of this kind when the proper time arrives, I intend to support the amendment.

Mr. RONALD(Southern Melbourne).It seems that the alternative proposals before the committee are to hand over the manufacturing industry either to the foreigners or the State. If the profits arising out of this industry were conserved to the State in accordance with the terms of the amendment of the honorable member for Tasmania, we should have a large State monopoly, and a very profitable one. With other honorable members I regret exceedingly this untimely and inopportune amendment. It will put many honorable members upon both sides of the House in a false position, because although some of us are heart and soul in favour of State monopoly, we see that the amendment will give us nothing definite, and can lead nowhere. If it would bring us one step nearer to State monopoly, I should support it. The experiences of other countries in regard to tobacco show us that even in free-trade Great Britain preference is given to the local manufacturer to a very considerable extent. Moreover, a differential duty operates in Canada to the extent of 8d. per lb. in favour of the locally - produced article. In Victoria hitherto we have had a differential duty of 3d. per lb. The Government proposals are in favour of 1s. per lb., and anything less than that would make it utterly impossible for our local manufacturers to carry on their businesses. A great deal has been said about the huge fortunes that have been made by the manufacturers, but little or nothing has been said concerning the gigantic profits made by the importers. I protest against that omission. The practical way to benefit the industry here is to see that the local manufacturers have conserved to them a differential duty of 1s. per lb. We must wait for a more convenient season in which to make the tobacco industry a State monopoly. I shall welcome that convenient season when it comes. But at the present time the proposal is impracticable, even if constitutional, and I question whether it is one or the other.

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Mr FOWLER

- I do not wish to give a silent vote upon this question. The honorable member for Tasmania, in submitting his amendment at the present stage, is not pushing the great principle which he advocates any "further." To my mind the honorable member is really moving in the opposite direction. While I am willing to give him credit for sincerity, I am afraid he is establishing a somewhat awkward precedent as regards other honorable members who may not be so highly scrupulous as he is with regard to self advertisement - who may not be prepared to make those desperate endeavours at self effacement for which the honorable member is noted. We might be presented with the prospect of honorable members introducing a suggestion of this kind in all the various details of the Tariff ; and a contingency of that sort is one which even the honorable member would regard with a good deal of concern. I am thoroughly in favour of the principle of the amendment, but I object to the introduction of it into the Tariff. I hope, however, to have a very early opportunity of doing something in the direction of establishing it as an active principle in the social and industrial conditions of Australia.

Question - That the words proposed to be inserted be so inserted - put. The committee divided -

Ayes..... 21

Noes..... 40

Majority..... 19

Question so resolved in the negative.

Amendment negatived.

Mr. THOMSON(North Sydney).Although I may have to address the committee frequently on the Tariff, it will be with a desire to do business in the shortest possible time ; and I need not recapitulate all I said when previously dealing with the duties on tobacco. It was stated by the Treasurer that the Ministry had come to the conclusion that a margin of 9d. was sufficient, and that they intended to adhere to that margin. Is that still so ?

Sir George Turner

- That is so; only the honorable member wants to effect that in one way, while I want to do so in another.

Mr THOMSON

- I do not want to debate the matter if the position I have put be the correct one. There have been certain

statements in the press anticipating that the Ministry would withdraw from their position, but I did not imagine that they would not hold to their word. If we fix a margin of 1s., a margin of 2s., or a margin of 3s. in favour of the local manufacturer, it is utterly impossible for this Parliament to preserve that margin. It has been said that a larger margin should be allowed for the benefit of the small manufacturer ; but we cannot so protect the small manufacturer. Seeing that in New South Wales the industry has flourished under a margin of 9d., the result of increasing the margin would be to place the manufacturers of New South Wales in a ' better position to compete with those of the other States, or it would mean an arrangement by the manufacturers as to the prices, whereby the 3d. would be levied upon the consumer, and would not go into the Treasury. I wish now to allude to some of the objections which have been taken to the reduction of the duty upon imported manufactured tobacco to 3s. per lb. The honorable member for Melbourne Ports said that in Canada there was a difference between the import duty and the excise duty of 1s. 8d. per lb., but figures which have been provided by officers of the House show that under the Act of 1897 - their latest Act - the import duty upon manufactured tobacco is 35 cents, per lb., and 12A per cent, ad valorem, or 1s. 7d. per lb. altogether, while the excise duty is 1s. 0½d. per lb., leaving a margin of 6½d. in favour of the local manufacturer. If the locally manufactured tobacco is made from leaf grown in Canada, the margin is still greater, and amounts to 1s. 4½d. per lb. Here we propose a margin of 9d., where the locally manufactured tobacco is made from imported leaf, and of 1s. 9d. where it is made from locally grown leaf. I am aware that my information about the Canadian duties differs from that in the return before us, but, in my opinion, that return is wrong, because it states that the Canadian import duty upon unmanufactured tobacco is 5d. per lb., and the duty upon unmanufactured tobacco for manufacturing purposes 7d. per lb., which is an obvious error. But even supposing the figures in the comparative statement to be correct, they show a duty of 7d. per lb. upon imported leaf, or with 1s. 0½d. excise, 1s. 7½d. against a duty of 2s. 3d. per lb. on imported manufactured tobacco, a difference of only 7½d. in favour of the local manufacturer. The Treasurer, in estimating the amount of revenue that will be received from a duty of 3s. 6d. per lb., practically adopts the amount received under a duty of 3s. per lb.

Sir George Turner

- No ; I take more.

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Mr THOMSON

- A little more.

Sir George Turner

- There has been a steady falling off.

Mr THOMSON

- The Treasurer recognises that, even with a duty of 3s. per lb., there has been a steady decline in the importation of manufactured tobacco, and, in my opinion, that decline will be accelerated if we increase the duty to 3s. 6d. per lb. What will happen will be that the consumption of locally manufactured tobacco, upon which the Treasurer will receive 9d. less per lb. than upon imported manufactured tobacco will be increased. The actual weight of tobacco imported into New South Wales was 924,707 lbs. in 1897; 929,034 lbs. in 1898 ; 859,567 lbs. in 1899 ; and 858,053 lbs. in 1900 ; a steady decline each year. The revenue from tobacco locally made from imported leaf was, in 1897, 683,928 lbs.; in 1898, 844,880 lbs.; in 1899, 949,988 lbs.; and in 1900, 1,181,668 lbs. I have no objection to the substitution of locally manufactured for imported manufactured tobacco, so long as it can be brought about without imposing a tax upon the people, but the fact that the locally manufactured tobacco is in New South Wales replacing the imported manufactured article, is an evidence that the manufacturers do not require a larger margin than 9d. per lb. There will, however, be an acceleration of this alteration if the import duty is increased to 3s. 6d., and the Treasurer has anticipated it. I do not wish to act unfairly towards existing industries, but when we have given them full consideration, I think we should not unnaturally reduce the revenue by increasing the import duty to an extreme rate. I move -

That the words "and on and after the 21st November, 1901, 3s." be added to the duty, "manufactured..... per lb., 3s. 6d."

Sir GEORGE TURNER

- We have already discussed this question at such great length that the proposal of the honorable member does not need much further discussion. I have already conceded that, after further consideration,

I have come to the conclusion that the margin of 9d. is ample, though the fact that in New South Wales the manufacturers have been working with a margin of 9d. is not altogether a guide to us, because it must be remembered that they have had a good supply of locally grown leaf upon which they have paid no duty.

Mr Mahon

- But will not the manufacturers of all the States be on the same footing now?

Sir GEORGE TURNER

- The supply of locally grown leaf will be available to them all, and I think that there is a probability that there will be a little more competition for it.

Mr V L SOLOMON

- Has not the use of locally grown leaf been increasing ?

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Sir GEORGE TURNER

- In Victoria it has decreased very largely, because of the outbreak of disease, and also because we increased the excise duty from 6d. to 9d., and the extra 3d., it was stated by the growers, was deducted by the manufacturers from the price they paid for the leaf. The production of leaf is now increasing rapidly in Queensland, and they have discovered there a district which they have named Texas, where it will grow well. That leaf will be available to the manufacturers of all the States. It is also an undoubted fact that the importation of manufactured tobacco has been slowly decreasing. That decrease will undoubtedly continue, even if we reduce the duty to 3s. per lb., but we shall get more revenue during the next few years, if we leave it at 3s. 6d. per lb. Having given the matter full consideration, I cannot agree to the proposed reduction, because I believe it would play into the hands of the importers, and enable them to put large sums into their pockets. We are anxious not to press unduly upon the local manufacturers, and to encourage by every means in our power the local growers. No doubt as the production of leaf here increases, the importation of leaf, and possibly also of manufactured tobacco will decrease ; and when that happens we shall be able to slowly increase our excise duties, and thus keep our revenue up to about the same amount. The Government will resist any proposal to reduce the duty upon imported manufactured tobacco ; but we are prepared to concede 3d. by increasing the duty upon imported leaf. That arrangement will benefit the grower, and will also increase our revenue, because leaf will continue to be imported in large quantities for a number of years to come. None of us believe that we shall be able to supply all our requirements with locally-grown leaf, and, even if the quantity of locally-grown leaf were sufficient, I do not think its quality would be such that it could be used to the exclusion of imported leaf. We propose, therefore, to make the duty upon the imported leaf 1s. 9d. per lb. That will reduce the protection afforded to the manufacturer, in so far as he uses imported leaf, by 3d. per lb., although the rate will not press unduly upon him, whereas if we increased the excise duty he would have to pay more, not only upon imported leaf but upon -locally-grown leaf, and the grower would suffer. By the course we propose, the grower will not suffer, and a larger quantity of leaf will probably be grown. I believe that the manufacturers will endeavour to use as much of the locally-grown leaf as they can get ; and if they are competing against each other our growers may get a fair price.

Mr Watson

- They do not compete for the local leaf, but arrange prices among themselves.

Sir GEORGE TURNER

- That has been so in the past. No doubt while they have been fighting with regard to their tobaccos they have joined together in getting the leaf out of the growers as cheaply as possible, but I think with the larger margin there will possibly be competition amongst the manufacturers to get as much as they possibly can of the local leaf. We are growing very little leaf in Victoria, but if the manufacturers have to pay the full 1s. 9d. on the imported leaf, they will probably make a big effort to buy local leaf in New South Wales and Queensland, and the grower will get the advantage of the increased price resulting from the competition. I do not propose to speak at any great length. I think I have dealt fully with the new proposals. We are not dealing with cigars, but simply with the question of imported tobacco. The motion of the honorable member for North Sydney is to reduce the import duty on manufactured tobacco by 6d., but we cannot agree to that, and our alternative proposal, as far as leaf imported for making tobacco here is concerned, is to increase the duty by 3d., and thus reduce the preference which the local manufacturer

has on imported leaf to 9d. We still leave him the benefit of the local leaf, and we think the effect of this will be to create a demand for that leaf, and thus encourage our growers to produce more, and enable them to get a better price.

Mr GLYNN

- I very much regret that the Government, in making this concession in favour of the arguments that have been used by honorable members on this side of the House, have seen fit to so arrange the amended duties as to increase the protection afforded to the local leaf.

That consideration has apparently chiefly operated with the Ministry because a great deal of pressure has been brought to bear in favour of continuing and increasing the protection to the tobacco-growers.

Sir George Turner

- We shall also get an increased revenue.

Mr GLYNN

- I should like to know what the manufacturers will say to that. They will not use local leaf. Since 1888 there has been a considerable declension in the produce of local leaf in Victoria, and even with the help of the Government experts and the Agent-General's office in London, it has been found exceedingly difficult to place the Victorian leaf on the London market. In some cases they have failed to get any price at all. The local manufacturers believe that the only local leaf that they can really work up into a good article is that grown in Queensland, which is stated to be very nearly as good as the imported leaf. The Ministry have really disregarded the interests of the manufacturer, whom in other respects they have protected, and they are now endeavouring to give protection to the growers of the local leaf, the outcry in their favour being loudest in Victoria. There is no doubt that the consumer has not been considered in connexion with the proposed change of duties, because it is the import duty which fixes the price to the consumer. I do not say it is always proportionate to the import duty. I dare say the locally-manufactured tobacco is cheaper than the imported article, but there cannot be such a very great profit to the importers, if they do not reduce their prices so as to bring them down to the local rates. The idea that the importers are making huge profits is absolutely dispelled by the fact that the imported tobacco is said to be sold at a higher price than the locally-manufactured article.

Mr Salmon

- The importers are nearly all insolvent.

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Mr GLYNN

- That is a very extraordinary statement, because we have previously heard that the importers are making huge profits, and that we must do what we can to cut them down. If they are making such large profits as has been represented they could easily have beaten the local manufacturers by reducing their prices, but the argument of Ministerial supporters that there is a big difference between the prices of locally-manufactured and imported tobacco entirely dismisses the presumption that the importer is making huge profits. No doubt the duty on imported tobacco fixes the local prices, but by refusing to accede to the suggestion of the honorable member for North Sydney the Government have disregarded the consumers and the pure question of revenue in order to secure the further protection of the local leaf. As a specimen of the class of arguments we are getting from the manufacturers who wish to keep up protection to the ls. per lb. provided for under the Tariff, I would refer honorable members to the statements contained in a circular which has been distributed among honorable members, and which is signed by Messrs. Wm. Cameron Brothers and Co. Proprietary Limited, of Melbourne, and Dixon and Sons Limited, of Sydney. I have read and re-read the statements in these circulars - those in favour of my own views, and also those against them - in order to arrive at a fair result, but it seems to me that whether through ignorance or design - and I prefer to believe that it is through ignorance - honorable members are being deceived by statements of this sort being placed before them. It is stated that the average minimum price at which locally manufactured tobacco is sold throughout the Commonwealth is 2s. per lb., and that a fair average of the highest price would be 4s. per lb. The mean of these two extreme prices is given as 3s. 1 1-5d. Then, for the purpose of comparison, it is stated that the average price of imported American tobacco, under the Federal Tariff, is 5s. per lb., so that the saving to the consumer of locally manufactured tobacco is ls. 10 4-5d. per lb. Honorable members will see at once that this is a most fallacious method of showing the alleged saving to the consumer. The framers of the circular have taken

the two extreme rates in the one case, and have struck an average between them, whilst in the other case they have taken the maximum' average at 5s. per lb. They do not give the minimum rate for American tobacco, nor do they take the mean between the minimum and the maximum rates as in the other case. They represent that this saving of ls. 10 4-5d. per lb. represents a relief from taxation on the consumption of 1899 equal to £412,544. Of course the whole statement is fallacious and absurd on the face of it. Our real object should be to obtain the highest amount of revenue, to give the greatest benefit to the consumer, and to be as fair as possible to the manufacturer.

Mr Salmon

- And do some good to the grower; we are putting the grower first, because he is a primary producer.

Mr GLYNN

- So far as the grower is concerned, surely a duty of ls. 6d. per lb. upon the imported leaf ought to afford him sufficient protection, and if the local leaf, after a trial of about sixteen years in Victoria, cannot successfully compete with imported leaf under a protection of ls. 6d. per lb., I do not think this committee is called upon to give it any further consideration.

Mr Salmon

- The honorable and learned member is comparing two things which are very different. The imported leaf, which is partly manufactured, is being compared with the local leaf as it comes from the field.

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Mr GLYNN

- I am comparing the figures for comparatively similar products given in the Treasurer's speech. One article is called "local leaf," and the other is called "imported leaf," but if the honorable member for Laanecoorie can show that imported leaf is partly manufactured I shall be glad to hear him. We have to take into consideration the fact that with a difference of 9d. in favour of the locally manufactured article, made up of a duty of 3s. per lb. on the imported tobacco, a duty of ls. 3d. per lb. on the unmanufactured leaf, and an excise duty of ls. in New South Wales the manufacture of tobacco has been a very great success. The output has been greater in New South Wales than in Victoria. The productivity of revenue has been greater, and the consumption has been greater. Therefore the revenue has been better off, the consumer has been placed in a position of advantage, and the manufacturing industry has benefited under duties bearing the proportions in which they stand to one another in New South Wales. When we see that such good results have followed from a fair differentiation in the duties, why should objection be taken to the proposal of the honorable member for North Sydney, who seeks to make a distinction based on the figures of the New South Wales Tariff? I recently read in the Argus an article which represents the immense loss which the revenue suffers owing to the way in which the tobacco duties are arranged. It states that owing to the arrangement of the duties in Victoria during the five years prior to 1894 the loss through the difference between the duty on manufactured tobacco and unmanufactured tobacco amounted to £100,000 a year. That was the extent to which the revenue would have benefited if the import duty on manufactured tobacco had been applied to all manufactured tobacco whether locally made or otherwise. That was a big sacrifice to make for the sake of the local manufacturers, and yet the results all round were worse than were obtained in New South Wales with a preference of only 9d. in favour of the local manufacturers as compared with the ls. 6d. difference in Victoria prior to 1894. These figures are taken from the report of the Victorian parliamentary committee of 1894, and the bulk of the members of that committee were protectionists. They allege that the high protective duties were not efficacious.

Sir George Turner

- The preference then was much greater than is now proposed.

Mr GLYNN

- An immense sacrifice has been made by Victoria in favour of an industry which has not shown any better results under a high Tariff than were obtained in the adjoining State under a lower Tariff. If the 3s. duty in Victoria were levied on all manufactured tobacco the revenue would amount to £78,000 more than under the differential rates, the calculation being based on the consumption in 1899 or 1900.

Sir George Turner

- There would be less tobacco smoked.

Mr GLYNN

- That is assuming that the prices would be very much higher, That has not been justified by the results of

a policy of protection in Victoria. We must see that really we are not getting value for our money, and are not securing the results alleged. The Government policy of increasing the import duty is a bad one, because, as the honorable member for North Sydney shows, it will stop importation, which is a check upon the local price, and favours to a large extent the consumer. Moreover, the course proposed by the Government will not be correspondingly productive of revenue. The consumption in New South Wales, as has been pointed out, is higher per head than is the consumption in Victoria. In New South Wales it is 2.53 lbs., as against 2.06 lbs. in Victoria. Then again, the consumption of locally-made tobacco in New South Wales is 1,978,893 lbs., as against 1,082,989 lbs. in Victoria. The higher | duties in Victoria result in a lower consumption, and certainly do not indicate that the local product is a better one. The consumption of locally-made tobacco in New South Wales is nearly 900,000 lbs. more than is that of Victoria, which fact indicates that the local product in Victoria is not as good as is the local product of New South Wales. Let us take the figures relating to imported tobacco. New South Wales imports for local consumption 904,755 lbs. of tobacco as against 968,031 lbs. imported by Victoria. These figures show that, notwithstanding the high import duty in Victoria, this State actually consumes more manufactured tobacco than does New South Wales That proves my contention - which is sustained by the quantities of locally-made tobacco consumed - that the quality of the tobacco is inferior in the protectionist State, because it imports more tobacco from abroad and consumes less of the local article. A statement has been put forward by Messrs Dixon and Sons, and Messrs Cameron and Sons, as to the protection which exists in England. But I would point out that the protection there amounts only to 6d. per lb. Moreover, in England the locally-manufactured article is really the article which is productive of revenue. Practically, the importation of tobacco does not affect the price there, because there is considerable competition locally, and the output of locally manufactured tobacco is tremendous. Therefore, every addition made to the tobacco duties is, in effect, an addition to the locally manufactured article, which is completely productive of revenue. From the Imperial Blue - book for 1897, I learn that on 31st December of that year there were in bonded warehouses uncleared 143,000,000 lbs. of unmanufactured tobacco as against 2,500,000 lbs. of foreign manufactured tobacco. That justifies my statement that although there is a difference in favour of the locally manufactured tobacco in England, the competition is practically confined to the local article. For these reasons I think the committee ought to accept the proposal of the honorable member for North Sydney, which will make the rates of duty to be imposed similar to those which up to the present have been so successful in New South Wales.

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Mr V L SOLOMON

- I was rather surprised to hear the arguments of the Treasurer in reference to the imaginary industry of locally-grown leaf. For the past twenty years Victoria and New South Wales have been trying to grow the leaf, without the slightest degree of success.

Mr Isaacs

- That is not a fact.

Mr V L SOLOMON

- The statistics show that the use of the colonial leaf in Victoria has decreased from 406,351 lbs. in 1897 to 120,153 lbs. in 1900. In New South Wales the consumption of the local leaf has decreased from 1,188,808 lbs. in 1897 to 996,988 lbs. in 1900. So that there is no disguising the fact that the southern portion of New South Wales and Victoria do not grow tobacco leaf which is fit for use.

Mr Isaacs

- Experts say that we grow tobacco here which is equal to any in the world.

Mr V L SOLOMON

- I know some thing of the character of the soil and climate which are necessary for tobacco cultivation, and certainly they are not the soil and climate of Victoria. I am aware that on the borders of New South Wales tobacco cultivation has been moderately successful, whilst in Queensland it has been more successful. But the fact remains that with a protection of 1s. per lb. the locally-grown tobacco has never been worth more than 4d. or 5d. per lb.

Mr Salmon

- That is not so.

Mr V L SOLOMON



- It is so. The honorable member's opinion is worth about as much as was his assertion just now, that the importers imported tobacco because they were all practically insolvent. He is very impulsive and unreliable upon other things. His statement was a slander upon the importers of Victoria.

Mr Salmon

- That was a joke.

Mr V L SOLOMON

- It was a sort of medical joke to which we are not accustomed. The statement was made in all earnestness and sincerity.

Mr Salmon

- I desire to make a personal explanation. The honorable member who was addressing the Chair at the time I made the interjection which has just been referred to, stated that the importers were not making any money at all by reason of their importations. Thereupon I interjected, purely as a joke, "That is why they import tobacco - because they are insolvent." Any one in business would know that no importer could carry on operations unless he were solvent. I cannot allow the honorable member for South Australia to put upon such an innocent interjection the interpretation which he has been placing upon it.

Mr V L SOLOMON

- When the honorable member for Laanecoorie ventures to make such a joke again, he should preface his statement with the intimation that it is a joke. Certainly the joke in question was very hard to see. Many honorable members upon this side of the House did not take it as a joke. However, in future, we must not attach too much importance to the honorable member's interjections, which we have hitherto been accustomed to regard as serious. The figures relating to the growth of the locally-grown leaf in New South Wales and Victoria, for a period of four years, conclusively prove either that the climate and the soil are not suitable for the production of the leaf, or that the curing of the leaf has not attained a high state of perfection. Considering that the leaf has been grown and encouraged in every possible way by the Governments of those States for at least fifteen years, it is abundantly clear either that they cannot grow the leaf or that they cannot cure it.

Sir William Lyne

- Does the honorable member say that the growers have been assisted in New South Wales?

Mr V L SOLOMON

- Undoubtedly, by the duty on the imported leaf.

Sir William Lyne

- The production of the local leaf was killed by the Tariff of 1893.

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Mr V L SOLOMON

- Before the Tariff of 1893 was introduced, if the leaf had been worth anything at all, it surely ought to have been worth the duty upon the imported leaf. Yet the fact is that for a period of four years a steady decrease has taken place in the use of the locally-grown unmanufactured leaf as against the imported. This seems to resolve itself more into a question of the revenue, which I, for one, have been sent here to protect. I do not profess to be an absolutely rabid free-trader, and all my observations have been to the effect that the revenue must be protected, and the States secured, as far as possible, the amounts they were receiving before the advent of federation. Tobacco, wines, spirits, and similar commodities have been recognised by all free-traders as fair subjects for taxation ; and the only question is whether the manufacturers have not been receiving from the consumers of the Commonwealth too large a proportion of the margin. I am perfectly satisfied that the Government are anxious to deal with this question fairly ; and, while providing that existing industries are not crushed, desire to reduce or alter the margin in cases where manufacturers have been receiving too large a share of the plunder. Statistics show conclusively that under existing Tariffs the importation of American leaf has increased by leaps and bounds. In New South Wales, from 1897 to 1900 the importation of American leaf increased from 683,928 lbs. to 1,181,668 lbs.; while in Victoria, over the same period, the increase was from 640,443 lbs. to 1,328,707 lbs. The importation of manufactured tobacco has decreased in almost a corresponding ratio, and these figures show that the manufacturing industry has had all the advantage for the past two years. While there was an increase of very nearly 100 per cent, in the importation of leaf from America,, there was in Victoria in the four years a decrease in the importation of manufactured

tobacco from 988,113 lbs. to 745,027 lbs., and in New South Wales the decrease was from 924,707 lbs. to 858,053 lbs. I have no desire to make it impossible for manufactures of this kind, in which large capital has been expended, to continue in Australia ; but when figures show us that in the two largest establishments in New South Wales and Victoria the margin has been such as to give immense profits, it is time to see whether the revenue cannot have a share. The only question between the Treasurer and the honorable member for North Sydney seems to be as to the manner in which that shall be accomplished. The Treasurer thinks that an increase of 3d. per lb. on imported leaf will meet the case, but it has been pointed out by the honorable member for South Australia, Mr. Glynn, that that course would tend, not to increase the revenue, but to the protection of the local grower, who has had a very good time for some years past.

Sir George Turner

- If the local grower does not produce any more leaf, we shall get the revenue on the imported leaf.

Mr Cameron

- The local grower cannot sell what he does produce.

Mr V L SOLOMON

- If the local grower, with a margin of 1s. per lb., has to sell at a price which is half the amount of the protective duty, it is a distinct proof that his leaf must be rubbish.

Sir George Turner

- That supports my view that I will get more revenue by the extra 3d. on the leaf.

Mr V L SOLOMON

- The more direct way of getting an increased revenue would be to decrease the duty on imported manufactured tobacco, which might pay 3s. per lb. as against 1s. and 1s. 6d. on the leaf.

Mr Isaacs

- I thought the honorable member was complaining of the manufacturers' profits.

Mr V L SOLOMON

- So I am; and we ought to alter the incidence by decreasing the duty on the imported manufactured article', in order to get a large increase of imports.

Sir William Lyne

- And so kill the local industry.

Mr V L SOLOMON

- The larger manufacturers, at least, have been able to make enormous profits with a margin of 1s.

Mr Salmon

- Does the honorable member know anything of the importers' or manufacturers' profits ?

Mr V L SOLOMON

- I know it is difficult to find out what profits manufacturers or importers are making. If the figures quoted during the debate on the motion of no confidence were approximately correct, I cannot understand why the Treasurer has been unable to get a copy of the balance-sheet of those manufactures for the last year or two. When it is proposed to protect an industry of this kind to such a large extent, the Treasurer is entitled to see figures showing in what manner the industry has been conducted. If we increase the importation of the manufactured article we shall increase the revenue.

Mr Mauger

- And decrease employment.

Mr V L SOLOMON

- I do not think so.

Sir George Turner

- If we import more, we shall manufacture less.

Mr V L SOLOMON

- I do not think employment will be decreased to a very great extent. There are two manufacturers - one in Victoria and one in New South Wales - who have made tremendous profits by the manufacture of imported leaf.

Sir George Turner

- And we propose to cut those profits down, and, at the same time, get more revenue by putting a little more duty on the leaf.

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Mr V L SOLOMON

- Perhaps the Treasurer's suggestion will have that effect.

I am not entirely with the honorable member for North Sydney, whose proposed reduction of 6d. per lb. goes a little too far. I should be more inclined to agree to a reduction of 3d.

Sir George Turner

- There must be a big importation, with a duty of 3s., to give me the same revenue that I would get with a duty of 3s. 6d.

Mr V L SOLOMON

- I can quite see that there would be a corresponding decrease in the importation of unmanufactured leaf, but the increase in the importation of manufactured tobacco would add considerably to the revenue.

Sir George Turner

- I certainly should not get as much revenue.

Mr Kingston

- How much does the honorable member think a reduction of 3d. would mean?

Mr. V. L. SOLOMON. - I should say about £25,000.

Mr Kingston

- It would mean £40,000 if it meant a penny.

Mr V L SOLOMON

- I should like to see a compromise by which the duty will be reduced by 3d. Failing that, I suppose we shall have to accept the proposals of the Treasurer, which may have the effect, not of injuring the manufacturers for one instant, but of getting a slightly greater revenue from tobacco than we have hitherto been able to get in the States.

Mr. POYNTON(South Australia). From the manner in which the honorable member for Melbourne Ports commenced his speech, one might have expected him to refute all the figures advanced last week in favour of a reduction of the duty on imported tobacco, and at least to tell us something of the tobacco-growing industry here, and the number of hands employed in it. I understand that the agreement has been come to that the difference between the import and the excise duties shall be that which formerly existed in New South Wales ; but it is argued by some honorable members that that will destroy the manufacturing industry, though it has not done so in New South Wales, and will also discourage the growing of tobacco locally. It is a remarkable fact, in view of these statements, that with a greater amount of protection the growing of tobacco has been nothing like so great in Victoria as in New South Wales, though, of course, I know that the difference in soil and climate has something to do with that. Last week I tried to ascertain what number of hands were employed in growing tobacco, but no one on the other side has attempted to legitimately refute the statement that most of those employed in the industry are Chinamen. The honorable member for Gippsland spoke of one white man who grew tobacco some years ago, but he admitted that even he does not exist in connexion with the industry to-day.

Mr A McLEAN

- A number of white men were growing tobacco in my district, and one of them was manufacturing it as well.

Mr POYNTON

- How many people, in' all, are there engaged in growing tobacco ? One honorable member, when I taxed him as to what he knew personally on the subject, said that he was aware of two men who were engaged in the industry. Chinamen are chiefly employed in the industry, both in New South Wales and in Victoria, though white men may be interested in the result of their labours, because in some instances they are working their land on the share system. It has been asserted that it is the competition of the negro labourer in the United States that we have to fear, but some figures which are taken from the eleventh annual report of the United States Commission of Labour for 1895 will show that that is not so. It must be remembered that in the northern States the negro labourer is not used, although those States' are growing tobacco in competition with the southern States. But where negro labour is used, I find that negroes receive 16s. 4d. per week, while the wages for female workers in Victoria are 16s. 7d. per week. The negro wages in the different branches of production average 33s. 11d., 23s. 11d., 20s., 19s., and 25s. per week. It has been stated that if the duty is reduced, and the margin made smaller, the

factories will be closed ; but in South Australia they closed the factories the day after this Tariff was proposed, without the slightest justification.

Mr Kingston

- They have commenced work again.

Mr POYNTON

- Yes, in some instances, this week.

Mr Batchelor

- The twisters are still out.

Mr POYNTON

- Yes. Why were those factories closed when they had a margin of 1s. 11/2d., as against 9d. in New South Wales?

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Mr Batchelor

- In New South Wales they use the local leaf, upon which there is no duty, while in South Australia they have to pay 1s. 7d. on every ounce of leaf they use.

Mr Watson

- They do not use local leaf exclusively in New South Wales.

Mr Batchelor

- They use a large proportion of it.

Mr POYNTON

- And now that there is Inter-State free-trade the manufacturers in all the States will be able to use locally grown leaf. The manufacturers in South Australia have tried to bluff Parliament into believing that this Tariff was the cause of their closing.

Mr Salmon

- With intercolonial freetrade they found that they could not compete against the manufacturers of New South Wales.

Mr Watson

- They will have that competition to face, whatever the margin.

Mr POYNTON

- I would rather see the import duty reduced to 3s. 3d. than to 3s. 6d., but I shall vote for the proposed reduction to 3s., and if it is defeated I shall vote for a reduction to 3s. 3d., because in my opinion the duty of 3s. 6d. per lb. will kill the revenue.

Mr CAMERON

- I intend to support the amendment for two reasons. In the first place, I find that, except in -Queensland, the import duty upon tobacco has been from 3s. to 2s. 9d. per lb., and, in the second place, because I know that the higher you make the duty, the smaller will be the quantity of tobacco imported and the amount of revenue obtained. The ordinary kinds of tobacco are used chiefly by the -working classes, wealthier people smoking cigars and higher-priced tobacco. As the use of tobacco is almost the only pleasure which a working man, especially those engaged in agricultural pursuits, can enjoy after his day's work, I think that we should make it as cheap as possible. The protectionists desire to see the duty kept on for the benefit of the manufacturer and of the producer. I have not been able -to obtain figures relating to the production of tobacco leaf in the Commonwealth, but the statistics of the manufacturing industry show that the total number of operatives engaged in the four States where tobacco is produced is only 2,080 - men and women. The tobacco produced in Victoria is utterly unfit for human consumption, and has failed to find a market in England, and yet some honorable members seem to be prepared to poison their own fellow creatures here by encouraging them to use it. I would ask the leader of the labour party to give us his opinion with regard to locally manufactured tobacco. I am sure he holds the same view of it that I do.

Mr Ronald

- I have smoked it for years, and it is as good as the imported article.

Mr CAMERON

- It is a wonder that the honorable member is alive. Four of the States are, to a certain extent, interested in the growth and manufacture of tobacco, but two of them neither manufacture tobacco nor are they

likely to do so. The Government proposal will strike a very serious blow at both Western Australia and Tasmania, because under the higher duties both States will suffer a loss of revenue which they can ill afford. I shall vote for the reduction of the import duty on manufactured tobacco to 3s.

Mr. BATCHELOR(South Australia).I am glad that the Government have decided to reduce the difference in the duties in favour of the local manufacturer from 1s. to 9d., and to maintain the duty on manufactured tobacco at 3s. 6d. per lb. I believe we shall get more revenue, and, consistently with the maintenance of the industries we have in our midst, it is a fair thing that we should derive from tobacco as much money as we can. The Government proposal is fully in keeping with the policy they announced at the outset of seeking to obtain revenue without destruction. At the same time, I think it would have been better to propose an increase in the excise duty rather than a higher duty on the imported leaf.

Sir George Turner

- Our experience in Victoria was, that if we did that the money would be taken out of the pockets of the growers.

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Mr BATCHELOR

- I do not think an increase of the excise duty would have that effect, but, on the other hand, the protection of 1s. 6d. per lb. to the local grower ought to be quite sufficient. The Government have a good opportunity in connexion with the increase in the excise duty, to make a difference in favour of twist or strand tobacco, which is of very much better quality than is cake tobacco, in the manufacture of which short ends and all kinds of cheaper material are used. Twist tobacco can be made only from long leaf that can be manipulated by hand, and if the Government had made a difference in the excise duty in favour of twist tobacco it would have been to the advantage of the consumer and very much better for the men employed. It is worth our consideration whether we cannot secure for the men who work in tobacco factories some of the advantages to be derived from the encouragement of the industry in our midst. If it is not too late, I would ask the Treasurer to consider whether it would not be a great deal better to increase the excise on block tobacco by 3d. per 1b., leaving the duty on twist tobacco as it stands.

Sir WILLIAM McMILLAN

-I used to regard my right honorable friend the Treasurer as one of the most candid and straightforward of men, but after having looked at the way in which he has arranged these tobacco duties, I think that he is much more cunning than I had previously supposed him to be. We cannot look at this question of the import duty on tobacco without considering the scheme of tobacco duties as a whole. In dealing with the import duty on the manufactured article we must also take into consideration the duty upon imported leaf and the excise on locally manufactured tobacco. The Treasurer has stated that under his new proposal there will be a difference of only 9d. in favour of the local manufacturer, and that if we agree to an import duty of 3s. 6d. per lb. on manufactured tobacco he will increase the rate on imported leaf by 3d. per lb., leaving the excise duty as it is ; thereby making a considerable concession from the free-trade point of view. Does not my honorable friend know very well, however, that when you once go beyond a certain point in taxing the imported manufactured article, every penny - no matter how you deal with other items - must give an enormous advantage to the local manufacturer ? Even supposing that the 3d. were not conceded, and that the difference were 1s. in favour of the manufacturer with a 3s. import duty on the manufactured article, the arrangement would be much better and much fairer than with an import duty of 3s. 6d. per lb. and a smaller preference for the local manufacturer. I fail to see why we should not continue the average duty that has been levied in the different States in previous years. The honorable member who has just sat down has referred to the historic phrase, " revenue without destruction," and I would ask honorable members to look at this question in the light of securing " revenue without destruction." New South Wales levied a duty of 3s. per lb. on imported manufactured tobacco, and that State contains over a third of the total population of Australia. "Victoria, which has nearly another third of the total population of the Commonwealth, also levied a duty of 3s. Tasmania and Western Australia were likewise content with a 3s. duty, Queensland being the only State to go beyond that amount and fix the duty at 4s. - because, probably, the conditions in that State were more favorable to the production of tobacco, and it was desired to protect the growers. The duty which has been paid by the whole population of the Commonwealth, with the exception of about 600,000, has hitherto been 3s. per lb., and yet the Treasurer, who says he does not wish to create any more confusion than necessary in the finances of the

States, and to raise revenue without destruction, refuses to adopt the rate which has almost universally prevailed. Now let us look at this question from a financial point of view.. The import duty on manufactured tobacco cannot be taken by itself, but we must consider the aggregation of the items in order to ascertain what the financial result will be. I find that in Victoria the total revenue derived from imported tobacco four years ago was £219,000, and this amount has since been increased to £235,000. In New South Wales the revenue derived four years ago was £289,000, but the amount has since increased to £323,000. Thus in Victoria there has been an increase of about £15,000, whilst in New South Wales the gain has been £30,000. In New South Wales, with a Tariff under which the manufactured article was placed at a disadvantage of 9d. as compared with the locally-manufactured article, the revenue result has been immensely better than in Victoria, but still we are asked to depart from a sound basis of finance and to increase the import duty in a way that will seriously affect the revenue.

Mr Watson

- In New South Wales they smoke a good deal more tobacco per head than in Victoria.

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Sir WILLIAM McMILLAN

- I know that there are several influences at work, but I believe that Victoria is not suited for the growth of tobacco. In New South Wales and Queensland - and especially in the latter State - all the conditions are favorable. Seeing that three of the largest States in the union - one in the tropics, one south, and the other in the middle - are specially interested in this matter, is it not fair to take an intermediate position, in view of all Australia, and have a moderate rate? There are many things which affect our conclusions. We find, for example, that in spite of Victoria having a difference of 1s. 3d. per lb. in favour of the local manufacturer, the industry from year to year has been a declining one. I am told, too, that so inferior is the leaf, that it is practically shipped to the other side of the world, so that it enters very little into the manufactured article here. I know, as a matter of fact, because I have had some dealings in it, that the bulk of the leaf grown in many parts of New South Wales - the parts, I suppose, which are least adapted to it - is, first, on account of the uncongenial soil, and, secondly, no doubt, on account of great ignorance in dealing with it, a very poor product indeed. On the principle in which I believe - that men should cultivate that which is natural to their hands, and should not be forced into other channels by any artificial action of Government - I say that the sooner the industry in those parts dies out the better. It is absurd to legislate in a Commonwealth Tariff as if we were dealing with the product of a certain State, which we could grow to advantage. The whole force of the argument, it seems to me, is in favour of a lower import duty. When we give 9d. per lb. preference to the local manufacturer upon an article which is so intrinsically cheap we do everything that is reasonable, even from a protectionist stand-point. But when in addition to that 9d. per lb. difference we increase the rate on the imported article, we add proportionately to the protection which has been given. We create practically by our higher import rate a prohibition. "Dp till the present no reason has been given why a 3s. rate, which has prevailed in a majority of the States and among a population of 3,200,000 as against a population of 600,000, should be altered now. Indeed, in many cases we find that an attempt is being made to maintain the highest rate that has obtained in any of the states. All through the object has been made purely from a protectionist point of view to create rates which are alien and inimical to revenue principles. Therefore I think we have reason, even on the principle enunciated by the Prime Minister of "revenue without destruction," to ask the committee to adopt the average rate which has obtained in a majority of the States.

Mr KINGSTON

- I confess that I was rather sorry to hear the remarks in reference to Australian tobacco which have been made by one or two honorable members during the course of this debate. The language employed would lead us to believe that Australian tobacco was absolutely worthless, and that the sooner the industry died out or was crushed the better. In this connexion I am forcibly reminded of the words of Gilbert in the "Mikado," in which the Lord High Executioner speaks of the people whom he has upon "the list." There are a number of them. One is -

The idiot who praises

With enthusiastic tone,

Every century but this,

Every country but his own.

I am inclined to think' as regards the tobacco industry that it is entirely suited to our soil and climate, and ought to be encouraged as much as possible. In this respect I quote the utterances of the Statistician of New South Wales, whose words are generally regarded by New South Wales freetraders as absolute gospel. He says -

The soil and climate of Australia appear to be suitable for the growth of the plant, but sufficient care and skill have not been expended upon the preparation of the leaf.

Therefore we have testimony of the native suitability of Australia for the purpose, and the suggestion of honorable members on the other side of the House is that we cannot supply the skill or take the necessary care, and that we should therefore do away with the industry altogether. Nothing of the sort. Let us adopt an entirely different policy. Let us see that care and skill are employed. Let us take advantage of the natural suitability of our native country and develop its resources to the utmost. When honorable members sneer at Australian tobacco what are the facts ?

Mr Cameron

- Does the Minister smoke?

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Mr KINGSTON

- I do not, but if I did I should have sufficient patriotism to smoke the colonial article. Altogether, Queensland manufactures local tobacco, cigars, and cigarettes to the extent of over 600,000 lbs. annually.

Mr Cameron

- And employs 150 hands.

Mr KINGSTON

- If Queensland does not employ a great number of hands and produces a large quantity of tobacco, that fact proves the suitability of our soil and climate. Of this quantity not 50,000 lbs. is imported leaf. So that 550,000 lbs., or eleven twelfths of the whole, consists of the local leaf which has been sneered at so much, and which is said to be unfit for human consumption.

Sir William McMillan

- Who spoke of Queensland ?

Mr KINGSTON

- The honorable member spoke at length upon the whole question. Moreover, is the honorable member going to take a parish view of this matter ? Has not federation swept away all our boundaries ? Should not the industry of a State be regarded as an industry of the Commonwealth? I venture to think that the tobacco industry of Queensland is a national and federal possession, and one which we ought to encourage. I believe that there is a huge future before this industry. Let us do what we can to stimulate it. If we produce cheaper tobacco, the consumer will benefit, and in this connexion the cry in reference to cheapness, of which we hear so much, ought to appeal to honorable members opposite. This awful tobacco ! It is something like an epidemic I suppose ? One would imagine that the rate of mortality would go up to an appalling degree as the result of smoking it. As regards New South Wales, what is the position? That State manufactures tobacco locally to the extent of about 2,000,000 lbs. annually. Half of that quantity is manufactured from local leaf. In the light of such figures, is it not ridiculous for honorable members to declare that Australian leaf is utterly worthless, and that the industry is unworthy of encouragement ? One matter more, and the consideration I am going to put before the committee will, I think, appeal to the financiers. We propose a duty of 3s. 6d. per lb. upon imported manufactured tobacco. From that duty we expect to derive a revenue of £560,000. Assuming that the quantity imported is not altered, a reduction in the duty from 3s. 6d. to 3s. per lb. - a reduction of one-seventh - will mean a loss to the revenue of £80,000. If we take 6d. off the import duty, we shall have to take at least 3d. off the excise, so that there would be further loss. I understand that the Opposition do not wish to reduce the difference below that which prevails in New South Wales to-day - namely, 9d. - and I shall not further discuss that point. But there will be a loss of £80,000 by the reduction proposed, and the question is how that is to be made up. There is only a certain total volume of consumption. We cannot make men smoke more tobacco by any alteration in the duty, although we may change the character of the smoke in which they indulge. Does the honorable member for Wentworth say that we shall not lose revenue 1

Sir William McMillan

- I say that in the long run we shall gain revenue.

Mr KINGSTON

- If we gain a shilling by substituting an imported lb. for a locally manufactured lb., the £80,000 would represent 1,600,000 lbs. weight of manufactured tobacco. This would be imported from abroad, and the price would go into the coffers of the foreigner, to the huge detriment of the local grower and manufacturer

Sir William McMillan

- The Minister for Trade and Customs should stick to the protection part of the question and leave the financial part alone, and then he will be all right.

Mr KINGSTON

- We have regard both to revenue and to the proper and reasonable encouragement of suitable native industries. The Opposition challenge the propriety of encouraging native industries, and I have shown that this industry is really worthy of encouragement. Under all the circumstances I trust honorable members will accept the Government proposal, and will not do anything which will have the effect of causing loss of revenue or materially injuring the local grower and manufacturer.

Sir EDWARD BRADDON

- The Minister for Customs has been at immense pains to prove a great deal out of nothing. He has said that the honorable member for Wentworth declared that Australia is unsuited for the growth of tobacco. The honorable member for Wentworth said nothing of the sort ; he said that the climate, soil, and circumstances of Victoria alone were against the successful cultivation of tobacco.

Mr Kennedy

- That, too, is incorrect.

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Sir EDWARD BRADDON

- Unfortunately for the contention of the honorable member for Moira, the honorable member for Wentworth is able to show that the local industry in Victoria has been declining, while in New South Wales it has been advancing under a far less measure of protection.

Mr Kennedy

- Tobacco growing has been diminishing for the last thirteen years in New South Wales.

Sir EDWARD BRADDON

- The Minister for Trade and Customs spoke of the profits of the imported leaf going into the pockets of the foreigner. But that the profits of any article which we import should go into the pockets of those who send it to us, is a circumstance that one can hardly see any reason to object to.

Mr Kingston

- I said that the price of the imported article goes into the pockets of the foreigner.

Sir EDWARD BRADDON

-Into whose pockets do the profits of the manufacturer in Victoria go ? Into the pockets of foreigners for the most part, seeing that the trade is carried on by an American company, or a company largely in the hands of Americans. What is the meaning of the proposed increase of duty on manufactured tobacco? In every State but one of the Commonwealth the duty has been 3s. or less up to the present time, and the intention of the Government in increasing the duty is avowedly to decrease importation, and to substitute the consumption of locally made tobacco. From such a course the revenue must suffer, especially the revenue of Tasmania, and the consumers must suffer also. We ought to consider the consumers in this conjunction, and surely it is not for us, merely for the sake of bolstering up an industry in Victoria, to make dearer by 6d. per lb. the tobacco used by the working classes. I hope the committee will, by a majority, decide against the Government proposal, and that the opinion of the Minister for Trade and Customs will not find any weight here. I hope that the committee, in justice to the revenue of the different States, and in justice to the large body of consumers, will insist on the duty remaining at 3s.

Mr WATSON

- Since speaking the other evening I have had an opportunity of looking further into the figures connected with the importation and production of tobacco in the Commonwealth, and I cannot see the wisdom of going to the extent suggested by the honorable member for North Sydney. It would be unfair, seeing that the proposal of the Government in regard to excise and the import duty on leaf involves an increase in the



cost to the consumers of the locally-made article by at least 3d., and in some cases 6d. per lb.--

Mr Thomson

- Not if we alter the other rates.

Mr WATSON

- The Government proposal, so far as excise and the import duty on leaf are concerned, already, without any alteration, involves the increase in cost that I have mentioned, and any alteration suggested by some honorable members in the direction of extra excise or increased duties on the manufactured leaf would mean a further increased cost of the locally-made article to the consumer. If, in conjunction with the Government excise and leaf proposal, we carry the proposal of the honorable member for North Sydney, it will mean that the consumer of the locally-made article will be compelled to pay considerably extra for his tobacco, while the consumer of the undoubtedly better quality tobacco imported from abroad will be allowed to go free of extra impost because of the Commonwealth Tariff. As one who, generally speaking, smokes American tobacco, I do not see why I should not be asked to make some little sacrifice on account of the revenue required by the Commonwealth. But, comparing the position of affairs with that before the Commonwealth came into existence, such smokers would, under the proposals of the honorable member for North Sydney, be called upon to bear no share of this burden.

Mr Thomson

- If the New South Wales rates were adopted right through, there would be no sacrifice.

Mr WATSON

- We ought to get a little more revenue from tobacco than we have in the past, in view of the fact that, otherwise, taxation will have to be put on articles much more necessary to the people.

Sir William McMillan

- We can maintain the relative difference all the same.

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Mr WATSON

- But if we maintain the relative difference in New South Wales as between 3s. and the excise and import duty on leaf, we do not get extra revenue from either the locally-made or the imported article ; and it is only fair that we should get something extra from each of them. I do not go to the full extent of a duty of 3s. 6d., because to bring the difference up to 9d., which is a fair margin of protection, would involve an increase in the price of the locally-manufactured and locally-consumed tobacco of 6d. per lb., as against 3d. if the alteration is not made on the local article. My contention is that if we fix the duty at 3s. 3d. per lb. on imported tobacco, the consumer of that tobacco will pay 3d. per lb. extra for the commodity, while, at the same time, leaving only 9d. difference between the manufactured article and the imported leaf will mean that the consumer of the local tobacco will bear an impost of 3d. extra. It is fair to raise that extra money on both classes of tobacco, but any further I am not prepared to go. I quite agree with the Minister for Trade and Customs as to the necessity or wisdom of helping the local grower, and the proposal of the Government to give a protection of 1s. 6d. per lb. to the local leaf is quite liberal enough. I am not prepared to go to the extent suggested by the Treasurer of raising the duty upon imported leaf to 1s. 9d. per lb., because I think it preposterous to put a heavy burden upon the consumers throughout the Commonwealth for the sake of an industry which at present, at any rate, employs only, a few Chinamen. The Minister spoke of the immense quantity of locally-grown tobacco consumed in New South Wales and Queensland, and although I admit that more locally-grown tobacco is used in those States than elsewhere within the Commonwealth, the value of the total tobacco crop of Australasia, including New Zealand, was in 1899, according to Coghlan, only £18,000. The manufacture of tobacco in the States is in the hands of a few individuals, and whatever protection we afford to the grower, the greater part of it will go into their pockets.

Mr Salmon

- In 1895 the value of the tobacco produced in Victoria was over £45,000.

Mr WATSON

- The trouble has been that very few growers could supply the demand, and when the prices were up a large number of farmers rushed into the business and over-supplied the market, with the result that the manufacturers were able to fix their own prices, and now, no matter what protection we give to the grower, the manufacturers will still be able to control the price, because the business of manufacturing is

in the hands of a few individuals, and is likely to continue so. We have, therefore, to choose between bleeding the consumers and taking over, the control of the business by the State, as suggested by the honorable . member for Tasmania, though it is not in order to discuss that subject at the present time. I think that 1s. 6d. per lb. is the maximum duty for imported leaf, and that, in view of the revenue necessities of the Commonwealth, the duty upon the imported article should be increased to 3s. 3d. per lb.

Mr. CAMERON(Tasmania). - The Minister for Trade and Customs told us a few minutes ago that if the duty upon imported tobacco were reduced to 3s., £80,000 of revenue would be lost. I would inform him, however, that last year the revenue derived by Tasmania from a duty of 3s. per lb. was £67,000, while the Treasurer expects to get this year from a duty of 3s. 6d. per lb. only £53,000.

Mr. THOMSON(North Sydney).- The Minister for Trade and Customs is not assisting the Tariff through committee. In moving my amendment I made my remarks brief, in order not to prolong the discussion, but the Minister, in making a general attack upon this side, inferred that I had said something which I did not say. Pointing to me, he said that he would show that I was wrong in the statement that Australia cannot produce good tobacco; but I decline to have that statement fathered upon me.

Mr Kingston

- I was not referring to the honorable member.

Mr THOMSON

- What I said was quite the opposite. The right honorable member also insinuated that it had been generally stated by honorable members on this side that good tobacco could not be produced in Australia.

Mr Salmon

- We were told that Australian tobacco is poison.

Mr Cameron

- So it is.

Mr THOMSON

- I stated that there was likely to be an improvement in the tobacco produced in Australia in the future, because there would be a greater demand for it on the part of the manufacturer, since he will not have to pay duty upon locally-grown leaf. But, in the past, a great deal of the tobacco produced has been rubbish, because the curing and preparation of the leaf, and often the soil selected, have not been what they should be. The Government have been paying bonuses upon tobacco exported from this State.

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Mr Kingston

- No.

Mr SYDNEY SMITH

- They have given authority to the State Governments to pay them.

Mr THOMSON

- That is the same thing. I should like to know what the tobacco which was exported brought in the London market.

Mr SYDNEY SMITH

- There is a lot of it there now unsold.

Mr THOMSON

- Then where is the evidence of its quality? The New South Wales Government, as the growers were getting such low prices locally, shipped tons of tobacco to London to test the market, but the price obtained ranged from 2d. to 3d. and 4d. per lb. ; and it was considered that the quality was such that it was hardly worth while to use it. I think, therefore, that it is unfair to say that the manufacturers here refused to pay a fair price for the tobacco they use. When the Minister, and those who support him, tell us that the local grower cannot compete with imported tobacco under the protection of a duty of 1s. per lb., which is equal to the value of the tobacco, he insults our producers. I have too strong a faith in the Australian soil and climate to accept that position. With that protection there is no reason why the Australian grower should not produce sufficient tobacco for the consumption of the people of the Commonwealth. The Minister has said that the Commonwealth will lose so much revenue by reducing the import duty upon manufactured tobacco to 3s. per lb., and, to discover what the loss will be, he adopts the easy arithmetical process of subtracting one-seventh from the revenue estimated to be obtained from

a duty of 3s. 6d.

Mr Kingston

- I said that if there was no alteration in the amount of tobacco imported that would be the result.

Mr THOMSON

- Of course it would be ; but the Treasurer has shown that he does not think as much tobacco will be imported under a duty of 3s. 6d. per lb. as under a duty of 3s. per lb., a fact which should be evident to all. Then, is there anything to prevent an adjustment, as by increasing the excise duty while leaving a margin of 9d. per lb? I would ask if there is anything to prevent an adjustment of that sort which would still leave a large margin to the grower, and which would yield a large revenue in the future as the consumption of the local leaf increased. The arguments of the Minister for Trade and Customs were not on a very sound basis, and as for his attack on this side of the House, because of its reflections upon the soil and climate of Australia, I would only say that the reflections are his own, because he has made it clear that local growers cannot compete with the imported leaf, even when they have the benefit of very heavy protective duties.

Mr PIESSE

- I regret that we should have spent so much time in this discussion, as I understood, last week, that there was a likelihood of our coming to a conclusion satisfactory to both sides. Now, however, I find myself back where I was when we first considered this matter, and, under the necessity of asking whether the proposals of the Government, involving as they do such a large sacrifice of revenue to the State I represent ought to receive my indorsement. I consider my duty to that State, and T also have some consideration for the interests of the other States. The Treasurer, in his own calculations, has shown that Tasmania will lose £14,000 in revenue ; but that is not all, because the Tariff proposals involve an increase in the duties now imposed upon Tasmania equal to another sixth of the total amount. If the whole of that were operative, which it will not be I admit, it would amount to another £11,000 per year, taking the consumption of last year as a basis for calculation. It seems to me, however, that at least £20,000 will be taken from Tasmania for some purpose other than revenue, and I desire to know what we are asked to give this for 1 I admit that we are bound to consider the industries that have grown up under our fiscal system, and that we are not here to ruthlessly destroy them by any change in our Tariff, but which type of industry are we going to consider - those least capable of achieving the end we have in view ? Are we to impose a duty which will enable the country least suited for the growing of tobacco to produce an article which will sell, or are we going to be guided by the average necessities of the best suited parts of Australia 1 It is admitted that Queensland and New South Wales have made progress with a protection of only 9d. per lb. to the manufacturer.

Mr Kennedy

- The manufacturer has made progress in New South. Wales, but not the grower.

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Mr PIESSE

- The growth of tobacco has increased in New South Wales to a greater extent than in Victoria, and more local leaf is used in New South Wales than in the southern State. It seems to me, therefore, that when we are asked to take the Victorian experience as a basis, we are being asked to go further than we ought to go in reason. If we give protection sufficient to enable the industry to flourish in those parts of Australia best adapted for it, we shall be doing all that can be reasonably expected. Honorable members will see that if we give more protection than is necessary, we shall only be adding 33 per . cent. to the advantages which' the New South Wales growers enjoy at present, and that they will be placed in a better position to run the Victorian growers out of the industry. I do not think the amendment of the honorable member for North Sydney is likely to be accepted, and I feel inclined to support the suggestion of the honorable member for Bland, which I had hoped to see accepted some days ago. I should like to see an increase of 3d. in the excise duty hitherto levied in New South Wales and an increase of 3d. in the duty on imported tobacco.

Sir William McMillan

- Does not the honorable member favour an import duty of 3s. on manufactured tobacco 1

Mr PIESSE

- Yes, if I can get it.

Sir William McMillan

- Let us fight for it.

Mr PIESSE

- I think the other proposal would be a reasonable compromise, and I should be prepared to accept it.

Mr KENNEDY

- Although I am riot entirely in sympathy with the Government proposals, I quite agree that 9d. per lb. is a fair margin in favour of the local manufacturer of tobacco. I take strong exception to the remarks of the honorable member for Tasmania, Mr. Cameron, that Victorian tobacco is not fit to smoke. It will be admitted that the bushmen of Australia are fairly good judges of tobacco, and for the last twenty years I have smoked Victorian tobacco as well .as the imported article About fifteen years ago, I bought in the Tumut Valley, in New South Wales, for 2s. 9d.per lb., locally grown and manufactured tobacco, which was quite as good as the imported article for which I had been paying 5s. 6d. per lb. Still, in spite of the fostering care of a paternal Government, the factory in which that tobacco was manufactured has been closed, and the growth of tobacco has greatly diminished in New South Wales.

The honorable member for Tasmania, Mr. Piesse, said that the growth of tobacco had increased in New South Wales ; but the industry has been almost extinguished in both New South Wales and Victoria. In New South Wales in 1888 there were 4,338 acres under cultivation for tobacco, whereas in 1889 the area had been reduced to 546 acres. In Victoria, during the same period, there had been a still greater decrease in the area under cultivation. The honorable member for Wentworth spoke from very imperfect knowledge when he said that the country in which tobacco had been grown in Victoria was unsuited for that purpose.

Sir William McMillan

- I say that Victorian soil and climate are not suited to the growth of tobacco.

Mr KENNEDY

- That is the statement I rose to rebut, and I am going to quote against the honorable member Mr. A. J. Bondurant, who was for some years the tobacco expert in the Agricultural department of Victoria. He says :-

I am persuaded, from a short residence in the colony of Victoria, after having visited the districts where most of the tobacco is now being cultivated, and others where it is cultivated to a moderate extent, that if the same intelligence and care are used here in the management of this difficult and profitable crop as are used by the average grower in the southern States of America, the product will be much improved, and the colony be successful in producing all of the pipe and much of the cigar leaf required for its own consumption. This is not all. With such a favourable soil and climate, if this industry is carried to the extent that is justifiable, in my judgment, by those who are interested in the agricultural success of the colony as land-owners, before many years the tobacco from Victoria should occupy a place in the markets of London and Liverpool as a successful competitor of the tobacco from Virginia, Tennessee, North Carolina, Kentucky, and other southern States of America, that is so eagerly sought after and readily sold on those markets.

That is the opinion of a gentleman who was reared and trained on the tobacco plantations of Virginia, and who was engaged in the cultivation and curing of tobacco leaf in America until he came to Victoria.

Sir William McMillan

- He failed to grow tobacco in Victoria.

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Mr KENNEDY

- On a former occasion I pointed out the causes of his failure. His crops were ruined by blue mould, a disease for which a remedy has only recently been found. But it is a strange thing that in New South Wales, where this disease was not known, and where the climate and soil are eminently adapted for the growth of tobacco, the production has also been a diminishing one. Mr. Bondurant gave a reason for the reduced production of the leaf in Victoria when he said that our people did not apply themselves to it. The chief reason why we have failed up to the present is because we have not had the knowledge necessary for the proper growth and curing of the leaf. It is a peculiarity of the British people in most countries that they have not applied themselves to the minor industries. Those who say that we should direct the attention of our people to the primary industries should bear in mind the splendid advantages to be

derived from that intense culture which must be applied to the growth of tobacco. I repeat that our soil and climate are eminently adapted for the cultivation of this plant. It is true that we have sent to London leaf which did not meet with approval but that was because it was put upon the market in a condition unsuited to that market. We have it in a report from our own Agent-General in London, that the failure to find a market for the first Victorian shipment was not altogether due to the fact that the leaf was of an inferior quality, but resulted from its being placed upon the market as unstemmed tobacco leaf, and which contains an excessive amount of moisture. I note that reference is made in this morning's papers to another shipment of tobacco which has arrived in London in a rotten condition. The extraordinary feature about it is how it was allowed to be shipped. In justice to Mr. Bondurant, I must say that he was out of the colony when it was shipped. These are the chief factors which have conduced to failure up to the present time. But they are not all the factors which have been operating to the detriment of those engaged in the production of the leaf. It is a peculiar coincidence that a considerable diminution in the growth' and production of tobacco leaf in New South Wales and Victoria took place simultaneously with the increase of the excise duties. Seeing that there is practically no difference of opinion between honorable members as to the margin which constitutes a sufficient protection to the local manufacturer, it is almost regrettable that such a long time should have been occupied in discussing this matter. We ought to be able to come to an understanding as to whether 3s. 6d. per lb. or 3s. 3d. per lb. is the proper duty to impose. But where the question at issue is one of revenue, I must look for guidance to a great extent to those who are responsible for sound finance, and therefore I must look to the Minister in charge who will have to answer for his conduct if he misleads the committee.

Mr Thomson

- He is getting 3d. per lb. more revenue than he himself proposed. '

Mr KENNEDY

- That is the only disturbing factor in my mind. Although he told us that he was going to levy an additional 3d. per lb., he did not tell the committee what increased amount of revenue he expected to derive as a result. There is no difference of opinion practically as regards the principle at stake. There is a conflict of opinion only as to the gain or loss to the revenue, and that matter ought to be speedily settled, seeing that all agree as to the principle involved.

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Mr KIRWAN

- I merely rise to correct a false impression which may be created by the quotation from Coghlan which was made by the Minister for Trade and Customs. The right honorable gentleman was careful to avoid quoting certain other portions which I shall read for the benefit of the committee. He stated that Coghlan had declared that the decline in the production of tobacco throughout Australia was due to the fact that sufficient care and skill have not been expended upon the preparation of the leaf. But in the very next sentence, which the Minister did not read, Coghlan shows that the real cause of the decline was over-production. That sentence is as follows : -

The quantity of leaf produced in 1888, namely 70,000 cwt., was so greatly in excess of local requirements that very low prices only could be obtained, and a large portion of the crop was left upon the growers' hands.

Furthermore, in the very first line of the paragraph quoted by the Minister, Coghlan attributes the decline in the production of tobacco to the same cause and to the want of a foreign market. If the amount of tobacco cultivated in Australia was formerly too much, where is the necessity for imposing a protective duty in order to induce greater cultivation? Coghlan also gives some figures concerning the production of tobacco in the various States of the Commonwealth, and it is a most extraordinary thing that in the State where the growers enjoyed the most protection, the decrease in the production has been the greatest. I refer to Victoria, where in 1897 a bonus was paid for locally-grown tobacco leaf. In 1896 the area under tobacco cultivation in Victoria was 1,264 acres, and the production amounted to 7,890 cwt. In 1897, the area under cultivation had decreased to 522 acres, and in 1898 it had fallen to 78 acres. The production decreased in 1896 to 7,890 cwt., in 1897 to 3,419 cwt., and in 1898 to 190 cwt.

Mr Salmon

- Is there not a note attached to the figure " 190," which the honorable member last quoted 1

Mr KIRWAN

- There is a reference to the fact that "in 1898 the crop in Victoria was almost a complete failure." But although the crop was not a success in that year, the land under cultivation had fallen from 522 acres in 1897 to 78 acres in 1898. These figures are significant of the fact that in the very State where protection is highest, the decrease in the total production of tobacco was considerably greater than in any of the other States. In New South Wales there was also a considerable decrease, but it was as nothing in comparison with the enormous decrease in Victoria ; and at the present time the production of tobacco and the area under cultivation in New South Wales is considerably greater than in the neighbouring State. Under all the circumstances it seems most extraordinary that the Government should suggest a policy of protection in order to increase the production of tobacco. The local manufacturers have already received a considerable advantage in consequence of Inter-State free-trade, all the markets of the Commonwealth having been thrown open to them. Mr. Hart, the manager for Messrs. Cameron and Co., who are understood to have made huge profits, is reported in the Age as having said that if the Tariff goes through without alteration, tobacco manufacturers generally will have little or no cause for complaint. Mr. Hart is also reported as having said -

One result of the new conditions is an immediate rise of 6d. per lb. in the wholesale price of all high-grade tobaccos, whether imported or locally made. The Minister for Trade and Customs became very indignant because of certain references made by the honorable member for Wentworth to the extent of tobacco cultivation in Australia. But the honorable member for Melbourne Ports, who, I suppose, voices the opinions of protectionists in this House, talked to-day as if the tobacco industry were the great industry of Australia, and referred seemingly to the primary industries, which members of the Opposition desire to foster. He seems to think that agriculture, the pastoral industry, the mining industry, and others, which produce no less than £83,000,000 of wealth for Australia are quite minor matters compared with the importance of a few factories at Footscray or Williamstown. There was no indignation on the part of the Minister for Trade and Customs when the honorable member for Melbourne Ports made observations of that character, while there was quite a storm when the honorable member for Wentworth objected to these duties on the ground that they were revenue destroying.

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Mr SYDNEY SMITH

- I have no desire to delay the division, but in view of statements made by several honorable members I cannot allow the debate to close without expressing my opinion in regard to one or two aspects of the case. The Minister for Trade and Customs on Friday last was good enough to read a quotation showing the decline of the tobacco industry in New South Wales, but was careful to avoid making similar reference to the industry in Victoria. About twelve years ago, there were about 300 people employed in the growing of tobacco in Victoria, and in this connexion, I should like to quote the following leading article from a newspaper published in the district of Wangaratta, on November 6 : -

Wangaratta is now the only tobacco-leaf centre in the State. During the last five years the Government has given a helping hand to the grower. It provided an experimental farm for object lessons ; an expert from the United States to teach how best to grow and cure the leaf ; gave a bonus of 3d. on all exported leaf that passed the expert ; rented in Wangaratta, at £100 per year, a Stemmary where the leaf could be graded and stemmed and packed for export. What has been the result? There are fewer growers of leaf now than when the Government came to the relief of the industry.

In addition to the heavy protection of 1s. per lb., and the high cost of the American leaf at 8d. or 10d. per lb., together with the freight to Australia, there was 3d. per lb. bonus given. I believe the proprietor of this newspaper takes a large interest in the industries in the district of Wangaratta, and has given a good deal of attention to tobacco growing. The article proceeds -

Recent advices from London show that 122 hogsheads of tobacco are lying there unsold, and that they cannot be sold.

To whom has this bonus been paid ? At my request a return was recently presented showing that the bonus had been paid to Messrs Hyam, Smith, Byrne, and McAleice, to the amount of £800 odd. I should like to ask the honorable member for Moira, whether it is not a fact that Mr. Hyam, who received a large proportion of this money, has an estate in the Moira district which he lets out to growers, taking one-third of the proceeds for himself, and that he has none employed except Chinamen.

Mr Kennedy

- Yes, he has.

Mr SYDNEY SMITH

- How many ?

Mr Kennedy

- I am not in a position to say.

Mr SYDNEY SMITH

- I have a further list of the names of some of the people who received this bonus, and, at a time when we are so largely concerned in keeping aliens from competing with our own people, we find amongst those " Ah Sing," "Ah Quin," "Sam Soon," and others which are most difficult to pronounce, and which do not seem to be Australian. I am told that this export bonus of 3d. per lb. - which is more than the worth of the tobacco delivered at the port of Melbourne - while presumably paid to European growers, has, in fact, been paid largely to Chinamen. We were told that the people whose names were mentioned were the growers of the tobacco; but now we find that, although they may have been the owners of the land, most of the tobacco was grown by Chinamen. An industry which cannot succeed except by paying the low rate of wages which the Chinamen are willing to accept should not receive encouragement.

Mr Kennedy

- The estate to which the honorable member has referred has recently been subdivided for closer settlement, and every acre of it has been taken up.

Mr SYDNEY SMITH

- I was told by a constituent of the honorable member that there was not a man employed upon that estate who was not a Chinaman.

Mr Kennedy

- That is not correct.

Mr Page

- Did the Chinamen get the bonus ?

Mr SYDNEY SMITH

- I believe that one-third went to the owner of the land, and two-thirds to the Chinamen. The honorable member for Tasmania, Mr. Piesse, told us a short time since that he believed in free-trade, but we found him voting for protection. He now favours a duty of 3s. per lb., but, because he thought the amendment could not be carried, he said he would vote for a reduction of the Government proposal to 3s. 3d. per lb. If he believes that a certain course should be followed in the interests of the Commonwealth, he ought to have the courage of his opinions, and vote accordingly. I feel that I am responsible to my electors to do what I can to prevent the imposition of a duty which will take from the people a large sum of money, and give it to those who have already grown rich at the expense of the State.

Mr CONROY

- If this question were to receive the attention which it deserves, its discussion would require as many days as this discussion has taken hours. I wish that one or two of those who are interested in the tobacco trade would follow the example of the honorable member for Laanecoorie, who, in 1895, when an excise duty was under consideration refrained from voting, because he was personally interested.

Mr Salmon

- I am sorry to say that I am not interested now.

Mr CONROY

- I am sure that the honorable and learned member is not. If he were, he would not have shown the warmth which he has exhibited. The people have hitherto been paying 3s. per lb. upon their tobacco, and they are asked to pay more. The Ministry seem to think that the working man has no sense of taste or smell, and that the worse the article given to him the better he likes it. In increasing the duty the Treasurer is not consulting the interests of States like Western Australia, Tasmania, and South Australia, because he himself recognises that less revenue will be raised by the increased duty.

Sir George Turner

- I have not said that less revenue will be obtained from a duty of 3s. 6d. per lb. than from a duty of 3s. per lb.

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Mr CONROY

- The right honorable member said that the importation was. diminishing.

Sir George Turner

- Therefore I want to get as much revenue as possible.

Mr CONROY

- The action of the Ministry in going backwards and forwards is a very wrong one. Last Friday the Treasurer said that he was willing to consider the proposal to increase the excise duty by 3d. In America such action has put thousands of pounds into the pockets of senators, and it is fortunate for this Government that there are no trusts here, or a similar suspicion might be excited against them. Their action has laid the whole House open to a most disagreeable suspicion.

Mr HUME COOK

- The honorable member is casting a foul aspersion upon two honorable members.

Mr CONROY

- In the railway train the other night I heard half-a-dozen men speaking of it.

Sir George Turner

- Did not the honorable member consider that he should stand up for the honour of the House?

Mr CONROY

- I tell the Government that this must never take place again.

Sir George Turner

- The honorable member is the only person who ever makes these insinuations.

Mr CONROY

- The Government must not think that they are immaculate.

Mr Kingston

- At any rate we are honest.

Mr CONROY

- Let the Ministry show their honesty by preventing the robbery of the people. If as private individuals they entered into a combination to force people to pay higher prices for the articles they consume, they could be indicted at law, but when, as members of a Cabinet, they do so, they assume high airs, and say that no suspicion should be cast upon them.

The CHAIRMAN

- The honorable member must confine his remarks to the item under discussion.

Mr CONROY

- I am entitled to show the committee how thousands of people will regard our action. For every£1 that will be paid in wages, £2 5s. will go to the manufacturer. When Ministers frame a Tariff to put money into the pockets of three or four individuals, there must be an inquiry, unless honorable members are dead to all sense of honour.

Mr HUME COOK

- What nonsense.

Mr CONROY

- The honorable member may be interested or he may not.

Mr HUME COOK

- I ask that the honorable member be required to withdraw that insinuation.

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Mr CONROY

- I did not say that the honorable member was interested in the tobacco industry. I say that it is a bad thing for the Government to put forward tentative proposals. As far as they are personally concerned, I know that no suspicion should attach to their action, but I ask them in their future conduct to guard against the possibility of such suspicion. It surely cannot be thought that the public will not look at this matter from all points of view, or that the workers will not want to know why they are being taxed to the extent of an extra 6d. per lb., when they know that the additional duty will operate very largely to the advantage of three or four large manufacturers. I think the Government have done extremely wrong in exposing themselves and other honorable members to the suggestion of having acted from interested motives. I have made my protest, and as far as I am concerned, I think that not only will the revenue suffer through the imposition of the higher duty, but that undue preference will be given to a certain class



of manufacturers. I intend to vote for the amendment of the honorable member for North Sydney.

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

Ayes ... .. 28

Noes ... .. 33

Majority ... .. 5

Question so resolved in the negative.

Amendment (by Mr. Watson) proposed -

That the words "and on and after the 21st November, 1901, 3s. 3d." be added to the duty, "Manufactured .... per lb., 3s. 6d."

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

Ayes ... .. 33

Noes ... .. 29

Majority .....4

Question so resolved in the affirmative.

Amendment agreed to.

Mr KINGSTON

- I move-

That the words " on and after 21st November, 1901, 3s. 3d." be added to the duty "unmanufactured . . per lb. 3s. 6d."

I take this course in order to give effect to the last decision of the committee.

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Mr CONROY

- I wish to point out that, unless the tobacco is entered by the manufacturer for special purposes, there is no exemption whatever. Surely there may be many articles in which unmanufactured tobacco can be used without any necessity existing for the imposition of such a high duty ? We do not know what the departmental by-laws are. I would further point out that nicotine is very valuable as a preservative against many fungoid growths. Under the circumstances, I do not see why we should be called upon to assent to so high a duty. The Ministry ought to show other purposes for which unmanufactured tobacco is to be admitted free.

Amendment agreed to.

Mr. CONROY(Werriwa).- I desire to point out that under this Tariff as it stands, the protection afforded to the local grower of tobacco amounts to something like 2s. per lb. It is perfectly clear from the arguments of the Ministry themselves that there can be no objection to raising the price of imported unmanufactured tobacco leaf to 1s. 9d. per lb., because, according to their doctrine, the foreigner pays it. The effect of passing this item will, to my mind, be a diminished consumption of imported unmanufactured leaf, and consequently a reduced revenue.

Sir WILLIAM McMILLAN (Wentworth). I take it for granted that the understanding arrived at the other night that there should be only 9d. per lb. in favour of the local manufacturer will be adhered to, and that as a consequential result of the decision of the committee to make the duty upon the imported manufactured article 3s. 3d. per lb., we shall retain the duty upon the imported leaf at 1s. 6d. per lb., and the excise duty at 1s. per lb.

Sir George Turner

- That is so.

Sir WILLIAM McMILLAN

- Then I see no necessity to prolong the debate upon the question raised by the honorable and learned member for Werriwa. But I hope that the Ministers in charge of this schedule will see their way to drop the ad valorem duty upon cigars, even if we have to make a slight addition to the fixed duty. We want to understand thoroughly what we are doing. It is impossible, as regards tobacco and other well-known articles, to accurately arrive at the ad valorem duty. Let us see how we stand with regard to that wonderful expression by the Prime Minister, " Revenue without destruction." I find that in New South Wales, Victoria, Queensland, and Western Australia that fixed duty upon cigars was 6s. per lb. In South Australia it was 6s. 3d., and in Tasmania 7s. So that, in regard to 3,500,000 people out of a total population of 3,750,000, a duty averaging 6s. per lb. formerly operated. The reason why the Government have selected the

highest duties in the different States prior to this Tariff operating seems to me absolutely incomprehensible. In this instance the Government are actually going beyond any State except one, and that a State with a small population. I believe I shall have the sense of the House with me if I move the elimination of the 15 per cent. ad valorem duty, and I move-

That the words-" and on and after the 21st November, 1901, per lb., 6s., be added to the duty. 'Cigars, .... per lb., 5s. 6d. and 15 per cent. ad valorem.'"

Mr KINGSTON

- The question is raised whether there shall or shall not be an ad valorem duty in regard to cigars. The Government found authorities for the course they have proposed, notably in America and sometimes in Canada. In cases where there is a wide difference as regards value, it is altogether unfair to tax at the same fixed rate the article of lesser and the article of greater value. In point of fact, it is a progressive system of the very worst character, selecting for the heaviest penalizing the small and poorer article, and letting off at a lesser rate the article of higher value. I am not at this moment going to cite actual cases, but some of the cigars imported are worth 3s. per 100, while others are worth as much as 30s. per 100 ; and if we strike out the percentage duty, the effect will be that the lower classes of cigars will pay at the rate of something like 260 per cent., while higher class cigars may pay only 25 per cent. It is simply atrocious to consider that when the poor man puts down his shilling to purchase cigars there is exacted from him, in addition, 2s. 6d. for revenue purposes. That statement may be the subject of jeers and scoffs, but it is precisely the fact; and we have too long tolerated such a state of things. The Government, in regard to these ad valorem rates, found instances in other countries, and were much impressed with their fairness. In other taxation we provide that greater wealth shall be subject to a higher rate.

Mr Thomson

- The Government are not doing that now.

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Mr KINGSTON

- That is what we are doing undoubtedly. If we simply have the fixed duty, we shall exact 6d. out of the 1s. of the poor man, and no more out of the 10s. of the rich man. These percentage duties have the sanction of usage, and we ought to do what we can in founding this Commonwealth to put our customs taxation on a sound and proper footing. A suggestion to eliminate the percentage duties has only to be considered, when its repulsiveness to everything that is right and fair must be appreciated by those who desire to deal in this matter fairly, as I am sure the majority of honorable members are disposed to do. It has been pointed out that the proposal of the Government is inconvenient ; but the question of inconvenience in a matter of this sort ought to give way to the consideration of what is fair and right. I know from the reports of our experts, and from what we have heard from outside, that there will be no difficulty in administering the Government proposal, and I ask honorable members to affirm the ad valorem duties, and to do something to make even customs duties equitable. This is an item to which our best efforts can be well directed.

Mr Poynton

- Why not apply the principle to the locally-made cigar ?

Mr KINGSTON

- We will consider that question when we come to the excise ; but I should be glad to see a principle of this sort extended. Some objection has been raised that it might necessitate the production of invoices by the importer to the seller. But what has the importer to be ashamed of ? The difficulty, if it be a difficulty, might be got over by letting the ad valorem rate be paid by the importer in bond, so that he may sell subject to the fixed rate. This is a matter, however, which members generally will be inclined to think should not be regulated simply by the question of the convenience of administration. It rests on a deeper, sounder, and greater principle - it is a question of what is right; and honorable members have only to consider that question in order to come to the conclusion that we must do something in the direction proposed.

Mr.F. E. McLEAN (Lang). - The Minister for Trade and Customs has worked himself into a great ferment over this question, but unfortunately he has not given the committee the slightest information as to the relative value of the cigars of the working men and the more expensive class of cigars. The committee are absolutely in the dark as to whether there is any very extensive importation of cigars at the enormous

prices which he wishes to place under an ad valorem duty. If there is an atom of argument in what the right honorable gentleman has contended, he should wipe out the specific duty altogether, and have only an ad valorem duty. He admits that the tax on the cheaper class of cigars is an enormity, amounting to something like 200 per cent. ; but he knows he will get his revenue from those cheaper goods.

Mr Kingston

- There is no reason why we should not be fair.

Mr.F. E. McLEAN. - The proportion of expensive cigars imported is so small, and means so little in revenue, that if the right honorable gentleman did not keep to the fixed duty, and , charge that enormous tax on the cheaper descriptions, he dare not come down to the House with a proposal to impose this composite duty. A pertinent question has been asked why an ad valorem duty is. not included in regard to excise. That question may not be under discussion at the present moment, but it is fair to ask why the Government do not pursue a consistent policy, because, if an ad valorem duty is fair in one case, it is just as fair in the other. The Government have already withdrawn the composite duty on tea, which is an article that stands in a precisely similar position to cigars. Tea varies very much in quality, and the composite duty on that article could be defended on exactly the same grounds as a composite duty on cigars. These composite duties are the worst feature in the Tariff; and to bring forward a proposal of the kind is only pandering to a certain section of the community, and making them believe that the rich man is going to pay so much more taxation than the poor man. The weight of the taxation imposed on the poor man by this Tariff is so enormous that it is almost hardihood on the part of the Minister for Trade and Customs to make such an appeal as he has to the committee;

Mr Watson

- Abolishing 15 per cent. on cigars will not help the poor man much.

Mr.F. E. McLEAN.- To attempt to justify these ad valorem duties on class grounds is. only to throw dust in the eyes of the public. I hope, not for the sake of men who are able to pay a few extra shillings in Customs, but for the sake of removing from the Tariff one of its worst blemishes, the committee will agree to the amendment of the honorable member for Wentworth.

Mr. BATCHELOR(South Australia).The honorable member for Lang has traversed the statement of the Minister for Trade and Customs, but he has not shaken the position of the right honorable gentleman in the slightest degree. The honorable member says that what the Ministry propose is not worth doing, and urges that if" they are in earnest they ought to go further; but the honorable gentleman has not shown that, so far, the Government have gone in the direction of relieving the poorer consumers of cigars.

An Honorable Member. - Does not the same principle apply to tea?

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Mr BATCHELOR

- Not to anything like the same extent. The honorable member knows perfectly well that cigar's are articles of luxury, especially the imported brands of particular reputation. I hope the committee will not go the length of asking the poor man to pay as much taxation as the rich man. The statement that the proposed alterations in the duty will not make much difference is a very great mistake. The ordinary cigars that are imported here vary in price from 20s. to 50s. per 100, and the ad valorem duty at 15 per cent. ranges from 3s. 4d. to 8s. 3d. per 100.

Mr Thomson

- Will the honorable member apply the same argument to the excise ?

Mr BATCHELOR

- The same contention does not apply to the excise, because the values of locally made cigars do not vary very much.

Mr V L SOLOMON

- They vary from £5 to £13 or £14 per 1,000.

Mr BATCHELOR

- Will honorable members of the Opposition agree to support a differential excise duty?

Mr F E McLEAN

- That will have to be arranged for if the duties on imported cigars, as proposed by the Government, are agreed to.

Mr BATCHELOR

- Will the honorable member support a differential excise duty ?

Mr F E McLEAN

- Certainly, in order to make the Tariff harmonious, if the Government proposals are passed.

Mr BATCHELOR

- The Government proposals will not involve any unfairness, and I am surprised at some honorable members proposing to relieve those who indulge in special luxuries at the expense of the poorer smokers.

Sir EDWARD BRADDON

-The Minister for Trade and Customs has made a very fervid appeal on behalf of the poor man who, he asserts, will be grievously wronged by the proposals emanating from this side of the House. Let us look at the position of the consumer of inferior cigars under this Tariff as compared with what it would be under the amendment suggested by the Opposition. It will be no relief to the poor man who smokes cigars to know that those who smoke more expensive articles have to pay a relatively higher rate of duty upon them.

Sir George Turner

- It would be much fairer.

Sir EDWARD BRADDON

- It would afford no relief to the poor man. The Government propose to levy a specific duty of 5s. 6d. per lb., whereas it is now suggested that the specific duty shall be increased to 6s. The Tariff proposal to add 15 per cent. ad valorem duty will bring the amount of actual tax upon the poor man's cigars to fully 6s. per lb., so that the duty which would have to be paid by the poor man would not be increased under the amendment, and the total tax would not amount to more than 1d. per cigar. What is the sense of talking about these more expensive cigars? How many of them are imported: into the Commonwealth?

Mr HUME COOK

- More than half the cigars imported are worth upwards of 38s. per 100.

Sir EDWARD BRADDON

- Is it worth while for the sake of the small number of expensive cigars imported here to introduce a complicated system of composite duties into our Tariff? These duties will not tend in any way to the advantage of the poorer consumer of cigars, and it will be better for many reasons to adhere to the specific duty of 6s. per lb., which has prevailed in four out of six of the States.

Mr McCAY

- An honorable member who wishes to vote against the proposal of the Government can easily find good-looking reasons for doing so.

Sir William McMillan

- That is very cheap.

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Mr McCAY

- It may be very cheap, but it is very true. The proposal of the honorable member for Wentworth is that a duty of 6s. per lb. shall be imposed upon cigars, which is the rate that operated in a majority of the States prior to federation. To do this in face of the fact that the excise upon the leaf out of which cigars are manufactured has been raised 6d. per lb., and that the duty upon tobacco has been raised 3d. per lb., would be grossly unfair. We cannot get away from the position that the quality of cigars varies far more than does the quality of tobacco. Consequently there is much more reason for varying the duty upon cigars than there is for varying it upon tobacco. I agree that the variation in the quality of Australian-made cigars is much less than is the variation in the quality of the imported article. If the duty were made 6s. per lb. all round there is no doubt that the man who purchased a 3d. as against a 6d. cigar would be paying far more in duty to the revenue. The Government expect to raise £116,000 from this duty. I do not know how much they would lose through a variation of the duty, but the amount would be considerable. If the lessening of taxation is to begin upon an article like cigars, I do not know where we shall arrive by the time we finish the Tariff. There are other articles upon which we can much more reasonably seek for remission of duty than we can upon cigars. We shall be deliberately sacrificing our chances of relieving from taxation articles of universal consumption, if we reduce the duty upon cigars which are not used by a large proportion of the population. The amendment seems to have been proposed without a due consideration of facts which are within the knowledge of all honorable members.

Mr THOMSON

- The honorable and learned member for Corinella has pointed out that as we have increased the duty upon manufactured tobacco and manufactured leaf, there is some reason for an increased duty upon cigars." But I would point out that the amendment of the honorable member for Wentworth goes beyond the point which has been raised. It is a question of whether the duty upon cigars shall be raised by this composite system - by a fixed duty and an ad valorem duty. The ad valorem method of taxation is undoubtedly the fairest. But there are dangers attached to it. We might very well accuse the Minister for Trade and Customs of insincerity for not adopting the ad valorem duty exclusively, because he has stated that the payment should be in proportion to the value, were it not that it is impossible to get experts to check, with any degree of accuracy, the invoices presented to the Customs in regard to articles the values of which are determined by mere matters of taste. Therefore, whilst accepting the fixed duty to the larger degree, the Government have adopted an ad valorem duty to a smaller degree. In connexion with the smaller ad valorem duty there is great danger of fraud. I have it on the best authority that it is impossible to give a sufficiently accurate valuation of cigars to prevent very considerable evasion. That evasion might not be much upon one box or twenty boxes, but accumulating over a period it would represent a considerable advantage in favour of any dishonest business house. It is said that we can determine the value of goods by their brands. No doubt to a large extent we can tell the invoice price of certain goods in that way. But there is nothing to prevent cigars of similar value being imported without brands at a lower valuation. That danger has been admitted. If it has not been admitted, the Minister was insincere in saying that the payment of duty should be according to value, and at the same time only making it to a small degree according to value. There is another point. In connexion with cigars and tobacco no drawback is allowed, even when they are required for export. Consequently, the trade is naturally done in bond. What does that mean? When the trade is done in bond, ad valorem costs have to be disclosed, not after the sale, but before there is any sale. That is a very awkward thing. It gives any unscrupulous importer the opportunity of getting to know the cost of his opponent's cigars. I do not think any business could be conducted on that principle. The opponent has the opportunity of sending a broker round and ascertaining what the importer has to pay, and consequently his cost. Then, too, the system works at a considerable disadvantage to the smaller man who has not a large amount of capital to invest in duties. Consequently, I hold that it is a very undesirable thing to force sales duty-paid by attaching an ad valorem duty to cigars where the rate is high. It has been said by the Minister for Trade and Customs that he is not in favour of taxing the poor man's cigars at the same rate as the cigars of the rich. But there is no necessity to do it. After all, the man who can afford to smoke cigars at all cannot be said to be hard-up. But I understand that it is to be suggested by an honorable member for Tasmania that an increase of 1s. or 2s. per lb. shall be placed upon Havana cigars. What would the Minister's proposal mean in the way of duty? The manufacturers' employees, in a circular which they have issued, say that a 3d. cigar costs in the country of production 40s. per 1,000. The importer's list gives the price at 60s. per 1,000. The effect of the 15 per cent. duty, even on the higher price, is only 10d. per 100. As to cigars sold at 6d., the importer's circular says that the cost is £13 per 1,000. I have calculated it out, and I reckon that the proposal of the Minister would mean an additional 2s. per 100 upon such cigars. It would be very easy to substitute a duty of 2s. per lb., which roughly speaking would mean per 100 cigars. Let the Government add 2s. per lb. on Havana cigars, or on cigars over a given price, and they will get all the revenue they want, and at the same time get rid of many objections to the ad valorem duty. For these reasons I think there is every reason why the composite duty should be abandoned. Consequently, in the interests of the revenue itself, I shall support a suggestion which will abolish the composite duty, and at the same time I shall be ready to support a sufficient increase of the cigar duty to equalize the increase of the duty on the leaf. I shall also support, if it is proposed, an amendment to impose in a more simple manner a higher duty on more expensive cigars.

Mr FISHER

- I have listened with pleasure to the discussion, but I must say I have been left in doubt as to the intention some of the speakers have wished to convey. I find that the honorable member for North Sydney has no serious objection to the policy of the Government in this matter; but there is some doubt in his mind as to whether the mode proposed is the best way of carrying it out. The whole of the speech

of the right, honorable member for Tasmania, Sir Edward Braddon, went to point out that, as the poor man cannot be relieved of any taxation, it is, therefore, no use to try to get any more money from the rich man. That is a delightful kind of reasoning for people who can well afford to buy luxuries. One of the axioms of taxation is that the person best able to bear it should pay a full share. But the honorable member asks why we should encroach upon the pleasure of the rich, seeing that the poor are called upon to pay enough to carry on the government of the country. If the proposals of the Government are not put in the very best form, it is the duty of every member of the committee to suggest a better- form. The honorable member for North Sydney has said that he is prepared<sup>1</sup> to support some proposal which will take a higher amount of duty from those who can afford luxuries. There could be no greater anomaly than that cigars brought in here for the poorer classes should have to pay a duty as high as- 200 per cent;,, while those introduced for the benefit of persons- who can afford a luxurious article should only pay duty of 40 per cent. No honorable member could go back to his constituents and say that that is an equitable way of raising taxation. -I shall certainly support a proposal on the lines submitted by the Government, because I think it is equitable, though I admit to the full that the honorable member for Wentworth is right in saying that these composite duties are exceedingly unpopular. I would; personally, be prepared to go much further than the Government, and say that those who use these exceptional luxuries should be called upon to pay, not a lesser percentage of duty, but a much higher percentage, than the poorer classes are called upon to pay. That would certainly be more in accord with all I have read on the subject of political economy.

Mr TUDOR

- I trust- the Government proposal, so far as it relates to the ad valorem duty, will be earned. The honorable member for North Sydney has given us what he supposes to be the rates for imported cigars. The importers themselves, in their circular, quote no single case of a cigar that cost them more than £6 15s. per 1,000, and yet the honorable member spoke of cigars costing £14 per 1,000. I think the honorable member must have confused the weight of the cigars, which averages about 14 lbs. per 1,000, with the price of the article.

Mr Thomson

- The honorable member will see that the importers quote cigars at £13per 1,000.

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Mr TUDOR

- I thank the honorable member for pointing that out, but I must say that there are very few of those cigars imported. They appear to be the particular sort of cigar that members opposite are anxious should not be taxed. I see that the. average price of cigars per 1,000 imported into New South Wales is shown by the Customs statistical register to be £2 '19s. 5d., and seeing that they imported over; 21,000,000 cigars, that is a very fair importation on which to found an average I think the Minister for Trade and Customs is on the right track with regard to this proposal: I would like to see an ad valorem duty right through, but perhaps that would not be practicable for purposes of revenue. With regard to the higher priced cigars, we find that the importers are themselves willing to pay 8s. per lb., which means an increase off about 28s. per 1,000 on the cost of the cigar. In the course of his speech the honorable, member for North Sydney made a statement which, if. it had been made on this side of the House, would have been- received with howls by honorable members opposite. The honorable member spoke of the dishonesty of importing houses. We have been led by honorable members opposite to believe that the only dishonest persons in the community were not the importers, but the manufacturers.

Mr Thomson

- The honorable member never heard me speak of dishonest manufacturers.

Mr TUDOR

- I said that we had heard that from honorable members opposite, and the honorable member for North Sydney stated that the trade would get into the hands of dishonest houses. We are told that importers do not wish to show their invoices, because they do not wish to show how much they have paid for their cigars. That is proof positive, if any were wanting, that importers are making a good thing out of it. Notwithstanding all that has been said about manufacturers making fortunes out of monopolies at the expense of the people, we shall find that for every importer who goes insolvent there are ten manufacturers who do so. The right honorable member for Tasmania, Sir Edward Braddon, said he

thought that about 6s. per lb. would be a fair average duty, as that was the duty imposed in four of the States, and it was higher in Tasmania and Queensland. In Victoria a duty of 1s. per lb. had to be paid upon leaf to be manufactured into cigars, and we have decided to-night that that duty shall be increased to 1s. 6d. That means a decrease in the protection to local manufacturers of cigars of 6d. per lb. Then in Victoria and in New South Wales the excise duty is 9d. per lb., so that instead of the protection of 4s. 3d. per lb. which we had before, we have reduced the protection to 3s. per lb. according to the manufacturers and importers' statements. I trust that the Government will not agree to the amendment proposed by the honorable member for Wentworth, but will retain the ad valorem duty and the composite duty upon cigars.

Mr PAGE

- I am very pleased that the Government have seen fit to impose an ad valorem duty on cigars, although I am opposed to composite duties as a rule. I have been at the game, and, therefore, I know the profits which are made out of cigars. I know that out of five for a shilling cigars, I have made over the counter very nearly 500 per cent. profit, and on the 6d. cigar about 30 or 40 per cent. profit. If that is not sufficient proof that a 15 per cent. ad valorem duty should be put on these cigars, I do not know what is. When one has had experience in the sale of cigars, and hears honorable members say that it is not so, I do not take much notice of their remarks. The right honorable member for Tasmania, Sir Edward Braddon, says he does not see why a rich man should pay more for his cigar than a poor man ; but I see a number of reasons why he should. . The party to which I belong want to take the taxes off the necessities of life, and if we are not to tax the necessities of life in the Tariff, where shall we get our revenue from? There is no doubt that a cigar is a luxury, if a pipe is not. We know that this game has been going on in season and out of season for years. I am very pleased to see that the Government are grappling with it. Somebody has let them into the "know," and they have accepted the situation in a very graceful manner. They are letting the parties down very lightly with a 15 per cent. ad valorem duty, because I should like to see a 30 per cent. ad valorem duty placed on cigars.

Mr Conroy

- It is about 180 per cent. in some cases.

Mr PAGE

- So it should be, when it will fall on only those who are able to pay. Why should a man who wants a five for a shilling cigar pay a 400 per cent. ad valorem duty, and the other man pay only a 30 per cent. ad valorem duty ? It is time that the taxation was transferred from the former to the latter.

Mr Thomson

- He does that under the proposal of the Government.

Mr PAGE

- It does not matter two pins to me. I know that under the Tariff the cigar which I and my friends smoke will pay a duty of 5s. 6d. a pound, and the cigar which the boodler smokes will pay 15 per cent. ad valorem, and that is sufficient for me.

Mr Thomson

- The honorable member's cigar will pay 15 per cent.

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Mr PAGE

- There is no danger of that.

I am not afraid, but that the right people will pay the tax this time, however much they have attempted to shuffle out of their duty before. I feel quite confident that we are on the right track this time.

Progress reported.

ADJOURNMENT

Tariff Debate

Minister for External Affairs

Mr BARTON

. - I move -

That the House do now adjourn.

The honorable member for Wentworth told us to-night that in consequence of a statement made by a Minister, he would endeavour to secure a very lengthy debate on every item and every line in the Tariff. I hope that my honorable friend did not mean the whole extent of an expression which was used perhaps

in the heat of debate, but if he tells us things of that kind, he must expect that we shall take means to see that the public time is not unduly wasted.

Sir WILLIAM McMILLAN

- I do not know that the Prime Minister has exactly interpreted what I said, and I think it is rather unusual to refer to a debate on a motion for the adjournment of the House. I simply said that I thought from the promises that had been made by the Government, we should have heard of some very drastic changes in the Tariff; that those changes would have been made on broad lines, which would have enabled us to deal with the Tariff on equally broad lines, but that as there were practically no changes made at all, as the Tariff was so very chaotic, and as it was impossible to take action of that kind, we should have to debate it item by item, and give it - unless the Government agree to reasonable concessions - our strenuous opposition all through.

Mr. BARTON(Hunter- Minister for External Affairs). - It comes to this, then, that the honorable member says that he must debate the Tariff item by item and line by line, and that the withdrawal of something which I thought was said in the heat of debate has not taken place. I have no inflammatory statement to make - that is foreign to my nature -but I must ask the honorable member to expect that if he continues the tactics to which he has alluded, the Government will try to economize the public time and to bring the debate to an end at the earliest opportunity, consistent with fair and reasonable latitude.

Question resolved in the affirmative.

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23:18:00

House adjourned at 11.18 p.m.